

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

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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, 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 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 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.

Q14: May I change my vote after I have submitted a proxy by telephone or via the Internet or mailed my signed proxy card?

Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in several ways. You can send a written notice stating that you want to revoke your proxy, or you can complete and submit a new proxy card. If you choose either of these methods, you must submit your notice of revocation or your new proxy card to Transgenomic's Secretary at Transgenomic, Attention: Corporate Secretary, 12325 Emmet Street, Omaha, Nebraska 68164.

You also can change your vote by submitting a proxy at a later date by telephone or via the Internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked.

You also can attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. To revoke your earlier proxy, you must vote at the special meeting.

If you have instructed a broker to vote your shares, the preceding instructions do not apply, and you must follow the voting procedures received from your broker to change your vote.

Q15: If I want to attend the special meeting, what do I do?

A15: You should come to Troutman Sanders LLP's offices at 1001 Haxall Point, Richmond, Virginia 23219 on March [], 2017 at 10:00 a.m. local time. Stockholders of record as of the record date for the special meeting (January 17, 2017) can vote in person at the special meeting. A valid government issued identification card will be required for entry to the special meeting. If your shares are held in street name, then you are not the stockholder of record and you must ask your bank, broker or other nominee holder how you can vote at the special meeting.

Q16: Who will bear the cost of soliciting votes for the special meeting?

A16: The Transgenomic board of directors is making this solicitation and will pay the costs of soliciting proxies, including clerical work, printing and postage. Transgenomic officers and other employees may personally solicit proxies or solicit proxies by mail, telephone, facsimile or Internet, but it will not provide compensation for such solicitations. Transgenomic has engaged Innisfree M&A Incorporated to assist it in the solicitation of proxies for the special meeting, and has agreed to pay Innisfree M&A Incorporated a fee of approximately \$10,000, plus reasonable expenses, for proxy solicitation services. We will also reimburse banks, brokers and other persons holding shares in their names or in the names of nominees for expenses incurred sending material to beneficial

owners and obtaining proxies from beneficial owners.

Q17: Who can help answer my questions?

A17: If you have any questions or need assistance in voting your shares, please call the firm assisting in the solicitation of proxies:

Innisfree M&A Incorporated
501 Madison Avenue
New York, NY 10022
Stockholders May Call: (888) 750-5834 (toll-free from the U.S. and Canada)
Banks and brokers may call collect: (212) 750-5833

You may also contact:

Transgenomic, Inc.
12325 Emmet Street
Omaha, Nebraska 68164
Attention: Corporate Secretary
Telephone: (402) 452-5400

SUMMARY

This summary highlights selected information from this proxy statement. It 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 the special meeting. See the section entitled “Where You Can Find Additional Information” beginning on page 119. Additionally, some of the statements contained in, or incorporated by reference into, this proxy statement are forward-looking statements. See the section entitled “Cautionary Statement Concerning Forward-Looking Statements” beginning on page 23. All references in this proxy statement to dollars or \$ are to U.S. dollars. In this proxy statement, unless otherwise indicated, accounting principles generally accepted in the United States are referred to as “GAAP.” Except as the context otherwise requires, references in this proxy statement to “Transgenomic” are to Transgenomic, Inc. All share numbers and per share amounts provided in this proxy statement do not take into account the proposed reverse stock split at a ratio of between one to ten and one to thirty approved by the Transgenomic stockholders on October 31, 2016.

The Merger (see page 63)

On October 12, 2016, Transgenomic entered into the Merger Agreement with New Haven Labs Inc. (“Merger Sub”), which is a wholly owned subsidiary of Transgenomic, and 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. 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. (“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 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.

As provided in the Merger Agreement, the New Precipio board of directors will increase its size to seven at the effective time of the merger, two of whom will be current directors, three of whom will be nominated by Precipio and two of whom will be nominated by the holders of the New Precipio preferred stock issued in the private placement.

On February 2, 2017, Transgenomic and Precipio entered into an amendment to the Merger Agreement which provided for the Bridge Loan, set a fixed number of shares of New Precipio common stock and New Precipio preferred stock to be issued in the merger and waived certain conditions to the closing of the merger.

See the section entitled “The Merger Agreement” for a more detailed discussion.

The Private Placement (see page 74)

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.

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 outstanding shares of New Precipio common stock on an as-converted basis, including New Precipio preferred stock issued in the merger and the private placement.

The New Precipio preferred stock to be issued in the merger and the private placement will be new designations of preferred shares effectuated by a Certificate of Designation amending Transgenomic's Certificate of Incorporation. The cash proceeds received from the private placement will be used to finance the merger, for working capital and growth capital to expand into new markets.

The shares of New Precipio preferred stock may be convertible into New Precipio common stock any time at an applicable conversion price. Certain material corporate events also will require the consent of a supermajority of holders of the New Precipio preferred stock. In the event of New Precipio's liquidation, dissolution or winding up, holders of the New Precipio preferred stock will be entitled to receive assets or surplus funds of New Precipio in an amount equal to the greater of (i) 1.5 times the original purchase price of the New Precipio preferred stock, *plus* an amount equal to all unpaid and accrued dividends and dividend equivalents and (ii) the amount that would be payable on the New Precipio preferred stock if it were converted into New Precipio common stock (the "Liquidation Preference"). This Liquidation Preference also would be due in the event of a future merger or sale of New Precipio, unless a supermajority of holders of New Precipio preferred stock elect otherwise. The New Precipio preferred stock will be entitled to an annual 8% cumulative payment in lieu of interest or dividends, payable in-kind for the first two years and in cash or in-kind thereafter, at the option of the holder. The New Precipio preferred stock also will be entitled to share on any dividends paid on the 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 common 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 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.

See the section entitled "Private Placement" for a more detailed discussion.

Transgenomic's Reasons for the Transaction (see page 35)

Transgenomic's board of directors (the "Transgenomic Board") has approved the merger with Precipio and determined that the merger, the private placement and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of Transgenomic and its stockholders. Accordingly, the Transgenomic Board has recommended that you vote "FOR" the issuance of shares of New Precipio common stock pursuant to the merger and upon conversion of New Precipio preferred stock issued in the merger and the related private placement, based on its belief, in consultation with Transgenomic's senior management, its outside legal counsel and its financial advisor, that the merger with Precipio and the 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 combined company to benefit from an increased operating scale. The factors that the Transgenomic Board and senior management considered in connection with the merger are described in more detail under the section entitled "The Transaction — Transgenomic's Reasons for the Transaction."

Opinion of Craig-Hallum Capital Group LLC (see page 38)

Craig-Hallum Capital Group LLC ("Craig-Hallum") was engaged to render an opinion to the Transgenomic Board as to whether the exchange ratio, as set forth in the Merger Agreement, was fair, from a financial point of view, to the holders of Transgenomic common stock. On October 12, 2016, Craig-Hallum delivered to the Transgenomic Board its oral opinion, which was subsequently confirmed in writing, that, as of the date of its opinion, based upon and subject to the assumptions, limitations, qualifications, and factors contained in its opinion, the exchange ratio was fair, from a financial point of view, to the holders of Transgenomic common stock. The full text of the Craig-Hallum's written opinion, dated October 12, 2016, is attached as Annex B to this proxy statement.

Craig-Hallum's opinion speaks only as of the date of the opinion. The opinion was directed to the Transgenomic Board in connection with its consideration of the Merger Agreement and is directed only to the fairness, from a financial point of view, of the exchange ratio to holders of Transgenomic common stock. Craig-Hallum's opinion does not constitute a recommendation to any holder of Transgenomic common stock as to how such holder of Transgenomic common stock should vote at any meeting of stockholders called to consider and vote upon the Merger Agreement. It does not address the underlying business decision of Transgenomic to engage in the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for Transgenomic or the effect of any other transaction in which Transgenomic might engage. For a more detailed description of Craig-Hallum's opinion, see the section entitled "The Transaction — Opinion of Craig-Hallum Capital Group LLC" and Annex B to this proxy statement.

The Companies

Transgenomic, Inc.

Transgenomic, Inc.
12325 Emmet Street
Omaha, Nebraska 68164

Transgenomic is a biotechnology company advancing personalized medicine for the detection and treatment of cancer and inherited diseases through our proprietary molecular technologies and clinical and research services. A key goal is to bring the Multiplexed ICE COLD-PCR ("MX-ICP") product to the clinical market through strategic partnerships and licensing agreements, enabling the use of blood and other bodily fluids for more effective and patient-friendly diagnosis, monitoring and treatment of cancer.

MX-ICP is technology proprietary to Transgenomic. It is a reagent that improves the ability to detect genetic mutations by 100 - 400 fold over existing technologies. This technology has been validated internally on all currently available sequencing platforms, including Sanger, Next Gen Sequencing and Digital PCR. By enhancing the level of detection of genetic mutations and suppressing the normal, or wild-type DNA, several benefits are provided. It is generally understood that most current technologies are unable to consistently identify mutations that occur in less than approximately 5% of a sample. However, many mutations found at much lower levels, even as low as 0.01%, are known to be clinically relevant and can have significant consequences to a patient: both in terms of how they will respond to a given drug or treatment and how a given tumor is likely to change over time. More importantly, in Transgenomic's view, is the ability to significantly improve the level of detection while using blood, saliva and even urine as a source for DNA, rather than depending on painful, expensive and potentially dangerous tumor biopsies.

Transgenomic believes that this is an important advancement in patient care with respect to cancer detection, treatment and monitoring and can result in significant cost savings for the healthcare system by replacing invasive procedures with the simple collection of blood or other bodily fluids. By broadening the types of samples that can be used for testing and allowing all sequencing platforms to provide improved identification of low level mutations, MX-ICP has the potential to make testing more readily available, more patient friendly, enable genetic monitoring of disease progression, effectively guide treatment protocols, and reduce the overall cost of diagnosis and monitoring while significantly improving patient outcomes.

