

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
SOUTHERN DIVISION
No. 7:12-CV-00023-D**

PHILLIP J. SINGER, Individually and on Behalf of All Other
Persons Similarly Situated,

Plaintiff,

v.

TRANS1 INC., KENNETH REALI, JOSEPH P. SLATTERY,
RICHARD RANDALL, and MICHAEL LUETKEMEYER,

Defendants.

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR
ATTORNEYS' FEES AND EXPENSES, AND SETTLEMENT FAIRNESS HEARING**

If you purchased the securities of Baxano Surgical, Inc. f/k/a TranS1, Inc.¹ (“TranS1” or the “Company”) between February 23, 2009 through October 17, 2011, both dates inclusive (the “Class Period”), you could be entitled to a payment from a class action settlement (the “Settlement”).

A federal court authorized this Notice. It is not a solicitation from a lawyer.

- The Court will hold a Settlement Fairness Hearing on **November 19, 2018** to decide whether to approve the Settlement. If approved by the Court, the Settlement will provide three million two hundred fifty thousand (\$3,250,000.00) in U.S. dollars (“USD”) (the “Settlement Amount”), plus interest earned thereon, minus attorneys’ fees, costs, administrative expenses, and any compensatory awards to the Plaintiff, and net of any taxes, to pay claims of investors who purchased or otherwise acquired TranS1 securities during the Class Period who were allegedly damaged thereby.
- The Settlement represents an average recovery of \$0.28 per share of TranS1 stock for the approximately 11.7 million estimated shares that Plaintiff alleges were damaged and declined in value as a result of Defendants’ alleged misconduct during the Class Period. This estimate solely reflects the average recovery per damaged share of TranS1 stock before the deductions outlined in the preceding paragraph. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased and sold TranS1 securities, and the total number of valid claims filed. See the Plan of Allocation below for more details.
- To claim your share of the Settlement, you must submit a valid Proof of Claim and Release Form by **January 2, 2019**.
- Lead Counsel for the Settlement Class intend to ask the Court to award them fees of up to 30% of the Settlement Amount and reimbursement of up to seventy-five thousand dollars (\$75,000.00) in out-of-pocket litigation expenses. Since the Action’s inception in January 2012, Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a wholly contingent-fee basis (meaning that they have not yet been paid anything) and advanced the expenses of the litigation out of their own pockets with the expectation that if they were successful in obtaining a recovery for the Settlement Class, they would be paid from such recovery. Lead Counsel also intends to ask the Court to grant Plaintiff an award not to exceed three thousand dollars (\$3,000.00) total. Collectively, the attorneys’ fees, litigation expenses, and the award to Plaintiff are estimated to average \$0.09 per damaged share of TranS1 stock. The average cost per damaged share will vary depending on the number of acceptable Proofs of Claim submitted. If approved by the Court, these amounts will be paid from the Settlement Fund.

¹ On November 12, 2014, Baxano Surgical, Inc. petitioned for bankruptcy relief in the United States Bankruptcy Court for the District of Delaware. On July 24, 2015, the bankruptcy court confirmed Baxano’s bankruptcy plan, which provided for the dissolution of Baxano upon the effective date of the plan. The plan went into effect on August 10, 2015.

- The approximate recovery, after the deduction of attorneys' fees and expenses and award to the Plaintiff to be approved by the Court, is an average of \$0.19 per damaged share of TranS1 stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price, sales price and the number of valid Proof of Claim Forms filed.
- The Defendants are Baxano Surgical, Inc. f/k/a TranS1, Inc., Kenneth Reali, Joseph P. Slattery, Richard Randall, and Michael Luetkemeyer.
- Upon the Effective Date of the Settlement, the Settlement Class Claims will be fully, finally, and forever waived, released, relinquished, discharged, and dismissed against each and every one of the Released Defendant Parties. Upon the Effective Date, and as a material condition of the dismissal with prejudice of the Action, the Defendants shall fully, finally, and forever waive, release, relinquish, discharge, and dismiss each and every one of the Released Defendants' Claims against each and every one of the Released Plaintiff Parties.
- The Settlement resolves the lawsuit concerning whether Defendants violated the U.S. federal securities laws by allegedly issuing materially false and misleading statements. The Defendants and Plaintiff disagree on liability and damages. The Defendants deny the lawsuit's allegations and all charges of wrongdoing, fault or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Plaintiff believes that, if they prevailed on all their claims and the Court accepted their theory of damages, they would have been able to collect a substantial amount of monies, assuming that the full amount of the judgment was collectable.
- The Settling Parties disagree on how much money could have been won if the investors won at trial.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on any claim you might have. Therefore, you should read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	The only way to get a payment. Proof of Claim and Release Forms must be postmarked no later than January 2, 2019 .
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants or any other Released Parties about the legal claims in this lawsuit. Requests for Exclusion must be received no later than October 29, 2018 .
OBJECT	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or the request for attorneys' fees, costs, and expenses or the Plaintiff compensatory awards. You will still be a member of the Settlement Class. Objections must be received by the Court, Lead Counsel, and Defendants' counsel by October 29, 2018 .
GO TO THE HEARING	Ask to speak in Court about the fairness of the Settlement on November 19, 2018 .
DO NOTHING	Get no payment. Give up your rights.

