

TRANSGENOMIC INC
Form PREM14A
February 03, 2017

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

TRANSGENOMIC, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Precipio Diagnostics, LLC membership interests

(2) Aggregate number of securities to which transaction applies:
3,820,811

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$0.2572294 per unit, calculated in accordance with Rule 0-11(c)(1)(i) based on the stated value of the membership interests being acquired by the registrant, who is the acquiring person, established in accordance with Rule 0-11(a)(4) for securities of issuers with an accumulated capital deficit based on one third of the stated value of such membership interests (determined based on the stated value of the target company's membership interests at December 31, 2016 of \$2,948,475), or \$982,825 in the aggregate.

(4) Proposed maximum aggregate value of transaction:
\$982,825

(5) Total fee paid:
\$113.91

.. Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

February [], 2017

To the Stockholders of Transgenomic, Inc.:

We cordially invite you to attend a special meeting of the stockholders of Transgenomic, Inc. (“Transgenomic”) to be held at Troutman Sanders LLP’s offices located at 1001 Haxall Point, Richmond, Virginia 23219 on March [], 2017 at 10:00 a.m., local time.

On October 12, 2016, Transgenomic entered into an Agreement and Plan of Merger, as amended on February 2, 2017, (as amended, the “Merger Agreement”) with New Haven Labs Inc., or Merger Sub, which is a wholly owned subsidiary of Transgenomic, and Precipio Diagnostics, LLC, or Precipio. Precipio is a privately held company specializing in harnessing the advanced expertise of leading academic researchers to provide oncologists with a superior level of diagnostic accuracy for their cancer patients. At the effective time of the merger, Merger Sub will merge with and into Precipio, with Precipio as the surviving entity. Following the merger, Transgenomic will change its name to Precipio, Inc. (“New Precipio”).

When the merger is completed, (i) the outstanding common units of Precipio will be converted into the right to receive approximately 160.6 million shares of common stock of New Precipio (“New Precipio common stock”), together with cash in lieu of fractional units, which will result in Precipio common unit holders owning approximately 53% of the issued and outstanding shares of New Precipio common stock on a fully diluted basis, taking into account the issuance of shares of convertible preferred stock of New Precipio (“New Precipio preferred stock”) in the merger and the private placement as discussed below (the “fully diluted New Precipio common stock”) and (ii) the outstanding preferred units of Precipio will be converted into the right to receive approximately 24.1 million shares of New Precipio preferred stock with an aggregate face amount equal to \$3 million (based upon the purchase price of the new preferred stock of New Precipio in the new preferred stock financing), which will result in the Precipio preferred unit holders owning approximately 8% of the fully diluted New Precipio common stock.

In connection with the merger, at the effective time, in addition to the New Precipio preferred stock to be issued to holders of preferred units of Precipio, New Precipio also will issue shares of New Precipio preferred stock and New Precipio common stock in a related private placement, whereby:

Holders of certain secured indebtedness of Transgenomic will receive in exchange for such indebtedness, approximately 24.1 million shares of New Precipio preferred stock in an amount equal to \$3 million, which represents approximately 8% of the fully diluted New Precipio common stock, and approximately 9.8 million shares of New Precipio common stock, which represents approximately 3% of the fully diluted New Precipio common stock; and

New Precipio will issue for cash up to approximately 56.2 million shares of New Precipio preferred stock for \$7 million to investors in a private placement, which represents approximately 18% of the fully diluted New Precipio common stock.

Transgenomic is also requesting your approval of the issuance of 3.0 million shares of Transgenomic common stock upon the exercise or exchange of certain warrants issued by Transgenomic in 2016 (the "Warrants").

Pursuant to the rules of the Nasdaq Capital Market ("Nasdaq"), the securities exchange on which Transgenomic's common stock is listed, both (i) the issuance of New Precipio common stock and New Precipio preferred stock in connection with the merger and the related private placement, including the shares of New Precipio common stock that may be issued upon future conversion of New Precipio preferred stock, and (ii) the issuance of Transgenomic common stock upon the exercise of the Warrants requires approval of Transgenomic's stockholders because each issuance exceeds 20% of the number of shares of Transgenomic common stock outstanding prior to the issuance. Further, the issuance of New Precipio common stock and New Precipio preferred stock in connection with the merger and the related private placement, including the shares that may be issued upon future conversion of New Precipio preferred stock, requires approval of Transgenomic's stockholders because such issuance will result in a "change of control" of Transgenomic.