Historically, Transgenomic's operations were organized and reviewed by management along the major product lines and presented in two business segments: Laboratory Services and Genetic Assays and Platforms. Beginning with the quarter ended September 30, 2015, Transgenomic's operations are now organized as one business segment, our Laboratory Services segment, and during the fourth quarter of 2015, Transgenomic began including a portion of our Laboratory Services segment as discontinued operations.

Transgenomic's laboratory in Omaha, Nebraska is focused on providing genetic analytical services related to oncology and pharmacogenomics research services supporting Phase II and Phase III clinical trials conducted by pharmaceutical and biotechnology companies. Transgenomic's laboratory employs a variety of genomic testing service technologies, including our proprietary MX-ICP technology. ICE COLD-PCR is a proprietary ultra-high sensitivity platform technology with breakthrough potential to enable wide adoption of personalized, precision medicine in cancer and other diseases. It can be run in any laboratory that contains standard PCR systems. MX-ICP enables detection of multiple known and unknown mutations from virtually any sample type, including tissue biopsies, blood, urine, saliva, cell-free DNA and circulating tumor cells at levels greater than 1,000-fold higher than standard DNA sequencing techniques. It is easy to implement and use within existing workflows. Transgenomic's laboratory in Omaha is certified under the Clinical Laboratory Improvement Amendments ("CLIA") as a high complexity laboratory and is accredited by the College of American Pathologists.

Precipio Diagnostics, LLC

Precipio Diagnostics, LLC
4 Science Park
New Haven, Connecticut 06511

Precipio is a cancer diagnostics company providing diagnostic services to the oncology market. Precipio has partnered with premier academic institutions to capture the expertise, experience and technologies developed within academia, and utilize them to solve the growing problem of misdiagnosis. It has built a platform that successfully translates that expertise into a commercial setting, enabling Precipio to provide the highest level of diagnostic accuracy within clinical services to the oncology market. Precipio is building a nationwide sales team that offers its services to oncologists and hospitals around the country. Specimens are shipped to its laboratory in New Haven, Connecticut where they are processed and diagnosed by academic experts at Yale School of Medicine; the end product is a pathology report which guides its customers, oncologists as to the nature of their patients' disease and helps them determine how best to care for their patient.

Board of Directors and Management of New Precipio Following the Transaction (see page 50)

Following the transaction, the New Precipio board of directors will be expanded to seven directors from five directors and three of the existing directors will resign. The five vacancies created by the resignations and authorization of the increase in the board size will be filled by two directors designated by the holders of the New Precipio preferred stock (the "preferred holder designees") and three directors designated by Precipio upon the closing of the merger. The holders of the New Precipio preferred stock will have the right to designate the preferred holder designees for as long as they hold 50% of the shares issued in the private placement.

The Merger Agreement provides that the officers of New Precipio will be agreed to by the parties prior to the effective time of the merger. It is currently anticipated that the following current Precipio officers will serve as officers of New Precipio: Ilan Danieli, Chief Executive Officer; Carl Iberger, Chief Financial Officer; Zaki Sabet, Vice President, Operations; and Ayman Mohamed, Vice President, Research & Development. Steve Miller, Vice President, Business Development of Transgenomic, is expected to continue in that role.

The Special Meeting of Transgenomic Stockholders (see page 24)

Time; Date; Place. Transgenomic will hold a special meeting of stockholders at Troutman Sanders LLP's offices located at 1001 Haxall Point, Richmond, VA 23219 on March [], 2017 at 10:00 a.m. local time.

Purpose of the Meeting. At the special meeting, you will be asked to vote on the proposals described below. In addition, at the special meeting, Transgenomic may transact such other business as may properly come before the special meeting or any properly reconvened special meeting following an adjournment of the special meeting.

The Issuance of Common Stock in Connection with the Merger and Private Placement Proposal (Proposal No. 1). You will be 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.

The Issuance of Common Stock in Connection with the Exercise or Exchange of the Warrants Proposal (Proposal No. 2). You will be asked to approve the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of the Warrants. The approval of the issuance upon exercise or exchange of the Warrants is not a condition to completion of the merger with Precipio or the private placement.

The 2017 Stock Option and Incentive Plan Proposal (Proposal No. 3). You will be asked to approve the Transgenomic, Inc. 2017 Stock Option and Incentive Plan. The approval of the 2017 Stock Option and Incentive Plan is not a condition to completion of the merger with Precipio or the private placement.

The Advisory Compensation Proposal (Proposal No. 4). You will be 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. The approval of the advisory compensation proposal is not a condition to completion of the merger with Precipio or the private placement.

The Adjournment Proposal (Proposal No. 5). You may be asked 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 is not a condition to completion of the merger with Precipio or the private placement.

Record Date; Shares Entitled to Vote. Transgenomic has fixed the close of business on January 17, 2017 as the record date for the determination of holders of Transgenomic common stock and Series A-1 Convertible Preferred Stock entitled to receive notice of and to vote at the special meeting and any adjournment of the special meeting. No other shares of Transgenomic capital stock are entitled to notice of and to vote at the special meeting. At the close of business on the record date, Transgenomic had outstanding and entitled to vote 26,446,927 shares of Transgenomic common stock and 214,705 shares of Series A-1 Convertible Preferred Stock.

Required Votes. Votes cast by proxy or in person at the special meeting will be tabulated by the inspector of elections of the special meeting. The inspector of elections also will determine whether or not a quorum is present. The presence, in person or by proxy, of the holders of a majority of the shares of Transgenomic 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), issued and outstanding as of the record date for the special meeting is necessary to constitute a quorum at the special meeting. Shares of Transgenomic common stock and Series A-1 Convertible Preferred Stock represented at the special meeting in person or by proxy but not voted will be counted for purposes of determining a quorum. Accordingly, abstentions and broker "non-votes" (shares as to which a broker or nominee has indicated that it does not have discretionary authority to vote) on a particular matter will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining the presence of a quorum.

The proposals 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, to approve the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of the Warrants, to approve the 2017 Stock Option and Incentive Plan and 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, must be approved by the affirmative vote of the holders of a majority of the shares of Transgenomic 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 must be approved by the affirmative vote of the holders of a majority of the shares of Transgenomic 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.

The approval of the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the terms of the Merger Agreement and the private placement and the resulting "change of control" of Transgenomic is a condition to the completion of the merger with Precipio and the private placement. As a result, a vote against the proposal relating to the issuance of New Precipio common stock effectively will be a vote against the merger of Transgenomic with Precipio and the related private placement. None of the other proposals are conditions to the completion of the merger with Precipio or the private placement.

Recommendation of the Transgenomic Board. The Transgenomic Board has determined that the merger with Precipio and the related private placement, the issuance of Transgenomic common stock upon exercise or exchange of the Warrants, the 2017 Stock Option and Incentive Plan and the merger-related compensation are fair to and in the best interests of Transgenomic and its stockholders and has approved the issuance of New Precipio common stock and the New Precipio preferred stock in accordance with the Merger Agreement and the private placement and the resulting “change of control” of Transgenomic, the issuance of Transgenomic common stock upon exercise or exchange of the Warrants, the 2017 Stock Option and Incentive Plan, the merger-related compensation and the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposals.

The Transgenomic Board recommends that you vote “FOR” the approval of the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the Merger Agreement and the private placement and the “change of control” of Transgenomic, “FOR” the approval of the issuance of Transgenomic common stock upon exercise or exchange of the Warrants, “FOR” the approval of the 2017 Stock Option and Incentive Plan, “FOR” the approval of the merger-related compensation and “FOR” the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the common stock issuance proposals, the 2017 Stock Option and Incentive Plan proposal and the advisory compensation proposal.

The Merger Agreement (see page 63)

The Merger Agreement, which is attached to this proxy statement as Annex A, is described in more detail beginning on page A-1. We urge you to read the Merger Agreement in its entirety because this document is the legal document governing the proposed merger with Precipio.

Completion of the Merger with Precipio is Subject to Conditions. The obligations of Transgenomic to consummate the merger with Precipio are subject to the satisfaction or waiver of various conditions, including:

Precipio’s unit holders having approved the merger, Precipio’s execution of the Merger Agreement and the consummation of the transactions contemplated therein;

the representations and warranties of Precipio being true and correct as of the date of closing, or, to the extent they expressly relate to a specific date, then as of that specific date, with only those exceptions which would not reasonably be expected to have a material adverse effect;

the issuance of New Precipio preferred stock to holders of Precipio preferred units pursuant to the merger and to certain Transgenomic debt holders and other investors in a private placement;

prior to the effective time of the merger, the conversion of all outstanding warrants, membership interests, promissory notes of Precipio issued to members of Precipio into Precipio common units or preferred units, and the termination of all related warrants and promissory notes;

· Precipio having delivered to Transgenomic a lock-up agreement executed by certain of its stockholders; and

· Precipio having satisfied other customary closing conditions.

The obligations of Precipio to effect the transactions contemplated by the Merger Agreement are conditioned on the satisfaction or waiver of various conditions, including:

Transgenomic's stockholders having approved the proposal to issue New Precipio common stock and New Precipio preferred stock in connection with the Merger Agreement and the related private placement;

the representations and warranties of Transgenomic and Merger Sub being true and correct in all material respects as of the date of closing, or, to the extent they expressly related to a specific date, then as of the specific date, with only those exceptions which would not reasonably be expected to have a material adverse effect;

the size of the Transgenomic Board being increased to seven and the appointment of certain designees to the Transgenomic Board;

the issuance of New Precipio preferred stock to holders of Precipio preferred units pursuant to the merger and to certain Transgenomic debt holders and other investors in a private placement;

the amendment of Transgenomic's Certificate of Incorporation contemplating the issuance of the New Precipio preferred stock and changing the name to Precipio, Inc. at the effective time of the merger;

Transgenomic having delivered to Precipio a lock-up agreement executed by Transgenomic and certain of its stockholders;

there being no outstanding indebtedness of Transgenomic immediately prior to the effective time of the merger other than accounts payable to trade creditors, accrued expenses and certain indebtedness of Transgenomic, including indebtedness to its stockholders that will be converted into common stock and new preferred stock of New Precipio;

Transgenomic having terminated certain of its employees and all severance, retention, change of control, COBRA or other payments due to such employees being paid in full prior to the effective time of the merger or included as a liability of Transgenomic pursuant to the Merger Agreement;

at the effective time of the merger, the shares of Transgenomic common stock to be issued in connection with the merger shall have been approved for listing on Nasdaq; and

Transgenomic having satisfied other customary closing conditions.