INQUIRIES

For further information regarding the Action or this Notice or to review the Stipulation of Settlement, please contact the Claims Administrator toll-free at 855-880-9209 or at P.O. Box 5270, Portland, OR 97208-5270. You may also contact representatives of Lead Counsel for the Settlement Class by contacting Jeremy A. Lieberman, Pomerantz LLP, 600 Third Ave., 20th Floor, New York, NY 10016, (212) 661-1100. **Please do not contact the Court or Defendants regarding this Notice.**

BASIC INFORMATION

1. Why did I get this Notice package?

You or someone in your family may have purchased TranS1 securities between February 23, 2009 and October 17, 2011, both dates inclusive (the “Class Period”).

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed Settlement of this class action lawsuit and about all of their options before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals—if any—are resolved, the Claims Administrator appointed by the Court will make the payments provided for in the Settlement.

2. What is this lawsuit about?

This case is known as *Singer v. TranS1, Inc., et al.*, Case No. 7:12-CV-00023-D (the “Action”). The United States District Court for the Eastern District of North Carolina, Southern Division is in charge of the Action, and the case is currently assigned to the Honorable James C. Dever III.

This Action brings claims against TranS1, Kenneth Reali, Joseph P. Slattery, Richard Randall, and Michael Luetkemeyer (the “Defendants”). TranS1 designed, developed, and marketed medical devices to treat degenerative disc disease affecting the lower lumbar region of the spine. Plaintiff asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b) & 78t(a), and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5. Specifically, Plaintiff alleges that in order to sustain TranS1’s revenues, the Defendants encouraged physicians to utilize improper billing codes related to certain TranS1 products and services in order to increase reimbursement from federal and state healthcare insurance programs, such as Medicare and Medicaid. Plaintiff alleges that Defendants made false and/or misleading statements and/or omissions between February 23, 2009 and October 17, 2011, inclusive, regarding TranS1’s sales and marketing practices and compliance with healthcare fraud and abuse laws, including the False Claims Act, thereby exposing TranS1 to regulatory investigations and legal proceedings, as well as resulting fines and penalties. The operative complaint further alleges that partial disclosures and events revealed Defendants’ fraud, thereby injuring Plaintiff and Settlement Class Members. Plaintiff alleges that partial revelations of Defendants’ fraud caused stock declines, causing investors to suffer tremendous injury. The Defendants deny all of these allegations.

3. Why is this a class action?

Classes are generally used in lawsuits that affect a large number of individuals. A class action consolidates into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct in the same period of time, thus removing the need for members of the class to file their own individual lawsuits to separately seek to recover for the harm alleged. Once the class is certified, the Court is empowered to resolve all issues on behalf of members of the class, except for those, if any, who specifically choose to exclude themselves from the class.

As part of the preliminary approval process, Plaintiff will ask the Court to certify a class for settlement purposes only. The proposed Settlement Class will consist of all persons or entities who purchased or acquired TranS1 securities (including through the exercise of warrants or options) during the Class Period who were allegedly damaged thereby. Excluded from the Settlement Class are (i) the Defendants; (ii) the officers and directors of TranS1 during the Class Period; (iii) members of the immediate families of the Individual Defendants and the officers and directors of TranS1 during the Class Period; (iv) any entity in which any Defendant had a controlling interest during the Class Period; and (v) the successors, heirs, and assigns of any such excluded Person. Also excluded from the Settlement Class are those Persons who timely and validly seek exclusion from the Settlement Class.