Shares of Transgenomic common stock are currently listed on Nasdaq under the symbol “TBIO.” Transgenomic has filed an initial listing application with Nasdaq relating to New Precipio, pursuant to Nasdaq’s “change of control” rules. After completion of the merger, Transgenomic anticipates New Precipio common stock will trade on Nasdaq under the symbol “PRPO.”

In addition, Transgenomic is requesting your approval of the Transgenomic, Inc. 2017 Stock Option and Incentive Plan (the “2017 Stock Option and Incentive Plan”).

At the special meeting, you will be asked to consider and vote on:

a proposal to approve the issuance of shares of New Precipio common stock and New Precipio preferred stock pursuant to the merger and the related private placement, including shares of New Precipio common stock to be issued upon conversion of New Precipio preferred stock to be issued in the merger and the private placement and the resulting “change of control” of Transgenomic;

a proposal to approve the issuance of shares of Transgenomic common stock to be issued upon the exercise of the Warrants;

a proposal to approve the 2017 Stock Option and Incentive Plan;

a proposal to approve, on a non-binding, advisory basis, payment by Transgenomic of certain compensation to Transgenomic’s named executive officers that is based on or otherwise relates to the merger; and

a proposal to adjourn the special meeting of stockholders, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the other proposals.

The board of directors of Transgenomic has determined that the Merger Agreement, the merger, the issuance of New Precipio common stock and New Precipio preferred stock pursuant to the merger and the related private placement, the issuance of New Precipio common stock upon conversion of New Precipio preferred stock and the resulting “change of control” of Transgenomic, the issuance of shares of Transgenomic common stock upon exercise or exchange of the Warrants and the 2017 Stock Option and Incentive Plan are advisable and in the best interests of Transgenomic stockholders and has approved the Merger Agreement, the merger, the issuance of New Precipio common stock and New Precipio preferred stock pursuant to the merger and the related private placement, the issuance of New Precipio common stock upon conversion of New Precipio preferred stock and the resulting “change of control” of Transgenomic, the issuance of shares of Transgenomic common stock upon exercise of the Warrants and the 2017 Stock Option and Incentive Plan. **Accordingly, the board of directors of Transgenomic recommends that you vote “FOR” the**

proposal to approve the issuance of New Precipio common stock and convertible preferred stock in connection with the merger and the related private placement, the issuance of New Precipio common stock upon conversion of New Precipio preferred stock and the resulting “change of control” of Transgenomic, “FOR” the proposal to approve the issuance of Transgenomic common stock upon exercise of the Warrants, “FOR” the proposal to approve the 2017 Stock Option and Incentive Plan, “FOR” the proposal to approve payment by Transgenomic of certain compensation to Transgenomic’s named executive officers that is based on or otherwise relates to the merger and “FOR” the proposal to adjourn the special meeting, if necessary, to enable us to solicit additional proxies.

Your vote is very important. We cannot complete the merger and the private placement without the approval of the issuance of New Precipio common stock, including the shares that may be issued upon future conversion of New Precipio preferred stock. This approval requires the affirmative vote of the holders of a majority of the common stock and Series A-1 Convertible Preferred Stock, voting together as a single class (with each one share of Series A-1 Convertible Preferred Stock being entitled to 0.93 votes), present in person or represented by proxy at the special meeting at which a quorum is present. Even if you plan to attend the special meeting, we recommend that you submit your proxy before the special meeting so that your vote will be counted if you later decide not to attend the meeting. You can also vote your shares via the Internet or by telephone as provided in the instructions set forth on the enclosed proxy card. If you hold your shares in “street name” through a broker, you should follow the procedures provided by your broker.

The accompanying proxy statement explains the proposed merger, private placement and other proposals in greater detail. We urge you to carefully read this proxy statement, including the annexes and information incorporated by reference and the matters discussed under “Risk Factors” beginning on page 17.

Sincerely,

[INSERT SIGNATURE PICTURE]

Paul Kinnon
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the proposed issuance of shares of New Precipio common stock and New Precipio preferred stock in connection with the merger and the private placement or determined whether this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement is dated February [], 2017 and is first being mailed to Transgenomic stockholders on or about February [], 2017.

REFERENCE TO ADDITIONAL INFORMATION

The documents that are incorporated by reference in this proxy statement are included with this proxy statement. You also may obtain documents that are incorporated by reference in this proxy statement without charge by requesting them in writing or by telephone from Transgenomic at:

Transgenomic, Inc.
12325 Emmet Street
Omaha, Nebraska 68164
Attention: Corporate Secretary

In addition, you may also obtain these and other documents filed with the Securities and Exchange Commission at Transgenomic's website at www.transgenomic.com/ir/investor-information/.

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or this proxy statement.