The Merger Agreement May Be Terminated under Certain Circumstances. The Merger Agreement may be terminated at any time prior to the closing, whether before or after approval by Transgenomic stockholders of the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the terms of the Merger Agreement, in any of the following ways:

by mutual written consent of Transgenomic and Precipio; or

by either Transgenomic or Precipio if the closing date has not occurred by June 30, 2017, but only if the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the Merger Agreement and such has been the cause of, or resulted in, the failure of a timely closing; or

by either Transgenomic or Precipio if any judgment, statute, law, ordinance, rule, regulation or other legal restraint or prohibition that restrains, enjoins or otherwise prohibits the consummation of the merger shall be in effect and shall have become final and non-appealable; or

by Precipio, if Transgenomic has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement such that the conditions to closing set forth in Merger Agreement cannot be satisfied and such breach is not capable of being cured or has not been cured within 30 days after the giving of notice thereof by Precipio to Transgenomic; or

by Transgenomic, if Precipio has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the Merger Agreement such that the conditions to closing set forth in Merger Agreement cannot be satisfied and such breach is not capable of being cured or has not been cured within 30 days after the giving of notice thereof by Transgenomic to Precipio; or

by Precipio, if Transgenomic has entered into any letter of intent or similar document or any contract relating to any alternate acquisition proposal; or

by Transgenomic, if Precipio has entered into any letter of intent or similar document or any contract relating to any alternate acquisition proposal; or

by Precipio, if Transgenomic enters into a definitive agreement to effect an unsolicited acquisition proposal made by a third party determined in good faith by the Transgenomic Board to be (1) more favorable from a financial point of view to the stockholders of Transgenomic than as provided under the Merger Agreement, and (2) reasonably capable of being completed on the terms proposed without unreasonable delay; or

by Transgenomic, if Precipio enters into a definitive agreement to effect an unsolicited acquisition proposal made by a third party determined in good faith by the board of managers of Precipio to be (1) more favorable from a financial point of view to the members of Precipio than as provided under the Merger Agreement, and (2) reasonably capable of being completed on the terms proposed without unreasonable delay.

The Voting Agreements (see page 76)

In connection with the merger, certain of Precipio's unit, warrant and note holders have entered into the Precipio Voting Agreement with Transgenomic and Precipio, 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 Precipio 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.

Certain of Transgenomic's stockholders, directors and executive officers have also entered into the Transgenomic Voting Agreement with Transgenomic and Precipio, 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.

Third Party Approvals Required for the Merger with Precipio (see page 57)

The Merger Agreement also provides that the consummation of the merger is conditioned on the receipt of consents from certain other third parties, including lenders, lessors and other commercial partners.

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

Holders of Transgenomic's outstanding secured 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. Holders of Series A-1 Convertible Preferred Stock have agreed to convert their shares into 214,705 shares of New Precipio common stock immediately prior to effectiveness of the merger pursuant to the conversion provisions set forth in the Transgenomic Certificate of Incorporation.

Regulatory Matters (see page 57)

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 in connection with the issuance of shares of New Precipio common stock in the transaction, including the filing with the SEC of this proxy statement.

Nasdaq Listing (see page 57)

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 the shares of New Precipio common stock will be listed on Nasdaq following the closing of the merger under the trading symbol "PRPO."

Federal Securities Law Consequences Resale Restrictions (see page 59)

The shares of New Precipio common stock to be issued to unit holders of Precipio in connection with the merger, to holders of Transgenomic Series A-1 Convertible Preferred Stock upon conversion of such stock and to holders of Transgenomic outstanding debt upon conversion of such debt as well as the New Precipio preferred stock to be issued in the merger and in the related private placement or pursuant to the conversion of outstanding debt of Transgenomic will be "restricted securities." Those shares of New Precipio common stock and New Precipio preferred stock will not be registered under the Securities Act upon issuance and will not be freely transferable. Holders of such shares of common stock and preferred stock may not sell their respective shares unless the shares are registered under the Securities Act or an exemption is available under the Securities Act. In connection with the merger, as described in "The Merger Agreement – Covenants – Form S-3 Registration Statement," Transgenomic has agreed to file promptly after the closing of the merger a resale "shelf" registration statement to register the shares of New Precipio common stock issued to unit holders of New Precipio in the merger.

Material U.S. Federal Income Tax Consequences of the Merger (see page 59)

Each of Transgenomic and Precipio intend that the merger will be treated for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended ("Code"). Precipio has elected to be treated as a corporation for U.S. federal income tax purposes. Regardless of whether the merger qualifies as a "reorganization", no gain or loss will be recognized by Transgenomic, Precipio or the Transgenomic stockholders as a result of the merger. Additionally, if the merger qualifies as a "reorganization", the Precipio unit holders generally will not recognize gain or loss provided that they receive only New Precipio common stock and/or preferred stock in the merger in exchange for their membership interests in Precipio. Transgenomic stockholders who are also stockholders of Precipio should consult their tax advisor as to the tax consequences to them of participating in the merger as a Precipio stockholder.

Anticipated Accounting Treatment (see page 59)

The merger will be treated by Transgenomic as a reverse acquisition under the acquisition method of accounting in accordance with GAAP. For accounting purposes, Precipio is considered to be acquiring Transgenomic in the merger.

PER SHARE MARKET PRICE DATA

Transgenomic common stock trades on Nasdaq under the symbol “TBIO.” The following table shows the high and low closing sale prices for Transgenomic common stock for the periods indicated, based on Nasdaq composite transactions.

	High	Low
Fiscal Year 2015		
First Quarter	\$3.90	\$1.41
Second Quarter	\$2.63	\$1.39
Third Quarter	\$1.72	\$0.92
Fourth Quarter	\$1.36	\$0.75
Fiscal Year 2016		
First Quarter	\$1.08	\$0.54
Second Quarter	\$0.73	\$0.50
Third Quarter	\$0.58	\$0.28
Fourth Quarter	\$0.37	\$0.16
Fiscal Year 2017		
First Quarter (through February [], 2017)	[\$]	[\$]

The closing sale price of Transgenomic’s common stock as reported on Nasdaq on October 12, 2016, the last trading date before the public announcement of the proposed merger with Precipio, was \$0.25 per share. The closing sale price of Transgenomic common stock as reported on Nasdaq on February [], 2017, the latest practicable date before mailing of this proxy statement, was \$[] per share. As of the record date, there were 77 holders of record of Transgenomic common stock and four holders of record of Transgenomic Series A-1 Convertible Preferred Stock based on information provided by Transgenomic’s transfer agent. The number of stockholders of record does not reflect the actual number of individual or institutional stockholders that own Transgenomic common stock because most stock is held in the name of nominees. There are a substantially greater number of beneficial holders of Transgenomic common stock.

Transgenomic has never declared or paid any cash dividends on its capital stock. It intends to retain future earnings, if any, to finance the operation and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of the board of directors or any authorized committee thereof after considering Transgenomic’s financial condition, results of operations, capital requirements, business prospects and other factors the board of directors or such committee deems relevant, and will be subject to the restrictions contained in its current or future financing instruments.

Assuming successful application for initial listing with Nasdaq, following the completion of the merger, Transgenomic anticipates that New Precipio common stock will be listed on Nasdaq and will trade under New Precipio's new name, "Precipio, Inc.," and new trading symbol "PRPO."

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement, you should carefully consider the material risks described below in deciding whether to vote for approval of the proposals presented in this proxy statement. Additional risks and uncertainties not presently known to Transgenomic or that are not currently believed to be material, if they occur, also may adversely affect Transgenomic following the merger.

Although Transgenomic expects that the merger with Precipio will result in benefits to Transgenomic, it may not realize those benefits because of integration difficulties.

Integrating the operations of the businesses of Precipio successfully or otherwise realizing any of the anticipated benefits of the merger with Precipio, including anticipated cost savings and additional revenue opportunities, involves a number of potential challenges. The failure to meet these integration challenges could seriously harm New Precipio's results of operations and the market price of New Precipio common stock may decline as a result.

Realizing the benefits of the merger will depend in part on the integration of information technology, operations and personnel. These integration activities are complex and time-consuming and the parties may encounter unexpected difficulties or incur unexpected costs, including:

- the inability of New Precipio to achieve the cost savings and operating synergies anticipated in the merger, including synergies relating to increased purchasing efficiencies and a reduction in costs associated with the merger, which would prevent Transgenomic from achieving the positive earnings gains expected as a result of the merger;
- diversion of management attention from ongoing business concerns to integration matters;
- difficulties in consolidating and rationalizing information technology platforms and administrative infrastructures;
- complexities associated with managing the geographic separation of the combined businesses and consolidating multiple physical locations where management may determine consolidation is desirable;
- difficulties in integrating personnel from different corporate cultures while maintaining focus on providing consistent, high quality customer service;

challenges in demonstrating to customers of Transgenomic and to customers of Precipio that the merger will not result in adverse changes in customer service standards or business focus; and

- possible cash flow interruption or loss of revenue as a result of change of ownership transitional matters.

The parties may not successfully integrate the operations of the businesses in a timely manner and may not realize the anticipated net reductions in costs and expenses and other benefits and synergies of the merger with Precipio to the extent, or in the timeframe, anticipated. In addition to the integration risks discussed above, New Precipio's ability to realize these net reductions in costs and expenses and other benefits and synergies could be adversely impacted by practical or legal constraints on its ability to combine operations.