Per terms of the Stipulation, the Defendants shall assist the Claims Administrator in obtaining, from TranS1’s transfer agent, records of ownership sufficient to identify Settlement Class Members.

4. Why is there a settlement?

This Action has not gone to trial, and the Court has not decided in favor of either side. Instead, after the lower court dismissed the Action, legal counsel for all the parties participated in a mediation before a mediator appointed by the United States District Court for the Fourth Circuit. The mediation did not succeed, and the Settling Parties pursued their respective appeals. Following the Fourth Circuit’s decision, which reversed the lower court’s decision and revived the Action, the Settling Parties entered into further negotiation. In light of the passage of time, the costs of discovery, and TranS1’s intervening bankruptcy, the Settling Parties agreed to the Settlement to avoid the costs and risks of further litigation.

Plaintiff and Lead Counsel believe that the Settlement is in the Settlement Class Members' best interest and provides them with a substantial benefit now, instead of engaging in years of further uncertain and expensive litigation—including fact and expert discovery; Plaintiff's class certification motion, which Defendants would oppose; the parties' cross-motions for summary judgment; pre-trial motions and a lengthy trial; likely appeals; and attempts to enforce any judgment—all with the possibility of no recovery at all. By settling the Action with the Defendants at this point, Plaintiff is not admitting that the Action lacked merit, or that the Settlement Class's ultimate recovery would not have been greater than the Settlement Amount had litigation continued. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by the Plaintiff or the Settlement Class Members that any of their claims lack merit; that any defenses asserted by any of the Defendants in the Action have any merit; or that damages recoverable in the Action would not have exceeded the Settlement Fund.

The Defendants have denied and continue to deny all of the allegations made and claims brought by Plaintiff, maintain that they have meritorious defenses, and believe they would prevail at trial. Nonetheless, the Defendants have concluded that further litigation of this Action would be protracted and expensive, taking into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action. The Defendants have, therefore, determined that it is desirable and beneficial that the Action be fully and finally settled under the terms and conditions of this Settlement. The Settlement shall in no event be construed as, or deemed to be evidence of, an admission or concession by Defendants with respect to any claim of any fault or liability or wrongdoing or damage to the Plaintiff or the Settlement Class Members in this Action.

The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial, and likely appeals. A trial is a risky proposition. The claims in the Action involve numerous complex legal and factual issues, many of which would require expert testimony. The Settling Parties disagree on both liability and damages, and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiff was to have prevailed on each claim alleged against the Defendants. Among their many other disagreements are: (1) whether the Defendants violated the securities laws or otherwise engaged in wrongdoing; (2) whether the misrepresentations and omissions alleged by the Plaintiff were material, false, misleading, were made with the requisite level of intent, or otherwise actionable; (3) the extent (if any) that the alleged misrepresentations and omissions influenced TranS1's stock price during the Class Period; and (4) the method for determining whether, and the extent to which, purchasers of TranS1 securities suffered injury and damages that could be recovered at trial.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to decide if you are a Settlement Class Member.

5. How do I know if I am part of the Settlement?

The Settlement Class includes all persons or entities who purchased or otherwise acquired TranS1 common stock ("Common Stock"²) or exchange-traded call options on TranS1 Common Stock ("Call Options"), and all persons or entities who sold (wrote) exchange-traded put options on TranS1 Common Stock ("Put Options"), between February 23, 2009 and October 17, 2011, both dates inclusive, who were allegedly damaged thereby.^{3, 4}

6. Are there exceptions to being included?

Yes. You are not a member of the Settlement Class if you did not purchase TranS1 Common Stock or Call Options, or sell Put Options, on or between the dates listed above. If you purchased TranS1 Common Stock or Call Options, or sold Put Options, some other time, or did not purchase or sell TranS1 securities at all, you are not included within the Settlement Class.

You are also not a member of the Settlement Class if you are on the list of persons and entities that are specifically excluded from it, per question 3 above.