In order to receive timely delivery of requested documents in advance of the special meeting, you should make any written or telephonic requests by no later than February [], 2017. Documents will be distributed within one business day of receipt of such request.

For a more detailed description of the information incorporated by reference in this proxy statement and how you may obtain it, see the section entitled "Where You Can Find Additional Information" on page 119.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To be held on March [], 2017

To the Stockholders of Transgenomic, Inc.:

A special meeting of stockholders of Transgenomic, Inc., a Delaware corporation (“Transgenomic”), will be held at Troutman Sanders LLP’s offices at 1001 Haxall Point, Richmond, Virginia 23219 on March [], 2017 at 10:00 a.m., local time, for the following purposes:

Proposal No. 1: To approve the issuance of 160,585,422 shares of common stock, par value \$0.01 per share, as well as 24,087,813 shares of senior convertible preferred stock to be issued, pursuant to the Merger Agreement, dated as of October 12, 2016 and amended as of February 2, 2017, by and among Transgenomic, New Haven Labs Inc., which is a wholly owned subsidiary of Transgenomic, and Precipio Diagnostics, LLC (“Precipio”), the issuance of 24,087,813 shares of senior convertible preferred stock and approximately 9.8 million shares of common stock to be issued in a related private placement in exchange for certain indebtedness of Transgenomic, the issuance of 56,204,898 shares of senior convertible preferred stock to be issued to investors in a related private placement, the issuance of 104,380,525 shares of common stock issuable upon conversion of the senior convertible preferred stock and the resulting “change of control” of Transgenomic.

Proposal No. 2: To approve the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of certain outstanding warrants.

Proposal No. 3: To approve the Transgenomic, Inc. 2017 Stock Option and Incentive Plan.

Proposal No. 4: To approve, on a non-binding, advisory basis, payment by Transgenomic of certain compensation to Transgenomic’s named executive officers that is based on or otherwise relates to the merger.

Proposal No. 5: To approve a proposal to adjourn the special meeting of Transgenomic stockholders, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting of Transgenomic stockholders to approve the other proposals.

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Please refer to the accompanying proxy statement for further information with respect to the business to be transacted at the special meeting of stockholders.

The close of business on January 17, 2017 has been fixed as the record date for determining those Transgenomic stockholders entitled to notice of and to vote at the special meeting. Accordingly, only stockholders of record at the close of business on that date will receive this notice of, and be eligible to vote at, the special meeting and any adjournments of the special meeting.

If Transgenomic is to complete the merger with Precipio and the private placement, then Transgenomic's stockholders must approve Proposal No. 1 relating to the issuance of common stock and senior convertible preferred stock.

The Transgenomic Board recommends that you vote **"FOR"** each of the above proposals.

Your vote is important. Please read the proxy statement and the instructions on the enclosed proxy card and, whether or not you plan to attend the special meeting in person and no matter how many shares you own, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by completing, dating and returning your proxy card in the envelope provided. Returning your proxy by one of these three methods will not prevent you from voting in person at the special meeting. It will, however, help assure a quorum and to avoid added proxy solicitations.

You may revoke your proxy at any time before the vote is taken by delivering to the Secretary of Transgenomic a written revocation or a proxy with a later date (including a proxy by telephone or via the Internet) or by voting your shares in person at the special meeting, in which case your proxy would be disregarded.

By order of the Board of Directors

[INSERT SIGNATURE PICTURE]

Paul Kinnon
President and Chief Executive Officer

February [], 2017

Table of Contents

	Page
<u>SUMMARY TERM SHEET FOR THE MERGER AND RELATED PRIVATE PLACEMENT</u>	1
<u>QUESTIONS AND ANSWERS</u>	3
<u>SUMMARY</u>	7
<u>The Merger</u>	7
<u>The Private Placement</u>	7
<u>Transgenomic’s Reasons for the Transaction</u>	8
<u>Opinion of Craig-Hallum Capital Group LLC</u>	8
<u>The Companies</u>	9
<u>Board of Directors and Management of New Precipio Following the Transaction</u>	10
<u>The Special Meeting of Transgenomic Stockholders</u>	10
<u>The Merger Agreement</u>	12
<u>The Voting Agreements</u>	14
<u>Third Party Approvals Required for the Merger with Precipio</u>	14
<u>Conversion of Outstanding Debt and Convertible Preferred Stock</u>	14
<u>Regulatory Matters</u>	14
<u>Nasdaq Listing</u>	14
<u>Federal Securities Law Consequences Resale Restrictions</u>	14
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	14
<u>Anticipated Accounting Treatment</u>	15
<u>PER SHARE MARKET PRICE DATA</u>	16
<u>RISK FACTORS</u>	17
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	23
<u>THE SPECIAL MEETING</u>	24
<u>Date, Time and Place</u>	24
<u>Purpose of the Special Meeting</u>	24
<u>Record Date; Shares Outstanding and Entitled to Vote</u>	24
<u>How to Vote Your Shares</u>	24
<u>How to Change Your Vote</u>	25
<u>Proxies; Counting Your Vote</u>	25
<u>Abstentions and Broker “Non-Votes”</u>	26
<u>Quorum and Required Votes</u>	26
<u>Solicitation of Proxies</u>	28
<u>Recommendation of the Transgenomic Board</u>	28