If the merger is completed and New Precipio is unable to manage its growth profitably, its business, financial results and stock price could suffer.

New Precipio's future financial results will depend in part on its ability to profitably manage its growth on a combined basis. Management will need to maintain existing customers and attract new customers, recruit, retain and effectively manage employees, as well as expand operations and integrate customer support and financial control systems. New Precipio expects to incur between \$500,000 and \$1,200,000 of integration-related non-recurring expenses during that 12-month period. If the integration-related expenses and capital expenditure requirements are greater than anticipated, or if New Precipio is unable to manage its growth profitably after the merger, the financial results and market price of New Precipio common stock may decline.

The merger is subject to the completion of the related private placement, which is subject to its own certain conditions, and therefore may not be completed.

It is a condition to the completion of the merger that Transgenomic will have consummated the private placement described in "The Private Placement" beginning on page 74. The purchase agreement for the shares of New Precipio preferred stock has not yet been entered into and the private placement is subject to due diligence and legal review. There can be no assurance that all of these conditions will be satisfied or that Transgenomic will be able to consummate the private placement.

Failure to complete the merger and private placement could negatively impact the stock price and the future business and financial results of Transgenomic.

Although Transgenomic has agreed to use reasonable efforts to obtain stockholder approval of the proposal to issue shares of Transgenomic common stock and preferred stock, there is no assurance that these proposals will be approved. If these proposals are not approved, and as a result the merger is not completed:

· the ongoing business of Transgenomic may be adversely affected; and

· Transgenomic may be required, under certain circumstances, to pay Precipio a termination fee of up to \$256,500.

Failure by the combined company upon the completion of the merger to comply with the initial listing standards of Nasdaq may subject its stock to delisting from Nasdaq.

Transgenomic is not currently in compliance with the listing requirements for Nasdaq. To maintain listing on Nasdaq, Transgenomic must comply with Nasdaq Marketplace Rules, which requirements include a minimum bid price of \$1.00 per share. On February 23, 2016, Transgenomic was notified by the staff of Nasdaq that it was not in compliance with the \$1.00 minimum bid price requirement, as the common stock had traded below the \$1.00 minimum bid price for 30 consecutive business days. Transgenomic was provided with a 180 calendar day period, which ended on August 22, 2016, within which to regain compliance with the minimum bid price requirement. On April 20, 2016, Transgenomic was notified by the staff of Nasdaq that Transgenomic was not in compliance with the minimum stockholders' equity requirement of the Nasdaq Marketplace Rules, which requires listed companies to maintain stockholders' equity of at least \$2,500,000. Transgenomic was provided with a 180 calendar day period, which ended on October 17, 2016, within which to regain compliance with the minimum stockholders' equity requirement. On August 24, 2016, Transgenomic received a determination letter from the staff of Nasdaq stating that it had not regained compliance with the minimum bid price requirement and that it was not eligible for an additional 180 calendar day extension because it was not in compliance with the minimum stockholders' equity requirement. On August 29, 2016, Transgenomic requested a hearing before the Nasdaq Hearings Panel. On October 13, 2016 Transgenomic had a hearing before the Nasdaq Hearings Panel where it presented a plan to regain compliance with all Nasdaq listing requirements, which included the completion of the merger and private placement.

At the hearing, Transgenomic asked that the Nasdaq Hearings Panel continue its listing through December 31, 2016, to allow it to close the previously announced merger, which Transgenomic expects to result in a new entity that will meet all initial listing standards for Nasdaq; however, Transgenomic noted that it will need to effectuate a reverse stock split to ensure compliance with the minimum bid price requirement. Based on the plan presented by Transgenomic at the hearing, the Nasdaq Hearings Panel issued a decision letter granting Transgenomic's request for continued listing on Nasdaq until December 31, 2016. As a condition to allowing Transgenomic to continue its listing

on Nasdaq, the Nasdaq Hearings Panel required Transgenomic, on or before November 15, 2016, to update the Nasdaq Hearing Panel on the status of the reverse stock split, the filing of a definitive proxy statement for the merger and any feedback received from the Nasdaq staff regarding the prospects of the application of the post-merger entity for listing on Nasdaq. Transgenomic provided such update to the Nasdaq Hearing Panel on November 1, 2016. On December 9, 2016, Transgenomic provided another update to the Nasdaq Hearing Panel and requested that the Nasdaq Hearing Panel extend its continued listing on Nasdaq until February 19, 2017. On December 9, 2016, confirmed by letter dated December 27, 2016, the Nasdaq Hearing Panel granted Transgenomic's request to extend its listing on Nasdaq, subject to the following condition:

On or before February 19, 2017, Transgenomic must have closed the merger and gained approval from the Nasdaq staff for listing of shares of New Precipio common stock on Nasdaq.

In addition, in order to fully comply with the terms of the decision letter, Transgenomic must be able to demonstrate compliance with all requirements for continued listing on Nasdaq. A failure by New Precipio upon the completion of the merger to comply with the initial listing standards of Nasdaq may subject its stock to delisting from Nasdaq. Upon completion of the merger, New Precipio will be required to meet the initial listing requirements to maintain the listing and continued trading of its shares on Nasdaq. These initial listing requirements are more difficult to achieve than the continued listing requirements under which Transgenomic is now trading. Pursuant to the Merger Agreement, Transgenomic agreed to use its commercially reasonable efforts to cause the shares of Transgenomic common stock being issued in the merger to be approved for listing on Nasdaq at or prior to the effective time of the merger. Such listing is a condition precedent to closing the merger. Based on information currently available to Transgenomic, Transgenomic anticipates that its stock will be unable to meet the \$4.00 (or, to the extent applicable, \$3.00) minimum bid price initial listing requirement at the closing of the merger unless it effects a reverse stock split. On October 31, 2016, the stockholders of Transgenomic authorized the Transgenomic Board to effect a reverse stock split of the shares of Transgenomic common stock at a ratio of between one-for-ten to one-for-thirty. In addition, often times a reverse stock split will not result in a trading price for the affected common stock that is proportional to the ratio of the split. If New Precipio is unable to satisfy Nasdaq listing requirements, Nasdaq may notify Transgenomic, or New Precipio, that its shares of common stock will be subject to delisting from Nasdaq.

Transgenomic's continued listing on Nasdaq expires on February 19, 2017. The merger will not be effective prior to February 19, 2017 and accordingly Transgenomic could be delisted for a period prior to the merger effective date if Nasdaq does not otherwise agree to extend Transgenomic's continued listing. Upon a potential delisting from Nasdaq, if the New Precipio common stock is not then eligible for quotation on another market or exchange, trading of the shares could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Sheets or the OTC Bulletin Board. In such event, it is likely that there would be significantly less liquidity in the trading of New Precipio common stock; decreases in institutional and other investor demand for the shares, coverage by securities analysts, market making activity and information available concerning trading prices and volume; and fewer broker-dealers willing to execute trades in New Precipio common stock. Also, it may be difficult for New Precipio to raise additional capital if the New Precipio common stock is not listed on a major exchange. The occurrence of any of these events could result in a further decline in the market price of New Precipio common stock and could have a material adverse effect on New Precipio.

The announcement and pendency of the merger may cause disruptions in the business of Transgenomic and Precipio, which could have an adverse effect on their respective businesses, financial conditions or results of operations and, post-closing, New Precipio's business, financial condition or results of operations.

The announcement and pendency of the transaction could cause disruptions in the business of Transgenomic and Precipio. Specifically:

- current and prospective employees of Transgenomic and Precipio may experience uncertainty about their future roles with New Precipio, which might adversely affect the ability of Transgenomic and Precipio to retain key personnel

and attract new personnel;

third parties may seek to terminate and/or renegotiate their relationships with Transgenomic as a result of the transaction; and

management's attention has been focused on the merger, which may divert management's attention from the core business of Transgenomic and other opportunities that could have been beneficial to Transgenomic.

These disruptions could be exacerbated by a delay in the completion of the merger or termination of the Merger Agreement and could have an adverse effect on the business, financial condition or results of operations of Transgenomic and Precipio prior to the completion of the merger and on New Precipio if the merger is completed.

The merger with Precipio is subject to the receipt of consents and approvals that may not be received.

The Merger Agreement provides that the parties cannot complete the merger unless they receive various consents and approvals from Nasdaq and other third parties. While Transgenomic believes that it will receive the requisite approvals, there can be no assurance that such approvals will be received. See the sections entitled "The Transaction — Third Party Approvals Required for the Merger and the Private Placement" on page 57 and "The Merger Agreement — Conditions to Closing the Transaction" beginning on page 70 for a more detailed discussion.

Subject to certain limitations, certain stockholders may sell New Precipio common stock beginning six months following the closing of the merger, which could cause New Precipio's stock price to decline.

The shares of New Precipio common stock to be issued to unit holders of Precipio in connection with the merger, to holders of Transgenomic Series A-1 Convertible Preferred Stock upon conversion of such stock and to holders of Transgenomic outstanding debt upon conversion of such debt as well as the New Precipio preferred stock to be issued in the merger and in the related private placement or pursuant to the conversion of outstanding debt of Transgenomic will be "restricted securities." Those shares of New Precipio common stock and New Precipio preferred stock will not be registered under the Securities Act upon issuance and will not be freely transferable. Holders of such shares of common stock and preferred stock may not sell their respective shares unless the shares are registered under the Securities Act or an exemption is available under the Securities Act. In connection with the merger, as described in "The Merger Agreement – Covenants – Form S-3 Registration Statement," Transgenomic has agreed to file promptly after the closing of the merger a resale "shelf" registration statement to register the shares of New Precipio common stock issued to unit holders of New Precipio in the merger.