² During the Class Period, TranS1 Common Stock was listed on the NASDAQ Global Market under the symbol "TSON" (CUSIP 89385X105). After the Class Period, in May 2013, TranS1 acquired Baxano, Inc. and changed its name to Baxano Surgical, Inc. On June 3, 2013, the Company's Common Stock began trading under the new trading symbol "BAXS" (CUSIP 071773105). (See, *Globe Newswire*, "TranS1 Inc. Announces Closing of Acquisition of Baxano, Inc. and Financing Transaction; Changes Name to Baxano Surgical, Inc.," May 31, 2013.) On November 24, 2014, the Company's Common Stock was delisted. (See, *Globe Newswire*, "Baxano Surgical, Inc. Announces Termination of Its Nasdaq Listing," November 13, 2014.)

³ Exchange-traded options are traded in units called "contracts." Each call (put) option contract entitles the holder of the call (put) option contract to purchase (sell) 100 shares of the underlying stock upon exercise, in this case TranS1 Common Stock.

⁴ Herein, TranS1 Common Stock, Call Options, and Put Options are referred to collectively as "TranS1 securities."

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 855-880-9209 or at P.O. Box 5270, Portland, OR 97208-5270, for more information. Or you can fill out and return the Proof of Claim Form enclosed with this Notice package to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and the release of the Settled Claims as well as dismissal of the Action, Defendants have agreed that a payment of three million two hundred fifty thousand (\$3,250,000.00) in U.S. dollars (“USD”) (the “Settlement Amount”) will be made on Defendants’ behalf to be divided, after payment of Court-approved attorneys’ fees and expenses, the costs of claims administration including the costs of printing and mailing this Notice and the cost of publishing notice, any compensatory award granted to Plaintiff, and Taxes (the “Net Settlement Fund”), *pro rata* among all Settlement Class Members who send in a valid Proof of Claim Form.

9. How much will my payment be?

Your share of the Net Settlement Fund will depend on several factors, including the following: how many Settlement Class Members submit timely and valid Proof of Claim Forms; the total Recognized Losses represented by the valid Proof of Claim and Release Forms that the Settlement Class Members send in; your Recognized Losses, based on the number of TranS1 securities you purchased during the Class Period, how much you paid for them, when you purchased them, and if you sold them, when and for how much you sold them.

By following the instructions in the Plan of Allocation, you can calculate what is called your Recognized Loss. It is unlikely that you will get a payment for all of your Recognized Loss. After all Settlement Class Members have sent in their Proof of Claim and Release Forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Loss divided by the total of everyone’s Recognized Losses. See the Plan of Allocation below for more information.

HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must submit a Proof of Claim and Release Form, which is enclosed with this Notice and may also be downloaded at www.TranS1SecuritiesSettlement.com. Read the instructions carefully, fill out the Form completely, include all the documents that the Form asks for, sign it, and mail or submit it online so that it is postmarked no later than **January 2, 2019**.

11. When would I get my payment?

The Court will hold a Settlement Fairness Hearing on **November 19, 2018**, to decide whether to approve the Settlement. If the Court approves the Settlement, there might be appeals afterward. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proof of Claim and Release Forms to be processed. Please be patient.

12. What am I giving up to get a payment or to stay in the Class?

Unless you timely exclude yourself, you will remain a Settlement Class Member and will be bound by the Release of claims against the Defendants and the Released Parties. That means you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants or the Released Parties about the Settlement Class Claims in this Action. It also means that all of the Court’s orders will apply to you and legally bind you, and you will release your claims in this Action against the Defendants and the Released Parties. The terms of the Release are included in the Proof of Claim and Release Form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, and you want to keep the right to sue the Defendants and the other Released Parties on your own about the legal issues that were at issue and litigated in this Action, then you must take steps to remove yourself from the Settlement. This is called excluding yourself from—sometimes referred to as “opting out” of—the Settlement Class. If you decide to exclude yourself from the Settlement Class, and wish to file your own individual lawsuit, Defendants may argue that you may face a time bar under applicable statutes of limitation or repose—risks that you should discuss with an appropriate legal advisor.

13. How do I get out of the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a letter by First-Class Mail (email or phone call will not suffice) stating that you “request exclusion from the Settlement Class in *Singer v. TranSI, Inc., et al.*, Case No. 7:12-CV-00023-D.” Your letter must include the date(s), price(s), and number(s) of all purchases and sales of TranSI securities during the Class Period. In addition, you must include your name, address, telephone number, and your signature. You must mail your exclusion to be received no later than **October 29, 2018** to:

Singer v. TranSI, Inc., et al.
Claims Administrator
P.O. Box 5270
Portland, OR 97208-5270

If you ask to be excluded, you will not get any payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in the Action.