<u>THE TRANSACTION</u>	29
<u>Background of the Transaction</u>	29
<u>Transgenomic's Reasons for the Transaction</u>	35
<u>Opinion of Craig-Hallum Capital Group LLC</u>	38
<u>Certain Financial Information</u>	49
<u>Board of Directors and Management of New Precipio Following the Transaction</u>	50
<u>Interests of Transgenomic's Executive Officers and Directors in the Transaction</u>	51
<u>Conversion of Outstanding Debt</u>	53
<u>Bridge Loan</u>	57
<u>Third Party Approvals Required for the Merger and the Private Placement</u>	57
<u>Regulatory Matters</u>	57
<u>Nasdaq Listing</u>	57
<u>Federal Securities Law Consequences Resale Restrictions</u>	59
<u>Anticipated Accounting Treatment</u>	59

Table of Contents

(continued)

	Page
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	59
<u>No Appraisal Rights</u>	59
<u>Independent Registered Public Accounting Firm</u>	59
<u>PROPOSAL NO. 1 APPROVAL OF THE ISSUANCE OF NEW PRECIPIO COMMON STOCK AND NEW PRECIPIO PREFERRED STOCK IN CONNECTION WITH THE MERGER AND PRIVATE PLACEMENT</u>	61
<u>Effect of the Proposed Issuance of Common Stock and Preferred Stock</u>	62
<u>Vote Required and Board of Directors Recommendation</u>	62
<u>THE MERGER AGREEMENT</u>	63
<u>General: Structure of Transaction</u>	63
<u>Closing of the Transaction</u>	63
<u>Consideration for the Transaction</u>	63
<u>Representations and Warranties</u>	64
<u>Covenants</u>	66
<u>Conditions to Closing the Transaction</u>	70
<u>Termination</u>	71
<u>Effect of Termination</u>	72
<u>Expenses</u>	73
<u>Amendments</u>	73
<u>THE PRIVATE PLACEMENT</u>	74
<u>General</u>	74
<u>Summary of Terms of the New Precipio Preferred Stock</u>	74
<u>Investor Rights Agreement</u>	75
<u>Fees and Expenses</u>	75
<u>Conversion of Outstanding Debt and Convertible Preferred Stock</u>	75
<u>THE VOTING AGREEMENTS</u>	76
<u>Transgenomic Voting Agreement</u>	76
<u>Precipio Voting Agreement</u>	78
<u>Lock Up Agreements</u>	79
	81

PROPOSAL NO. 2 APPROVAL OF THE ISSUANCE OF TRANSGENOMIC, INC. COMMON STOCK UPON EXERCISE OR EXCHANGE OF THE WARRANTS

<u>Certain Terms of the Warrants</u>	81
<u>Crede Warrants</u>	82
<u>Third Security Investors Warrant</u>	82
<u>Effect of the Proposed Issuance of Common Stock</u>	82
<u>Vote Required and Board of Directors Recommendation</u>	83

PROPOSAL NO. 3 APPROVAL OF 2017 STOCK OPTION AND INCENTIVE PLAN **84**

<u>Proposal</u>	84
<u>Vote Required and Board of Directors Recommendation</u>	84
<u>Summary of Material Features of the 2017 Plan</u>	84
<u>Qualified Performance-Based Compensation under Section 162(m) of the Code</u>	85
<u>Summary of the 2017 Plan</u>	85
<u>Plan Benefits</u>	88
<u>Tax Aspects under the Code</u>	89
<u>2016 Executive Compensation</u>	90
<u>Compensation Risk Analysis</u>	94

Table of Contents

(continued)