In addition, at the effective time of the merger, New Precipio will enter into the investor rights agreement with certain holders of New Precipio common stock, which will give such parties registration rights beginning six months after the closing of the merger. Such parties also will have “piggyback” rights to sell their shares if New Precipio proposes to register its own shares for issuance. The sale of a substantial number of New Precipio shares by such parties or other stockholders within a short period of time could cause the stock price to decline, make it more difficult to raise funds through future offerings of New Precipio common stock or acquire other businesses using New Precipio common stock as consideration.

You will experience a significant reduction in percentage ownership and voting power with respect to the Transgenomic common stock you currently own as a result of the merger with Precipio and the private placement and the exercise or exchange of the Warrants.

In connection with the merger with Precipio, New Precipio will issue approximately 160.6 million shares of New Precipio common stock, as well as approximately 24.1 million shares of New Precipio preferred stock, pursuant to the Merger Agreement, approximately 24.1 million shares of New Precipio preferred stock and approximately 9.8 million shares of New Precipio common stock in a related private placement in exchange for certain indebtedness of Transgenomic, approximately 56.2 million shares of New Precipio preferred stock to investors in a related private placement and approximately 104.4 million shares of New Precipio common stock issuable upon conversion of the New Precipio preferred stock. In addition, the exercise or exchange of the Warrants will result in the issuance of 3.0 million shares of Transgenomic common stock that would not have otherwise been issuable without stockholder approval. Therefore, following the completion of the merger and the private placement and the exercise or exchange of the Warrants, you will experience a substantial reduction in your respective percentage ownership interests and effective voting power relative to your respective percentage ownership interests in Transgenomic common stock and effective voting power prior to the merger. This reduction in ownership and voting power will decrease your ability to influence the election of directors and other matters. In addition, the issuance of shares of Transgenomic common stock could have an adverse effect on the market price for Transgenomic securities or on its ability to obtain future public financing. If and to the extent the shares are issued, you may experience dilution in your earnings.

If the amount of Transgenomic’s outstanding debt increases relative to the debt of Precipio prior to the completion of the merger with Precipio, the exchange ratio will provide for Precipio unit holders to receive a higher percentage ownership of New Precipio.

The number of shares of New Precipio common stock to be issued in connection with the merger to Precipio unit holders will be adjusted based on the relative amount of debt outstanding of the two entities at the effective time of the merger. As a result, if the level of Transgenomic debt increases relative to the amount of Precipio debt, the Precipio unit holders will receive a higher percentage ownership of New Precipio (up to 80% before the private placement). The actual percentage ownership of New Precipio will not be known until the effective time of the merger.

While the merger is pending, Transgenomic will be subject to contractual limitations that could adversely affect its business.

The Merger Agreement restricts Transgenomic from taking certain specified actions while the merger is pending without Precipio's consent, including incurring indebtedness, making capital expenditures in excess of \$5,000, acquiring any assets or selling, leasing or otherwise transferring any assets, and increasing in any material manner the compensation, bonuses or benefits of any directors, officers, employees, former employees or consultants, subject to certain exceptions in the ordinary course of business. These restrictions may prevent Transgenomic from pursuing otherwise attractive business opportunities that may arise and making other changes to its business prior to the closing of the merger or termination of the Merger Agreement.

The Merger Agreement restricts Transgenomic's ability to pursue certain alternatives to the merger and requires Transgenomic to pay a reverse termination fee to Precipio if it does.

The Merger Agreement contains non-solicitation provisions that, subject to limited exceptions, restrict Transgenomic's ability to initiate, solicit or encourage or take any action to discuss or accept a competing third-party proposal. Although the Transgenomic Board is permitted to change its recommendation that stockholders approve the matters relating to the merger if it determines in good faith that this action is reasonably likely to be required to comply with its fiduciary duties and certain other conditions, doing so in certain situations would require Transgenomic to pay a termination fee to Precipio of \$256,500. Additionally, these non-solicitation provisions could discourage a potential acquiror that might have an interest in acquiring all or a significant part of Transgenomic from considering or proposing that acquisition, or might result in a potential acquiror proposing to pay a lower per share price to acquire Transgenomic than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable to Precipio in certain circumstances.

Transgenomic has incurred and will continue to incur substantial expenses in connection with the merger.

Transgenomic has incurred and will incur additional substantial expenses in connection with the merger, whether or not the merger is completed. These costs include fees for financial advisors, attorneys and accountants, filing fees and financial printing costs. If the merger is not consummated, Transgenomic will be responsible for its own expenses, which are not reimbursable in the event the merger does not occur. Upon completion of the merger, the amount of transaction costs, including the amount of Precipio's transaction costs, will, in effect, reduce the cash reserves available for the combined company to pursue its plan of business.

The merger and private placement will result in changes to New Precipio's board of directors that may affect the combined company's business strategy and operations.

If the merger is completed, the New Precipio board of directors will increase its size to seven at the effective time of the merger, two of whom will be current directors of Transgenomic, three of whom will be nominated by Precipio and two of whom will be nominated by the holders of the New Precipio preferred stock issued in the private placement. This newly composed board of directors of the combined company may effect business strategies and operating decisions with respect to the combined company that may have an adverse impact on the combined company's business, financial condition and results of operations following the completion of the merger.

The opinion received by the Transgenomic Board from Craig-Hallum has not been, and is not expected to be, updated to reflect any changes in circumstances that may have occurred since the date of the opinion.

On October 12, 2016, Craig-Hallum delivered to the Transgenomic Board its oral opinion, subsequently confirmed by delivery of a written opinion as to the fairness, from a financial point of view, of the consideration to be paid in the merger. The opinion does not speak as of the time the merger will be completed or any date other than the date of such opinion. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Transgenomic or Precipio, changes in general market and economic conditions or regulatory or other factors. Any such changes may materially alter or affect the relative values of Transgenomic and Precipio. Craig-Hallum does not have any obligation to update, revise or reaffirm its opinion to reflect subsequent developments and has not done so. See the section entitled “The Transaction — Opinion of Craig-Hallum Capital Group LLC” and Annex B to this proxy statement.

If the merger is completed, the future success of the combined company depends substantially on its ability to retain key members of its management team.

If the merger is completed, the combined company will be highly dependent on principal members of its management team, which will include Ilan Danieli, Carl Iberger, Zaki Sabet, Ayman Mohamed and Steve Miller, as described in more detail in the section of this proxy statement entitled “The Transaction — Board of Directors and Management of New Precipio Following the Transaction.” The inability to recruit or loss of the services of any executive or key employee may impede the progress of the combined company’s objectives.

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company’s financial condition or results of operations following the completion of the merger.

The pro forma financial statements contained in this proxy statement are presented for illustrative purposes only and may not be an indication of the combined company’s financial condition or results of operations following the merger for several reasons. The pro forma financial statements have been derived from the historical financial statements of Transgenomic and Precipio and adjustments and assumptions have been made regarding the combined company after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the merger. For example, the impact of any incremental costs incurred in integrating the two companies is not reflected in the pro forma financial statements. As a result, the actual financial condition of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. The assumptions used in preparing the pro forma financial statements may not prove to be accurate, and other factors may affect the combined company’s financial condition following the transaction. See “Unaudited Pro Forma Combined Financial Information of Transgenomic, Inc.” for more information.

Precipio may have liabilities that are not known, probable or estimable at this time.

As a result of the merger, Precipio will become a wholly owned subsidiary of Transgenomic and Transgenomic will effectively assume all of Precipio's liabilities, whether or not asserted. There could be unasserted claims or assessments that Transgenomic failed or was unable to discover or identify in the course of performing due diligence investigations of Precipio. In addition, there may be liabilities that are neither probable nor estimable at this time which may become probable and estimable in the future. Any such liabilities, individually or in the aggregate, could have a material adverse effect on Transgenomic's business. Transgenomic may learn additional information about Precipio that adversely affects Transgenomic, such as unknown, unasserted or contingent liabilities and issues relating to compliance with applicable laws.

Transgenomic may not be able to complete the merger and may elect to pursue another strategic transaction similar to the merger or a financing, which may not occur on commercially reasonable terms or at all.

Transgenomic cannot assure you that it will complete the merger in a timely manner or at all. The Merger Agreement is subject to many closing conditions and termination rights. If Transgenomic does not complete the merger, the Transgenomic Board may elect to attempt to complete another strategic transaction similar to the merger or a financing. Such attempts will likely be costly and time consuming, and Transgenomic cannot make any assurances that a future strategic transaction or financing will occur on commercially reasonable terms or at all.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts or that necessarily depend upon future events. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “project,” “predict,” “potential,” and similar. Without limiting the generality of the preceding sentence, statements contained in the sections “Summary,” “The Transaction — Transgenomic’s Reasons for the Transaction,” and “The Transaction — Opinion of Craig-Hallum Capital Group LLC” include forward-looking statements. Forward-looking statements contained in this proxy statement include projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the future management of New Precipio; approvals relating to, and the closing of, the merger with Precipio and the private placement; any statements regarding future economic conditions or performance; and statements of belief and any statement of assumptions underlying any of the foregoing.

The forward-looking statements contained in this proxy statement reflect Transgenomic’s current views about future events, are based on assumptions, and are subject to known and unknown risks and uncertainties. Many important factors could cause actual results or achievements to differ materially from any future results or achievements expressed in or implied by Transgenomic’s forward-looking statements, including the factors listed below. Many of the factors that will determine future events or achievements are beyond Transgenomic’s ability to control or predict. The following factors include, among others: the ability of the parties to satisfy the conditions precedent and consummate the proposed merger, the timing of consummation of the proposed merger, the ability of the parties to secure any required stockholder or other approvals in a timely manner or on the terms desired or anticipated, the ability to achieve anticipated benefits, risks related to disruption of management’s attention due to the pending merger, operating results and businesses generally, the outcome of any legal proceedings related to the proposed merger and the general risks associated with the respective businesses of Transgenomic and Precipio, including the general volatility of the capital markets, terms and deployment of capital, volatility of the Transgenomic share price, changes in the biotechnology industry, interest rates or the general economy, underperformance of Transgenomic’s and Precipio’s assets and investments and decreased ability to raise funds, the degree and nature of Transgenomic’s and Precipio’s competition and other risks as described in Transgenomic’s reports filed with the SEC.