14. If I do not exclude myself, can I sue the Defendants and the other Released Parties for the same thing later?

No. Unless you exclude yourself from the Settlement Class, you give up any rights to sue the Defendants and the other Released Parties for the Settlement Class Claims. If you have a pending lawsuit against the Defendants or other Released Parties, speak to your lawyer in that case immediately. You must exclude yourself from this Action to continue your own lawsuit. Remember, the exclusion deadline is **October 29, 2018**.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you may not send in a Proof of Claim and Release Form to ask for any money.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firm of Pomerantz LLP shall represent the Settlement Class Members, including you. These lawyers are called Lead Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers, which will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel has litigated this Action since January 2012 on a wholly contingent basis, meaning that they have not been paid any attorneys’ fees for the time devoted to the lawsuit, nor have they been reimbursed their out-of-pocket expenses incurred during that time period. As such, as part of the Settlement approval process, Lead Counsel will move the Court for an award of attorneys’ fees in an amount not greater than thirty percent (30%) of the Settlement Fund and for out-of-pocket expenses and costs in an amount not to exceed seventy-five thousand dollars (\$75,000.00) in connection with the litigation, plus interest on such fees, costs, and expenses at the same rate earned by the Settlement Fund. The Court will decide whether to grant this request, and, if it is granted, how much to award Lead Counsel. Such sums as may be approved by the Court will be paid from the Settlement Fund.

Lead Counsel shall file a formal motion with the Court for approval of the Settlement, the Plan of Allocation, the request for attorneys’ fees and reimbursement of expenses, plus any applicable interest, and the request for a compensatory award to the Plaintiff of up to three thousand dollars (\$3,000.00) total, no later than October 22, 2018.

Lead Counsel believes that the requested attorneys' fees are warranted in light of its efforts, and those of other counsel in support, on a wholly contingent basis, to investigate the underlying claims, work with a private investigator and a damages analyst, file initial and multiple amended complaints, litigate multiple motions to dismiss, litigate appeals and cross-appeals, mediate the dispute before an experienced mediator, and thereafter negotiate the Settlement and work to paper it and submit it to the Court for necessary approvals. Lead Counsel's motion will argue that the requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type and are reasonable when compared against Lead Counsel's actual time devoted to the litigation of the Action at the applicable billing rates of Lead Counsel's attorneys and paralegals. The Court determines what to award Lead Counsel as fees and expenses from the Settlement Fund, and may award more or less than the amount requested, in its discretion.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I object to the proposed Settlement?

If you are a Settlement Class Member, you can object to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's fee, cost, and expense application. You can write to the Court setting out your objection. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in the *Singer v. TransI, Inc., et al.*, Case No. 7:12-CV-00023-D. Be sure to include your name, address, telephone number, and your signature; identify the date(s), price(s), and number(s) of TransI securities that you purchased, otherwise acquired, sold, or otherwise disposed of during the Class Period; and state the reasons why you object to the proposed Settlement. If you object to either the Settlement, requested attorneys' fees, or Plaintiff's compensatory award, you subject yourself to the jurisdiction of the Court in this matter, and Plaintiff, acting through Lead Counsel, will have the right to take your deposition prior to the Settlement Fairness Hearing. If you refuse to have your deposition testimony taken upon Plaintiff's request, your objection will be deemed invalid. Your objection must be filed with the Court and mailed or delivered to **each** of the following addresses such that it is received no later than **October 29, 2018**:

COURT	LEAD COUNSEL	DEFENDANTS' COUNSEL
Office of the Clerk United States District Court 310 New Bern Avenue Raleigh, NC 27611	Jeremy Lieberman POMERANTZ LLP 600 Third Avenue 20 th Floor New York, NY 10016	John F. Cannon STRADLING YOCCA CARLSON & RAUTH, P.C. 660 Newport Center Drive, Suite 1600 Newport Beach, CA 92660

19. What is the difference between objecting and excluding myself?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class and do not want to seek a payment from the Settlement Fund. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, and you may ask to speak, but you do not have to do so.