	Page
<u>Director Compensation</u>	94
<u>PROPOSAL NO. 4 APPROVAL OF ADVISORY COMPENSATION PROPOSAL</u>	97
<u>Vote Required</u>	97
<u>PROPOSAL NO. 5 APPROVAL OF POSSIBLE ADJOURNMENT OF THE SPECIAL MEETING</u>	98
<u>Vote Required</u>	98
<u>PRECIPIO BUSINESS DESCRIPTION</u>	99
<u>PRECIPIO MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	100
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF TRANSGENOMIC, INC</u>	104
<u>DESCRIPTION OF TRANSGENOMIC CAPITAL STOCK</u>	111
<u>General</u>	111
<u>Common Stock</u>	111
<u>Preferred Stock</u>	111
<u>Anti-Takeover Effects Under Section 203 of the General Corporation Law of the State of Delaware</u>	112
<u>Anti-Takeover Effects Under Certain Provisions of Transgenomic’s Certificate of Incorporation and Bylaws</u>	113
<u>Existing Warrants</u>	113
<u>Unsecured Convertible Promissory Notes</u>	114
<u>Listing</u>	115
<u>Transfer Agent and Registrar</u>	115
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF TRANSGENOMIC</u>	116
<u>FUTURE TRANSGENOMIC STOCKHOLDER PROPOSALS</u>	118
<u>IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS</u>	119
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	119

INFORMATION INCORPORATED BY REFERENCE

120

INDEX TO PRECIPPIO DIAGNOSTICS, LLC FINANCIAL STATEMENTS

F-1

Annex A – Merger Agreement and First Amendment to Merger Agreement

Annex B – Opinion of Craig-Hallum Capital Group LLC

Annex C – Form of Voting Agreement with Transgenomic Holders

Annex D – Form of Voting Agreement with Precipio Holders

Annex E – 2017 Stock Option and Incentive Plan

SUMMARY TERM SHEET FOR THE MERGER AND RELATED PRIVATE PLACEMENT

The following is a summary of the proposed transaction between Transgenomic, Inc. (“Transgenomic”) and Precipio Diagnostics, LLC (“Precipio”) pursuant to which a wholly owned subsidiary of Transgenomic will merge with and into Precipio and holders of Precipio common units will receive shares of common stock of the combined company (the “New Precipio common stock”) and holders of Precipio preferred units will receive senior convertible preferred stock (the “New Precipio preferred stock”). At the effective time of the merger, Transgenomic will change its name to Precipio, Inc. The new combined company will be referred to in this proxy statement as “New Precipio.” In connection with the merger, New Precipio also will issue New Precipio preferred stock to certain Transgenomic debt holders and other investors in a related private placement. Transgenomic is seeking stockholder approval of the issuance of New Precipio common stock in connection with the merger and the related private placement. This term sheet is a summary and does not contain all of the information that may be important to you. You should carefully read this entire document, including the annexes and the other documents to which this document refers you, for a more complete understanding of the matters being considered at this special meeting. See the section entitled “Where You Can Find Additional Information” beginning on page 119.

Merger Agreement (see page 12)

On October 12, 2016, Transgenomic entered into an Agreement and Plan of Merger, as amended on February 2, 2017, with New Haven Labs Inc. (“Merger Sub”), which is a wholly owned subsidiary of Transgenomic, and Precipio (as amended, the “Merger Agreement”). Pursuant to the Merger Agreement, at the effective time of the merger, Merger Sub will merge with and into Precipio, with Precipio as the surviving entity. At the effective time of the merger, Transgenomic will change its name to Precipio, Inc.

When the merger is completed, (i) the outstanding common units of Precipio will be converted into the right to receive approximately 160.6 million shares of New Precipio common stock, together with cash in lieu of fractional units, which will result in Precipio common unit holders owning approximately 53% of the issued and outstanding shares of New Precipio common stock on a fully diluted basis, taking into account the issuance of shares New Precipio preferred stock in the merger and the private placement as discussed below (the “fully diluted New Precipio common stock”) and (ii) the outstanding preferred units of Precipio will be converted into the right to receive approximately 24.1 million shares of New Precipio preferred stock with an aggregate face amount equal to \$3 million, which will result in the Precipio preferred unit holders owning approximately 8% of the fully diluted New Precipio common stock.

Private Placement (see page 7)

In connection with the merger, at the effective time, in addition to the New Precipio preferred stock to be issued to holders of preferred units of Precipio, New Precipio also will issue shares of New Precipio preferred stock and New Precipio common stock in a related private placement, whereby:

Holders of certain secured indebtedness of Transgenomic will receive in exchange for such indebtedness approximately 24.1 million shares of New Precipio preferred stock in an amount equal to \$3 million, which represents approximately 8% of the fully diluted New Precipio common stock, and approximately 9.8 million shares of New Precipio common stock, which represents approximately 3% of the fully diluted New Precipio common stock; and

New Precipio will issue for cash up to approximately 56.2 million shares of New Precipio preferred stock for \$70 million to investors in a private placement, which represents approximately 18% of the fully diluted New Precipio common stock.