The forward-looking statements contained in this proxy statement reflect Transgenomic’s views and assumptions only as of the date of this proxy statement. You should not place undue reliance on forward-looking statements. Except as required by law, Transgenomic assumes no responsibility for updating any forward-looking statements.

Transgenomic’s actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences are discussed in the section entitled “Risk Factors” beginning on page 17 and the section entitled “Risk Factors” included in

Transgenomic's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and risk factors detailed in Transgenomic's most recent quarterly reports on Form 10-Q. Transgenomic qualifies all of its forward-looking statements by these cautionary statements. In addition, with respect to all of our forward-looking statements, Transgenomic claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

THE SPECIAL MEETING

Date, Time and Place

A special meeting of Transgenomic stockholders will be held at 10:00 a.m. local time, on March [], 2017 at Troutman Sanders LLP's offices located at 1001 Haxall Point, Richmond, Virginia 23219.

Purpose of the Special Meeting

The purpose of the special meeting is to consider and vote on the following proposals:

- To approve the issuance of 160,585,422 shares of New Precipio common stock, as well as 24,087,813 shares of New Precipio preferred stock to be issued, pursuant to the Merger Agreement, the issuance of 24,087,813 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
- Proposal No. 1:* Transgenomic, the issuance of 56,204,898 shares of New Precipio preferred stock to be issued to investors in a related private placement, the issuance of 104,380,525 shares of New Precipio common stock issuable upon conversion of the New Precipio preferred stock and the resulting "change of control" of Transgenomic. The 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.
- Proposal No. 2:* To approve the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of the 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.

The approval of Proposal No. 1 for the issuance of Transgenomic common stock is a condition to the completion of the merger with Precipio. Accordingly, if Transgenomic is to complete the merger with Precipio, the stockholders must approve Proposal No. 1.

At the special meeting, Transgenomic stockholders also will be asked to consider and vote on any other matter that may properly come before the special meeting or any adjournment of the special meeting. At this time, the Transgenomic Board is unaware of any matters, other than those set forth above, that may properly come before the special meeting.

Record Date; Shares Outstanding and Entitled to Vote

Transgenomic has fixed the close of business on January 17, 2017 as the record date for the determination of holders of Transgenomic common stock and Series A-1 Convertible Preferred Stock entitled to notice of and to vote at the special meeting and any adjournment of the special meeting. No other shares of Transgenomic capital stock are entitled to notice of and to vote at the special meeting. At the close of business on the record date, Transgenomic had outstanding and entitled to vote 26,446,927 shares of Transgenomic common stock and 214,705 shares of Series A-1 Convertible Preferred Stock.

How to Vote Your Shares

If you hold your shares in your own name, you may submit a proxy by telephone, via the Internet or by mail or vote by attending the special meeting and voting in person.

Submitting a Proxy by Telephone: You can submit a proxy for your shares by telephone until 11:59 p.m. Eastern Time on March [], 2017 by calling the toll-free telephone number on the enclosed proxy card.

Submitting a Proxy via the Internet: You can submit a proxy via the Internet until 11:59 p.m. Eastern Time on March [], 2017 by accessing the web site listed on your proxy card and following the instructions you will find on the web site.

Submitting a Proxy by Mail: If you choose to submit a proxy by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood NY 11717.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions.

If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the special meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the special meeting.

How to Change Your Vote

You will have the power to revoke your proxy at any time before it is exercised by:

Delivering a written notice of revocation to the Secretary of Transgenomic, dated later than the proxy, before the vote is taken at the special meeting;

Delivering a duly executed proxy to the Secretary of Transgenomic bearing a later date, before the vote is taken at the special meeting;

Submitting a proxy on a later date by telephone or via the Internet (only your last telephone or Internet proxy will be counted), before 11:59 p.m. Eastern Time on March [], 2017; or

Attending the special meeting, withdrawing your proxy, and voting in person. Your attendance at the special meeting, in and of itself, will not revoke the proxy.

Any written notice of revocation, or later dated proxy, should be delivered to:

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

Alternatively, you may hand deliver a written revocation notice, or a later dated proxy, to the Secretary at the special meeting before voting begins.

If your shares of Transgenomic capital stock are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

Proxies; Counting Your Vote

If you provide specific voting instructions, your shares will be voted at the special meeting in accordance with your instructions. If you hold shares in your name and sign and return a proxy card or submit a proxy by telephone or via the Internet without giving specific voting instructions, your shares will be voted as follows:

“FOR” the issuance of 160,585,422 shares of New Precipio common stock, as well as 24,087,813 shares of New Precipio preferred stock to be issued, pursuant to the Merger Agreement, the issuance of 24,087,813 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 56,204,898 shares of New Precipio preferred stock to be issued to investors in a related private placement, the issuance of 104,380,525 shares of New Precipio common stock issuable upon conversion of the New Precipio preferred stock and the approval of the resulting “change of control” of Transgenomic. The 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;

· **“FOR”** the issuance of 3.0 million shares of Transgenomic common stock upon exercise or exchange of the Warrants;

· **“FOR”** the approval of the 2017 Stock Option and Incentive Plan;

· **“FOR”** the approval, on a non-binding, advisory basis, of payment by Transgenomic of certain compensation to Transgenomic’s named executive officers based on or otherwise relating to the merger; and

· **“FOR”** the approval of an adjournment of 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.

At this time, Transgenomic is unaware of any matters, other than those matters set forth above, that may properly come before the special meeting. If any other matters properly come before the special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the special meeting or any adjournment of the special meeting, will be deemed authorized to vote or otherwise act on such matters in accordance with their judgment.

The persons named in the enclosed proxy, or their duly constituted substitutes acting at the special meeting or any adjournment of the special meeting, may propose and vote for one or more adjournments of the special meeting. Proxies solicited may be voted only at the special meeting and any adjournment of the special meeting and will not be used for any other Transgenomic meeting of stockholders.

Votes cast by proxy or in person at the special meeting will be tabulated by the inspector of elections of the special meeting. The inspector of elections also will determine whether or not a quorum is present.

Abstentions and Broker “Non-Votes”

An “abstention” occurs when a stockholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. Under rules that govern banks, brokers and others who have record ownership of company stock held in brokerage accounts for their clients who beneficially own the shares, these banks, brokers and other such holders who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters (“discretionary matters”) but do not have discretion to vote uninstructed shares as to certain other matters (“non-discretionary matters”). A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received voting instructions that casts a vote with regard to discretionary matters but expressly states that the broker is not voting as to non-discretionary matters. The broker’s inability to vote with respect to the non-discretionary matters with respect to which the broker has not received voting instructions from the beneficial owner is referred to

as a “broker non-vote.” Under rules applicable to broker-dealers, all of the proposals to be considered at the special meeting are considered non-discretionary matters.

Quorum and Required Votes

In deciding all matters that come before the special meeting, each holder of common stock as of the record date is entitled to one vote per share of common stock, and each holder of Series A-1 Convertible Preferred Stock as of the record date is entitled to 0.93 votes per share of Series A-1 Convertible Preferred Stock. As of January 17, 2017, the record date for the special meeting, there were 26,446,927 shares of Transgenomic common stock outstanding and 214,705 shares of Series A-1 Convertible Preferred Stock outstanding.

Votes cast by proxy or in person at the special meeting will be tabulated by the inspector of elections of the special meeting. The inspector of elections also will determine whether or not a quorum is present. The presence, in person or by proxy, of the holders of a majority of the shares of Transgenomic 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), issued and outstanding as of the record date for the special meeting is necessary to constitute a quorum at the special meeting. Shares of Transgenomic common stock and Series A-1 Convertible Preferred Stock represented at the special meeting in person or by proxy but not voted will be counted for purposes of determining a quorum. Accordingly, abstentions and broker “non-votes” (shares as to which a broker or nominee has indicated that it does not have discretionary authority to vote on a particular matter) will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining the presence of a quorum.

Proposal No. 1: Proposal No. 1 to approve the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the terms of the Merger Agreement and the private placement, the issuance of shares of New Precipio common stock issuable upon conversion of New Precipio preferred stock issued in the merger and related private placement and the resulting “change of control” of Transgenomic requires the affirmative vote of the holders of a majority of the shares of Transgenomic 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. Abstentions with respect to this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **The approval of Proposal No. 1 is a condition to the completion of the merger with Precipio and thus a vote against this proposal effectively will be a vote against the merger with Precipio and the private placement.**

Proposal No. 2: Proposal No. 2 to approve the issuance of Transgenomic common stock upon exercise or exchange of the Warrants requires the affirmative vote of the holders of a majority of the shares of Transgenomic 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. Abstentions with respect to this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **The approval of Proposal No. 2 is not a condition to the completion of the merger with Precipio.**

Proposal No. 3: Proposal No. 3 to approve the 2017 Stock Option and Incentive Plan requires the affirmative vote of the holders of a majority of the shares of Transgenomic 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. Abstentions with respect to this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **The approval of Proposal No. 3 is not a condition to the completion of the merger with Precipio.**

Proposal No. 4: 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 requires the affirmative vote of the holders of a majority of the shares of Transgenomic 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. Abstentions with respect to this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **The approval of Proposal No. 4 is not a condition to the completion of the merger with Precipio.**

Proposal No. 5: Proposal No. 5 to adjourn the special meeting, if necessary, to enable Transgenomic to solicit additional proxies in favor of the other proposals, requires the affirmative vote of the holders of a majority of the shares of Transgenomic 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 with respect to this proposal will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the proposal. **The approval of Proposal No. 5 is not a condition to the completion of the merger with Precipio.**

The directors and executive officers of Transgenomic collectively owned approximately 419,837 shares of Transgenomic common stock as of January 17, 2017 (inclusive of shares subject to stock options exercisable within 60 days following that date) and no shares of Series A-1 Convertible Preferred Stock. Such shares represented approximately 1.6% of Transgenomic's outstanding voting interests (including shares subject to stock options exercisable within 60 days held by the directors and officers) as of such date. Each member of the Transgenomic Board has advised Transgenomic that such member intends to vote all of the shares of Transgenomic capital stock held, directly or indirectly, by such director in favor of each of the above proposals. Certain of Transgenomic's stockholders (including all of Transgenomic's executive officers and directors) have also entered into a Voting Agreement with Transgenomic and Precipio, 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.