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Fairness Hearing on **November 19, 2018**, at 2:00 p.m., in the Terry Sanford Federal Building & United States Courthouse, 310 New Bern Avenue, Raleigh, NC 27601, for the following: to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Settlement Class Members and should be approved by the Court; to determine whether an Order and Final Judgment as provided in the Stipulation should be entered; to determine whether the proposed Plan of Allocation should be approved; to determine any amount of fees, costs, and expenses that should be awarded to Lead Counsel and any compensatory awards to Plaintiff for their service to the Settlement Class; and to consider such other matters as the Court may deem appropriate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing.

At or after the Settlement Fairness Hearing, the Court will decide whether to approve the Settlement and whether, and if so how much, to make awards to Lead Counsel and to the Plaintiff. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing without another notice being sent to Settlement Class Members.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have and has extensive experience handling settlement-related hearings of this nature. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your “intention to appear in *Singer v. TransI, Inc., et al.*, Case No. 7:12-CV-00023-D.” Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees, costs, and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you exclude yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, all of your claims against the Defendants and the Released Parties will be released, but you will not receive any money from this Settlement because it is necessary to submit a Proof of Claim and Release Form to share in the Settlement proceeds.

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in a Stipulation and Agreement of Settlement dated May 18, 2018 (the “Stipulation”). The Stipulation is the controlling document describing the proposed Settlement and its terms govern anything to the contrary in this Notice. You can get a copy of the Stipulation and obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at 855-880-9209 or by downloading it from the Settlement website at www.TransISecuritiesSettlement.com.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the Stipulation, to the pleadings in support of the Settlement, to the Orders entered by the Court, and to the other papers filed in the Action, which will be posted on the Settlement website at www.TransISecuritiesSettlement.com.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Parties, or may approve another plan of allocation, without further notice to Settlement Class Members.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market- or industry-wide factors, or Company-specific factors unrelated to the alleged fraud. The Claims Administrator shall determine each Authorized Claimant’s share of the Net Settlement Fund based upon

the recognized loss formulas (the “Recognized Loss”) described below. A Recognized Loss will be calculated for each share of TranS1 Common Stock and Call Option purchased or otherwise acquired during the Class Period, and for each Put Option sold (written) during the Class Period. The calculation of Recognized Loss will depend upon several factors, including when the TranS1 securities were purchased or otherwise acquired during the Class Period, and in what amounts, and whether those securities were sold, and if sold, when they were sold, and for what amounts. The Recognized Loss is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible.

The Plan of Allocation was created with the assistance of a consulting damages expert, and reflects the assumption that the price of TranS1 Common Stock was artificially inflated throughout the Class Period. The estimated alleged artificial inflation in the price of TranS1 Common Stock during the Class Period is reflected in Table 1 below. The computation of the estimated alleged artificial inflation in the price of TranS1 Common Stock during the Class Period is based on certain misrepresentations alleged by Plaintiff and the price change in the stock, net of market- and industry-wide factors, in reaction to the public announcements that allegedly corrected the misrepresentations alleged by Plaintiff.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected the Defendants’ previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, TranS1 Common Stock purchased or otherwise acquired during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Plaintiff and Lead Counsel have determined that such a price decline occurred on October 18, 2011 (the “Corrective Disclosure Date”). Accordingly, if a share of TranS1 Common Stock was sold before October 18, 2011, the Recognized Loss for that share is \$0.00, and any loss suffered is not compensable under the federal securities laws. Likewise, with respect to Call Options purchased during the Class Period and Put Options sold during the Class Period, such options must have been open and outstanding at the opening of trading in the U.S. financial markets on October 18, 2011, in order to have a Recognized Loss amount greater than \$0.00.

Table 1 Alleged Artificial Inflation in TranS1 Common Stock		
From	To	Alleged Per-Share Price Inflation
February 23, 2009	October 17, 2011	\$1.37
October 18, 2011	Thereafter	\$0.00

The “90-day look back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss for TranS1 Common Stock. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on TranS1 Common Stock purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such stock and the average price of TranS1 Common Stock during the 90-Day Lookback Period. The Recognized Loss on TranS1 Common Stock purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for such stock and the rolling average price of TranS1 Common Stock during the portion of the 90-Day Lookback Period elapsed as of the date of sale.