The New Precipio preferred stock issued in the merger and the private placement will be issued based on a \$25 million pre-money equity valuation of New Precipio and will represent, in the aggregate, approximately 34% of the fully diluted New Precipio common stock.

In connection with the private placement, New Precipio will enter into an investor rights agreement with the holders of the New Precipio preferred stock. The investor rights agreement will grant rights to such parties, including with respect to the designation of nominees for election to the New Precipio board of directors upon the closing of the merger. The investor rights agreement also will contain transfer restrictions and standstill restrictions relating to shares of New Precipio preferred stock and New Precipio common stock issuable upon conversion of the New Precipio preferred stock that will be issued to such parties in connection with the merger and the private placement. In addition, the investor rights agreement gives such parties rights with respect to the registration under the Securities Act of 1933, as amended (the "Securities Act") of the shares of New Precipio common stock to be issued to such parties, including the shares that may be issued upon future conversion of the New Precipio preferred stock.

Voting Agreements (see page 14)

Certain of Transgenomic's stockholders have entered into a voting agreement with Transgenomic and Precipio (the "Transgenomic Voting Agreement"), pursuant to which such holders have agreed to, among other things, (i) authorize and approve the Merger Agreement and the transactions contemplated thereby and (ii) vote against any Acquisition Proposal (as defined in the Merger Agreement). Collectively, the voting interests held by these holders represent approximately 31.84% of Transgenomic's voting interests as of October 12, 2016.

In connection with the merger, certain of Precipio's unit, warrant and note holders have entered into a voting agreement with Transgenomic and Precipio (the "Precipio Voting Agreement" and, together with the Transgenomic Voting Agreement, the "Voting Agreements"), pursuant to which such members and warrant holders have agreed to, among other things, (i) authorize and approve the Merger Agreement and the transactions contemplated thereby and (ii) vote against any Acquisition Proposal (as defined in the Merger Agreement). Collectively, the voting interests held by these holders represent approximately 71% of Precipio's voting interests as of October 12, 2016. The Precipio board of managers approved the Merger Agreement on October 11, 2016.

Conversion of Outstanding Debt and Convertible Preferred Stock (see page 75)

As part of the private placement, holders of Transgenomic's outstanding debt have agreed to convert the outstanding principal and accrued interest into shares of New Precipio common stock and New Precipio preferred stock immediately prior to the effectiveness of the merger. Additionally, holders of Series A-1 Convertible Preferred Stock have agreed to convert their shares into New Precipio common stock immediately prior to the effectiveness of the merger.

Bridge Loan

On February 2, 2017, Precipio agreed to offer a line of credit to Transgenomic up to \$250,000 pursuant to an unsecured promissory note (the "Bridge Loan"). All outstanding amounts under the Bridge Loan accrue interest at a rate of 10% per annum and are due and payable upon the earlier to occur of (a) the date that is 90 days following the date of the Bridge Loan or (b) the closing of the merger. The proceeds of the Bridge Loan will be used by Transgenomic to finance certain general expenses until the effective date of the merger.

QUESTIONS AND ANSWERS

Q1: What is the merger transaction?

A1: Transgenomic has entered into a Merger Agreement with Merger Sub and Precipio. Pursuant to the Merger Agreement, at the effective time of the merger, Merger Sub will merge with and into Precipio, with Precipio as the surviving entity. At the effective time, Transgenomic will amend its certificate of incorporation to change its name to Precipio, Inc., which will be referred to in this proxy statement as “New Precipio.” In connection with the merger, New Precipio also will issue to holders of certain secured indebtedness of Transgenomic, approximately 24.1 million shares of New Precipio preferred stock in an amount equal to \$3 million and approximately 9.8 million shares of New Precipio common stock. New Precipio will also issue to new investors in a private placement up to approximately 56.2 million shares of New Precipio preferred stock for up to \$7 million in cash.

Q2: What am I being asked to vote on?

A2: You are being asked to approve the issuance of approximately 160.6 million shares of New Precipio common stock, as well as approximately 24.1 million shares of New Precipio preferred stock to be issued, pursuant to the Merger Agreement, the issuance of approximately 24.1 million shares of New Precipio preferred stock and approximately 9.8 million shares of New Precipio common stock to be issued in a related private placement in exchange for certain indebtedness of Transgenomic, the issuance of approximately 56.2 million shares of New Precipio preferred stock to be issued to investors in a related private placement, the issuance of approximately 104.4 million shares of New Precipio common stock issuable upon conversion of the New Precipio preferred stock and the resulting “change of control” of Transgenomic. This approval of the issuance of New Precipio common stock and New Precipio preferred stock and the resulting “change of control” of Transgenomic is required to complete the merger with Precipio and the private placement.