As of the close of business on the record date for the special meeting, Precipio and its affiliates did not beneficially own any shares of Transgenomic capital stock (other than shares of Transgenomic common stock that Precipio may be deemed to beneficially own in connection with the Transgenomic Voting Agreement) and, to the knowledge of Precipio, none of its directors or executive officers beneficially owned any shares of Transgenomic capital stock.

Solicitation of Proxies

Transgenomic will bear the cost of soliciting proxies for the special meeting. To the extent necessary, proxies may be solicited by Transgenomic's directors, officers and employees, but these persons will not receive any additional compensation for such solicitation. Transgenomic will reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Transgenomic's capital stock. In addition to solicitation by mail, Transgenomic will supply banks, brokers, dealers and other custodian nominees and fiduciaries with proxy materials to enable them to send a copy of such materials by mail to each beneficial owner of Transgenomic capital stock that they hold of record and will, upon request, reimburse them for their reasonable expenses in so doing. Transgenomic has retained Innisfree M&A Incorporated to assist in the solicitation of proxies for the special meeting and expects to pay them approximately \$10,000 in fees for such services.

Recommendation of the Transgenomic Board

The Transgenomic Board has determined that the merger with Precipio and the issuance of New Precipio common stock in the merger and the issuance of New Precipio preferred stock issued in the merger and the related 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, the issuance of Transgenomic common stock upon exercise or exchange of the Warrants, the 2017 Stock Option and Incentive Plan and the merger-related compensation are fair to and in the best interests of Transgenomic and its stockholders and approved the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the Merger Agreement and the related private placement and the resulting "change of control" of Transgenomic, the issuance of Transgenomic common stock upon exercise or exchange of the Warrants and the 2017 Stock Option and Incentive Plan. See the sections entitled "The Transaction — Transgenomic's Reasons for the Transaction" beginning on page 35, "Proposal No. 2 – Approval of the Issuance of Transgenomic, Inc. Common Stock upon Exercise or Exchange of the Warrants" beginning on page 81, "Proposal No. 3 – Approval of 2017 Stock Option and Incentive Plan" beginning on page 84 and "Proposal No. 4 – Approval of Advisory Compensation Proposal" beginning on page 97 for a more detailed discussion.

The Transgenomic Board recommends that you vote **"FOR"** approval of the issuance of New Precipio common stock and New Precipio preferred stock in accordance with the Merger Agreement and the related 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"** approval of the issuance of Transgenomic common stock upon exercise or exchange of the Warrants, **"FOR"** approval of the 2017 Stock Option and Incentive Plan, **"FOR"** approval of certain merger-related compensation and **"FOR"** approval of an adjournment of the special meeting, if necessary, to enable Transgenomic to solicit additional proxies in favor of the other proposals.

THE TRANSACTION

Background of the Transaction

The Transgenomic Board from time to time reviews with senior management Transgenomic's strategic direction and the opportunities available for growth in the context of developments in the diagnostics industry. These reviews include periodic internal discussions of projected financial performance and potential acquisitions, dispositions and business combinations with third parties that would add stockholder value and further Transgenomic's strategic objectives, as well as the potential benefits and risks of those potential transactions.

On July 10, 2014, Transgenomic executed an engagement letter with MTS Health Partners, L.P., a healthcare investment banking firm ("MTS"), to review strategic opportunities for Transgenomic's Genetic Assays and Platforms ("GAP") business unit and prepare a confidential information memorandum and due diligence data room in connection with a potential sale of the GAP business. During the next several months, MTS contacted potential buyers of the GAP business.

On January 15 and 22, 2015, Paul Kinnon, President and Chief Executive Officer of Transgenomic, apprised the Transgenomic Board on the status of the potential sale of the GAP business to StoneCalibre, LLC, a private investment firm ("StoneCalibre").

On March 23, 2015, the Transgenomic Board met and, among other matters, discussed strategic alternatives for the company. The Transgenomic Board considered separating the company into three separate parts—the GAP business, the Patient Testing ("PT") business unit and the Multiplexed ICE-COLD PCR ("ICE-COLD") business unit. The Transgenomic Board instructed senior management to engage MTS to explore various strategic alternatives for the GAP business.

On April 27, 2015, the Transgenomic Board met and, among other matters, discussed management's proposed engagement of the Maxim Group, an investment banking firm, to act as a financial advisor to the company in connection with a possible sale of the company or certain business segments.

On May 11, 2015, Transgenomic executed an engagement letter with the Maxim Group to review strategic opportunities. On May 12, 2015, the Transgenomic Board met and, among other matters, discussed potential strategic opportunities for the company on a standalone basis and on a business unit basis. On May 15, 2015, Transgenomic

executed an additional engagement letter with MTS to review strategic opportunities.

At meetings held on May 15, 2015, June 4, 2015, June 18, 2015 and July 2, 2015, the Transgenomic Board discussed, among other matters, potential strategic transaction options including the potential sale of the GAP business and the possibility of selling the PT business. During this time, members of senior management of Transgenomic, MTS and Maxim Group met with or sent materials to over 50 potential buyers of the GAP and PT businesses.

On July 13, 2015, Transgenomic executed a letter of intent with StoneCalibre to purchase part of the GAP business.

On July 16, 2015, the Transgenomic Board met and, among other matters, discussed the sale of the GAP business to StoneCalibre and the possibility of selling the remaining part of the GAP business to ADSTEC Corporation, a Japanese instruments manufacturer (“ADSTEC”). Mr. Kinnon also informed the Transgenomic Board that the company had made eight presentations to potential buyers regarding the sale of the PT business.

On July 30, 2015, Transgenomic received a letter of intent with respect to the sale of the PT business from a strategic party.

At meetings held on July 30, 2015, August 11, 2015, August 20, 2015 and September 3, 2015, Mr. Kinnon updated the Transgenomic Board as to the status of the potential sale of the GAP business as well as efforts to find a potential buyer for the PT business. Also on September 3, 2015, the Transgenomic Board approved the sale of part of the GAP business to StoneCalibre.

On August 12, 2015, Transgenomic received a letter of intent with respect to the sale of the PT business to another strategic buyer.

On September 10, 2015, Transgenomic completed the sale of part of the GAP business to StoneCalibre.

On September 15, 2015, the Transgenomic Board met and, among other matters, discussed the proposed terms of the sale of the remaining GAP business to ADSTEC as well as a potential buyer for the PT business.

On September 25, 2015, Transgenomic executed a letter of intent to sell the remaining portion of the GAP business to ADSTEC.

At meetings held on September 29, 2015, October 8, 2015 and October 21, 2015, Mr. Kinnon updated the Transgenomic Board regarding the status of the sale of the remaining GAP business to ADSTEC as well as efforts to find a potential buyer for the PT business.

At meetings held on November 10, 2015, November 19, 2015 and November 30, 2015, the Transgenomic Board discussed, among other matters, the company's corporate mission and strategy and various strategic opportunities and alternatives for the company. The Transgenomic Board authorized senior management to engage Craig-Hallum to explore strategic alternatives for the company.

On December 1, 2015, Transgenomic executed an engagement letter with Craig-Hallum to conduct a strategic review of Transgenomic's remaining businesses. Also on December 1, 2015, Transgenomic completed the sale of the remaining portion of the GAP business to ADSTEC.

On December 8, 2015, Transgenomic received an updated letter of intent with respect to the sale of the PT business from the original strategic party.

At a meeting of the Transgenomic Board on December 8, 2015, Robert M. Patzig, Chairman of the Transgenomic Board, and Mr. Kinnon updated the Transgenomic Board on detailed discussions with Craig-Hallum regarding potential financings. On December 9, 2015, Mr. Patzig informed the Transgenomic Board that Third Security, LLC ("Third Security") and its affiliates had agreed to provide bridge financing and, on December 10, 2015, that Crede

Capital Group, LLC was willing to invest additional money in Transgenomic.

At meetings held on December 11, 2015, December 14, 2015 and December 17, 2015 the Transgenomic Board discussed, among other matters, the proposed private financing.

On December 17, 2015, a representative of BV Advisory Partners, a strategic advisory and merchant banking firm (“BV Partners”), introduced senior management of Transgenomic to senior management of Precipio.

On January 5, 2016, Transgenomic received an updated letter of intent with respect to the sale of the PT business from the original strategic buyer.

On January 7, 2016, the Transgenomic Board met and approved the terms of a private placement and recapitalization of its existing preferred stock. This financing closed on January 11, 2016 and provided the company with approximately \$2.2 million of working capital for the operation of its business.

During February of 2016, members of senior management of Transgenomic met with representatives of Craig-Hallum to develop a confidential information memorandum, a data room and related materials relating to a potential transaction involving the remaining businesses of Transgenomic. During February, March and April 2016, representatives of Craig-Hallum and Transgenomic contacted strategic investors regarding a potential transaction with Transgenomic.

On March 1, 2016, the potential buyer of the PT business decided not to consummate a transaction. The Transgenomic Board then determined to wind down the PT business and sell parts of the PT business to different buyers.

On March 7, 2016, representatives of Aegis Capital Corp., a financial services company (“Aegis”), met with Transgenomic to discuss a potential public offering of Transgenomic common stock.

On March 15, 2016, representatives of BV Partners contacted Transgenomic regarding a potential acquisition of the PT business.