In the calculations below, all purchase and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero (\$0.00). Any transactions in TranS1 securities executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

Calculation of Recognized Loss Per Share of TranS1 Common Stock

For each share of TranS1 Common Stock purchased or otherwise acquired during the Class Period (i.e., February 23, 2009 through October 17, 2011, both dates inclusive), the Recognized Loss per share shall be calculated as follows:

- i. For each share of TranS1 Common Stock purchased during the Class Period that was sold prior to October 18, 2011, the Recognized Loss per share is \$0.
- ii. For each share of TranS1 Common Stock purchased during the Class Period that was subsequently sold during the period October 18, 2011 through January 13, 2012, both dates inclusive (i.e., the 90-Day Lookback Period), the Recognized Loss per share is *the lesser of*:
 - a. \$1.37; or
 - b. the purchase price *minus* the “90-Day Lookback Value” on the date of sale provided in Table 2 below.
- iii. For each share of TranS1 Common Stock purchased during the Class Period and still held as of the close of trading on January 13, 2012, the Recognized Loss per share is *the lesser of*:
 - a. \$1.37; or
 - b. the purchase price *minus* the average closing price of TranS1 Common Stock during the 90-Day Lookback Period, which is \$1.76.

Table 2							
Sale / Disposition Date	90-Day Lookback Value		Sale / Disposition Date	90-Day Lookback Value		Sale / Disposition Date	90-Day Lookback Value
10/18/2011	\$1.85		11/16/2011	\$1.72		12/16/2011	\$1.70
10/19/2011	\$1.86		11/17/2011	\$1.71		12/19/2011	\$1.70
10/20/2011	\$1.88		11/18/2011	\$1.71		12/20/2011	\$1.71
10/21/2011	\$1.87		11/21/2011	\$1.70		12/21/2011	\$1.72
10/24/2011	\$1.86		11/22/2011	\$1.70		12/22/2011	\$1.73
10/25/2011	\$1.86		11/23/2011	\$1.69		12/23/2011	\$1.73
10/26/2011	\$1.85		11/25/2011	\$1.69		12/27/2011	\$1.74
10/27/2011	\$1.84		11/28/2011	\$1.68		12/28/2011	\$1.74
10/28/2011	\$1.84		11/29/2011	\$1.67		12/29/2011	\$1.74
10/31/2011	\$1.84		11/30/2011	\$1.67		12/30/2011	\$1.74
11/1/2011	\$1.82		12/1/2011	\$1.67		1/3/2012	\$1.75
11/2/2011	\$1.80		12/2/2011	\$1.68		1/4/2012	\$1.75
11/3/2011	\$1.78		12/5/2011	\$1.68		1/5/2012	\$1.75
11/4/2011	\$1.77		12/6/2011	\$1.67		1/6/2012	\$1.75
11/7/2011	\$1.77		12/7/2011	\$1.68		1/9/2012	\$1.75
11/8/2011	\$1.77		12/8/2011	\$1.67		1/10/2012	\$1.76
11/9/2011	\$1.76		12/9/2011	\$1.67		1/11/2012	\$1.76
11/10/2011	\$1.74		12/12/2011	\$1.67		1/12/2012	\$1.76
11/11/2011	\$1.74		12/13/2011	\$1.68		1/13/2012	\$1.76
11/14/2011	\$1.73		12/14/2011	\$1.68			
11/15/2011	\$1.73		12/15/2011	\$1.69			

Calculation of Recognized Loss for Call Options on TranS1 Common Stock

For each Call Option purchased or otherwise acquired during the Class Period (i.e., February 23, 2009 through October 17, 2011, both dates inclusive), the Recognized Loss per Call Option shall be calculated as follows:

- i. For each Call Option not held at the opening of trading on October 18, 2011, the Recognized Loss per Call Option is \$0.00.
- ii. For each Call Option held at the opening of trading on October 18, 2011, the Recognized Loss per Call Option is the option purchase price minus the intrinsic value of the option as of the close of trading on October 18, 2011, where the intrinsic value shall be *the greater of*: (a) \$0.00 or (b) \$1.85 minus the strike price of the option.

No loss shall be recognized based on a sale or writing of any Call Option that was subsequently repurchased, exercised or expired.