You are also being asked to approve the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of outstanding warrants. Transgenomic issued certain warrants in 2016 that are exercisable or exchangeable into shares of Transgenomic common stock (the “Warrants”). Stockholder approval is required for the Warrants to be fully exercised or exchanged. The approval of the issuance of Transgenomic common stock upon exercise or exchange of the Warrants is not a condition to completing the merger or the private placement.

You are also being asked to approve the Transgenomic, Inc. 2017 Stock Option and Incentive Plan (the “2017 Stock Option and Incentive Plan”). The approval of the 2017 Stock Option and Incentive Plan is not a condition to completing the merger or the private placement.

You are also being asked to approve, on a non-binding, advisory basis, payment by Transgenomic of certain compensation to Transgenomic's named executive officers that is based on or otherwise relates to the merger. This proposal, commonly known as the "say-on-golden-parachute" proposal, gives Transgenomic stockholders the opportunity to vote, on a non-binding, advisory basis, on the compensation that Transgenomic's named executive officers may be entitled to receive that is based on or otherwise relates to the merger.

In addition, you may be asked to vote to approve an adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the other proposals. The approval of the adjournment of the special meeting of stockholders is not a condition to completing the merger or the private placement.

Q3: How does the Transgenomic board of directors recommend that I vote?

The Transgenomic board of directors recommends that you vote "FOR" the approval of the issuance of New Precipio common stock and New Precipio preferred stock in connection with the merger and the private placement, the issuance of New Precipio common stock upon conversion of the New Precipio preferred stock and the resulting "change of control" of Transgenomic, "FOR" the approval of the issuance of Transgenomic common stock upon exercise of the Warrants, "FOR" the approval of the 2017 Stock Option and Incentive Plan, "FOR" the approval, on a non-binding, advisory basis, of certain compensation to Transgenomic's named executive officers that is based on or otherwise relates to the merger and "FOR" the approval of an adjournment of the special meeting, if necessary, to enable Transgenomic to solicit additional proxies in favor of the other proposals. Your vote is important.

Q4: How will Transgenomic's directors and executive officers vote their shares of Transgenomic common stock in connection with the proposals?

Certain Transgenomic stockholders, directors and executive officers, including its president and chief executive officer, have entered into a voting agreement pursuant to which they have agreed to vote their voting interests of A4: Transgenomic in favor of the proposals to issue New Precipio common stock and the proposal to adjourn the meeting, if necessary. As of October 12, 2016, these directors and executive officers collectively held shares representing approximately 31.84% of Transgenomic's voting interests.

The Transgenomic Voting Agreement does not address the proposal to issue Transgenomic common stock upon exercise of the Warrants, or to approve the 2017 Stock Option and Incentive Plan or to approve the merger-related compensation.

Q5: Why is stockholder approval necessary for the issuance of New Precipio common stock in connection with the merger and the private placement and the issuance of Transgenomic common stock in connection with the Warrant exercise?

Transgenomic's common stock is listed on Nasdaq. Nasdaq rules require stockholder approval before the issuance of common stock if the common stock to be issued will have voting power equal to or greater than 20% of the A5: voting power outstanding before the issuance, or if the number of shares of common stock to be issued will be equal to or greater than 20% of the number of shares of common stock outstanding before the issuance or if the issuance will result in a "change of control" of the issuer.

The shares of New Precipio common stock and New Precipio preferred stock that will be issued in connection with the merger and the private placement, including the shares of New Precipio common stock that may be issued upon future conversion of the New Precipio preferred stock, exceed the thresholds under Nasdaq rules. The shares of Transgenomic common stock issuable upon exercise or exchange of the Warrants also will exceed the threshold under Nasdaq rules. Therefore, the issuances require the approval of the Transgenomic stockholders.

Q6: Why did Transgenomic enter into the merger transaction?

Transgenomic's board of directors believes that the merger with Precipio and the related private placement will provide substantial benefits to the combined company's business and operations by, among other things, leveraging the complementary nature of Transgenomic's and Precipio's businesses and permitting the companies to benefit A6: from an increased operating scale. For additional information regarding Transgenomic's reasons for entering into the Merger Agreement and the private placement, see the section entitled "The Transaction — Transgenomic's Reasons for the Transaction" beginning on page 35.