Calculation of Recognized Loss for Put Options on TranS1 Common Stock

For each Put Option sold (written) during the Class Period (i.e., February 23, 2009 through October 17, 2011, both dates inclusive), the Recognized Loss per Put Option shall be calculated as follows:

- i. For each Put Option not open (i.e., not outstanding) at the opening of trading on October 18, 2011, the Recognized Loss per Put Option is \$0.00.
- ii. For each Put Option open (i.e., outstanding) at the opening of trading on October 18, 2011, the Recognized Loss per Put Option is the intrinsic value of the option as of the close of trading on October 18, 2011, minus the option sale price, where the intrinsic value shall be *the greater of*: (a) \$0.00 or (b) the strike price of the option minus \$1.85.

No loss shall be recognized based on a purchase of any Put Option that was subsequently sold, exercised or expired.

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of securities that participate in the Settlement, and when those securities were purchased and sold. The number of claimants who send in claims varies widely from case to case.

A purchase or sale of TranS1 securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

All purchase and sale prices shall exclude any fees and commissions.

Acquisition by Gift, Inheritance, or Operation of Law: If a Settlement Class Member acquired TranS1 securities during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that TranS1 Common Stock or Call Options were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be zero (\$0.00). To the extent that a Put Option was originally sold prior to commencement of the Class Period, the Recognized Loss for that sale shall be deemed to be zero (\$0.00).

Notwithstanding any of the above, receipt of TranS1 securities during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of TranS1 securities.

The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order, by trade date, first against TranS1 securities held as of the close of trading on February 22, 2009 (the last day before the Class Period begins) and then against the purchases of TranS1 securities during the Class Period.

The date of covering a “short sale” is deemed to be the date of purchase of shares. The date of a “short sale” is deemed to be the date of sale of shares. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero. In the event that a Claimant has an opening short position in TranS1 securities, the earliest Class Period purchases shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

With respect to TranS1 Common Stock purchased or sold through the exercise of an option, the purchase/sale date of the stock shall be the exercise date of the option and the purchase/sale price of the stock shall be the closing price of TranS1 Common Stock on the date of exercise. Any Recognized Loss arising from purchases of TranS1 Common Stock acquired during the Class Period through the exercise of an option on TranS1 Common Stock⁵ shall be computed as provided for other purchases of TranS1 Common Stock in the Plan of Allocation.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. No distribution will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00. Cumulative payments of all claims associated with Call Options and Put Options will be limited to 0.05% of the Net Settlement Fund.⁶ Thus, if the cumulative Recognized Loss amounts for Call and Put Option claims exceeds 0.05% of all Recognized Losses, then the Recognized Loss for Call and Put Option claims will be reduced proportionately until they collectively equal 0.05% of all Recognized Losses. In the unlikely event that the Net Settlement Fund, allocated as such, is sufficient to pay 100% of the TranS1 Common Stock claims, any excess amount will be used to pay the balance on the remaining Call and Put Option claims.

Settlement Class Members who do not submit an acceptable Proof of Claim and Release Form will not share in the Settlement proceeds. The Settlement and the Final Order and Judgment dismissing this Action with prejudice will nevertheless bind Settlement Class Members who do not submit a request for exclusion and/or submit an acceptable Proof of Claim and Release Form.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims administration process, to decide the issue by submitting a written request.

The Defendants, their respective counsel, and all other Released Parties will have no responsibility or liability whatsoever for the processing of Proof of Claim and Release Forms, the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. Plaintiff and Lead Counsel, likewise, will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after at least six (6) months after the initial distribution of such funds will be used in the following fashion: (a) first, to pay any amounts mistakenly omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses, including those of Lead Counsel or the Claims Administrator as may be approved by the Court; and (c) finally, to make a second distribution to Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis* and such remaining balance will then be distributed to a non-sectarian, not-for-profit organization identified by Lead Counsel.

⁵ Including (1) purchases of TranS1 Common Stock as the result of the exercise of a call option, and (2) purchases of TranS1 Common Stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

⁶ Call and Put Options account for less than 0.05% of the combined dollar trading volume of TranS1 securities during the Class Period.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased TranSI securities during the Class Period (CUSIP: 89385X105 for the Common Stock) for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such securities during such time period or (b) request additional copies of this Notice and the Proof of Claim Form, which will be provided to you free of charge, and within ten (10) days mail the Notice and the Proof of Claim and Release Form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses of the addressees for any future mailings to Settlement Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator at the following address:

Singer v. TranSI, Inc., et al.
Claims Administrator
P.O. Box 5270
Portland, OR 97208-5270
www.TranSISecuritiesSettlement.com

Dated: July 2, 2018

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH
CAROLINA