Q7: When is the transaction expected to be completed?

Transgenomic and Precipio are working toward completing the merger as soon as practicable. Transgenomic currently expects that the merger and the private placement will close on or before March 31, 2017. In addition to stockholder approval of the issuance of New Precipio common stock, there are a number of additional conditions, A7: including, but not limited to, approval of the listing of the additional shares of New Precipio common stock on Nasdaq and other third party consents, that must be satisfied before the parties can complete the transaction. See the section entitled “The Merger Agreement — Conditions to Closing the Transaction” beginning on page 70 for a more detailed discussion.

Q8: Do I need to send in my stock certificates if the transaction is completed?

No. You will not be required to exchange your certificates representing shares of Transgenomic common stock in A8: connection with this transaction. You will not receive any cash or securities in connection with the merger. Instead, you will continue to hold your existing shares of Transgenomic common stock.

Q9: Who can vote at the special meeting?

Transgenomic has fixed the close of business on January 17, 2017 as the record date for the special meeting or any adjournment thereof, and only the holders of Transgenomic’s common stock and Series A-1 Convertible Preferred A9: Stock on the record date can vote at the special meeting. As of the record date, 26,446,927 shares of Transgenomic common stock were outstanding and each share is entitled to one vote. As of the record date 214,705 shares of Transgenomic Series A-1 Convertible Preferred Stock were outstanding and each share is entitled to 0.93 votes.

Q10: What do I need to do now?

A10: After carefully reading and considering the information contained in this proxy statement, please submit your proxy by telephone or via the Internet in accordance with the instructions set forth in the enclosed proxy card, or complete, sign, date and mail your proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting. See the section entitled “The Special Meeting — How to Vote Your Shares” on page 24 and the section entitled “The Special Meeting — Proxies; Counting Your Vote” on page 25 for a more detailed discussion.

Q11: What vote is required to approve the proposals?

A11: The proposal to issue New Precipio common stock and New Precipio preferred stock in connection with the merger and the private placement, the issuance of New Precipio common stock upon conversion of New Precipio preferred stock and the resulting “change of control” of Transgenomic, the proposal to issue Transgenomic common stock in connection with the exercise or exchange of the Warrants, the proposal to approve the 2017 Stock Option and Incentive Plan and the proposal to approve payment by Transgenomic of certain compensation to Transgenomic’s named executive officers must each be approved by the affirmative vote of the holders of a majority of the shares of Transgenomic’s common stock and Series A-1 Convertible Preferred Stock, voting together as a single class (with each one share of Series A-1 Convertible Preferred Stock being entitled to 0.93 votes), present in person or represented by proxy at the special meeting at which a quorum is present.

The proposal to adjourn the special meeting, if necessary, to solicit additional proxies in favor of the other proposals must be approved by the affirmative vote of the holders of a majority of Transgenomic’s common stock and Series A-1 Convertible Preferred Stock, voting together as a single class (with each one share of Series A-1 Convertible Preferred Stock being entitled to 0.93 votes), present in person or represented by proxy at the special meeting, whether or not a quorum is present.

Abstentions will count as a vote “against” the proposals. Broker non-votes will have no effect on the proposals.

Q12: Are there any federal or state regulatory requirements that must be complied with or federal or state regulatory approvals or clearances that must be obtained in connection with the merger?

A12: Neither Transgenomic nor Precipio is required to make any filings or to obtain any approvals or clearances from any antitrust regulatory authorities in the United States or other countries to consummate the transactions contemplated by the Merger Agreement. Transgenomic must comply with applicable federal and state securities laws and regulations and Nasdaq rules and regulations in connection with the issuance of the shares of New Precipio common stock in the transaction, including the filing with the SEC, of this proxy statement. Transgenomic has filed an initial listing application with Nasdaq pursuant to Nasdaq’s “change of control” rules. If

such application is accepted, Transgenomic anticipates that shares of New Precipio common stock will be listed on Nasdaq following the closing of the merger under the trading symbol "PRPO."

Q13: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A13: If your shares are held in the name of a bank or broker or other nominee, you will receive separate instructions from your bank, broker or other nominee describing how to vote your shares. The availability of telephonic or Internet voting will depend on the bank's or broker's voting process. Please check with your bank or broker and follow the voting procedures your bank or broker provides.

You should instruct your bank, broker or other nominee how to vote your shares. The rules applicable to broker-dealers do not grant your broker discretionary authority to vote your shares for any of the proposals without receiving your instructions. As a result, if your broker does not receive voting instructions from you regarding the proposals, your shares will not be voted.