On March 24, 2016, the Transgenomic Board authorized senior management to meet directly with potential purchasers of the PT business.

At meetings held on March 24, 2016, April 22, 2105 and May 19, 2016, Mr. Kinnon updated the Transgenomic Board regarding the status of potential strategic transactions.

On April 4, 2016, a representative of Craig-Hallum reported to senior management of Transgenomic that Craig-Hallum had contacted 88 strategic investors, 24 of whom did not respond, 35 expressed no interest, 28 executed non-disclosure agreements, received the confidential information memorandum and had access to the data room but decided not to move forward and one made an offer.

On May 17, 2016, representatives of Aegis and Transgenomic met to discuss the potential public offering.

On May 20, 2016, representatives of Transgenomic contacted a representative of BV Partners regarding a potential meeting with senior management of Precipio.

On June 10, 2016, Mr. Patzig and Ilan Danieli, Chief Executive Officer of Precipio, along with a representative of BV Partners met in New York City to discuss a potential strategic transaction between Transgenomic and Precipio.

On June 20, 2016, members of senior management of Precipio met telephonically with members of senior management of Transgenomic to discuss next steps and the terms of a possible merger between the companies.

At a meeting of the Transgenomic Board on June 28, 2016, Mr. Kinnon provided the Transgenomic Board an update regarding potential strategic transactions, including a potential strategic acquisition.

In June 2016, after having contacted over 20 potential buyers and making 15 presentations, Transgenomic sold the assets of the PT business to a strategic buyer.

On June 30, 2016, Precipio delivered to Transgenomic a proposed non-binding term sheet regarding a potential transaction between Precipio and Transgenomic.

On July 9, 2016, representatives of Precipio and Transgenomic discussed valuations in connection with a potential transaction.

On July 14, 2016, representatives of Precipio, including Mr. Danieli and Mark Rimer, a partner at Kuzari Group, a boutique private investment group and an investor in Precipio, met telephonically with representatives of Transgenomic, including Mr. Patzig and Mr. Kinnon, to discuss further the terms of a potential transaction. Representatives of Third Security and BV Partners were also present at the meeting.

On July 14, 2016, the Transgenomic Board met and discussed, among other things Transgenomic's potential strategic transactions and funding options.

At a meeting of the Transgenomic Board held on July 21, 2016, Mr. Kinnon and Mr. Patzig updated the Transgenomic Board regarding the potential transaction with Precipio and summarized the proposed transaction terms and economics.

On July 26, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig (by telephone) and Mr. Kinnon, Third Security and BV Partners met at Precipio's offices in New Haven, Connecticut to conduct preliminary due diligence and discuss the process for a potential transaction between the companies.

On August 5, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security and BV Partners met telephonically to discuss the proposed timeline and due diligence for the proposed transaction.

On August 17, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security and BV Partners met telephonically to continue due diligence and negotiations.

On August 18, 2016, the Transgenomic Board met and discussed, among other things the engagement of Aegis to act as a potential financial advisor to the company.

On August 19, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security and BV Partners met telephonically to discuss the terms of the proposed non-binding term sheet and negotiate the principal terms and Precipio sent a revised non-binding term sheet to Transgenomic.

On August 22, 2016, the Transgenomic Board met and discussed, among other things the company's potential strategic transactions and funding options, including the latest version of a non-binding term sheet with Precipio. The Transgenomic Board also authorized senior management to engage Aegis to act as the sole book runner for a potential underwritten public offering.

On August 24, 2016, Transgenomic sent a revised draft of the proposed non-binding term sheet to Precipio.

On August 25, 2016, Mr. Patzig, Mr. Rimer and a representative of Third Security met to discuss the proposed terms of a preferred stock financing in connection with the transaction with Precipio, and Precipio sent a revised draft of the proposed non-binding term sheet to Transgenomic.

On August 25, 2016, the Transgenomic Board met and approved the terms of the proposed non-binding term sheet with Precipio.

On August 26, 2016, Transgenomic and Precipio each executed and delivered the non-binding term sheet for the proposed transaction.

On August 26, 2016, Transgenomic and Aegis executed an engagement letter with respect to a potential public offering of Transgenomic common stock.

On August 31, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security, BV Partners, Goodwin Procter LLP (“Goodwin”), Precipio’s outside legal counsel, and Paul Hastings LLP, Transgenomic’s outside legal counsel, met telephonically to discuss the timing and process for the proposed transaction and the drafting of the definitive agreements.

On August 31, 2016, members of Precipio’s management team, including Mr. Danieli, Zaki Sabet, Vice President of Operations and Ayma Mohamed, Lab Manager, conducted a site visit to Transgenomic’s offices in Omaha to meet with members of the team and visit the laboratory to learn about the company operations. Transgenomic’s team provided a presentation of the company’s technology, its operations, and the current projects the company is undertaking. Transgenomic’s lab managers provided an in-depth review of the CLIA and R&D operations of the company. The visit was concluded on Thursday September 1, 2016 in the afternoon.

On September 7, 2016, representatives of Aegis and Transgenomic met to begin the process of a proposed registered public offering of Transgenomic common stock. During September 2016, representatives of Aegis and Transgenomic continued drafting a registration statement with respect to a public offering of Transgenomic common stock.

On September 16, 2016, Goodwin distributed a first draft of the proposed Merger Agreement to Transgenomic and its advisors and representatives.

On September 20, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security, BV Partners and Goodwin met telephonically to discuss the draft Merger Agreement.

On September 21, 2016, Transgenomic engaged Troutman Sanders LLP (“Troutman”) to act as the company’s outside legal counsel in connection the proposed transaction with Precipio.

On September 29, 2016, Mr. Patzig, Mr. Kinnon and representatives of Troutman met telephonically to discuss process and the terms of the draft Merger Agreement.

On September 29, 2016, Transgenomic suspended the public offering process to pursue the potential transaction with Precipio.

On September 30, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security, BV Partners, Goodwin and Troutman met telephonically to discuss preliminary comments to the draft Merger Agreement, timing and process.

On September 30, 2016, Troutman distributed a revised draft of the Merger Agreement to Precipio and its advisors and representatives. The revised agreement contained a substantially lower termination fee as well as a requirement that certain members of Precipio agree to vote in favor of the merger. From October 1st to October 12th, 2016, Transgenomic and Precipio had multiple meetings and discussions to negotiate and finalize the Merger Agreement and the related schedules, exhibits and other transaction documents.

On October 3, 2016, representatives of Goodwin and Troutman had a call in which they discussed the significant open issues, including the calculation of the termination fee and voting agreements.

On October 5, 2016, BV Advisors distributed a draft term sheet for the New Precipio preferred stock to Transgenomic, Precipio, Third Security and their respective advisors and representatives.

On October 5, 2016, representatives of Goodwin and Troutman continued to discuss the open issues with respect to the merger. Later that day, Goodwin distributed a revised draft of the Merger Agreement to Transgenomic and its advisors and representatives. The revised draft included reciprocal voting agreement provisions. Later on October 5, 2016, Troutman distributed a revised draft of the Merger Agreement to Precipio and its advisors and representatives.

On October 6, 2016, Troutman distributed a draft of the Transgenomic Voting Agreement to Precipio and its advisors and representatives. Representatives of Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security and BV Partners met telephonically to discuss preliminary comments to the terms of the New Precipio preferred stock. Later that day, Goodwin provided comments to the Transgenomic Voting Agreement and provided a draft of the Precipio Voting Agreement to Transgenomic and its advisors and representatives.

On October 6, 2016, the Transgenomic Board met and, among other matters, discussed the current status of the Precipio transaction and the terms of the Merger Agreement and the term sheet for the New Precipio preferred stock. Representatives of Troutman also attended the meeting. Troutman provided the Transgenomic Board a presentation on fiduciary duties under Delaware law and each of the Transgenomic Board members had an opportunity to ask questions. Troutman then provided a summary of the material terms of the Merger Agreement, including the size of the termination fee, and the proposed terms of the New Precipio preferred stock set forth in the draft term sheet. Mr. Patzig and Mr. Kinnon updated the Transgenomic Board on the status of the negotiations and the main business issues. After a lengthy discussion, the Transgenomic Board authorized Mr. Patzig and Mr. Kinnon to continue to negotiate with Precipio along the terms discussed at the meeting, including with respect to the termination fee.

On October 7, 2016, Troutman distributed a revised draft of the Merger Agreement to Precipio and its advisors and representatives. Also, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security, Goodwin and Troutman met telephonically to discuss the draft term sheet for the New Precipio preferred stock. Precipio also distributed a revised draft of the New Precipio preferred stock term sheet to BV Partners.

On October 8, 2016, Goodwin distributed a revised draft of the Merger Agreement to Transgenomic and its advisors and representatives. During October 8 and 9, 2016, Precipio, Transgenomic, Third Security and BV Partners negotiated the terms of the New Precipio preferred stock term sheet. On October 9, 2016, Precipio distributed a revised draft of the New Precipio preferred stock term sheet reflecting the terms that had been agreed.

On October 10, 2016, Troutman distributed a revised draft of the Merger Agreement to Precipio and its advisors and representatives. Later that day, Goodwin distributed a revised draft of the Merger Agreement to Transgenomic and its advisors and representatives. Representatives of Goodwin and Troutman continued to negotiate the open issues.

On October 11, 2016, Mr. Patzig and Mr. Danieli discussed the working capital adjustment in the Merger Agreement and agreed to increase the working capital deficit maximum for both companies and eliminate the termination right if the working capital deficit exceeded the maximum for both companies. Following the agreement, Troutman distributed a revised draft of the Merger Agreement to Precipio and its advisors and representatives. Later that evening, Goodwin distributed a revised draft of the Merger Agreement to Transgenomic and its advisors and representatives.

On October 11, 2016, the Transgenomic Board met to discuss the current status of the Precipio transaction and the terms of the Merger Agreement and the term sheet for the New Precipio preferred stock. Representatives of Troutman also attended the meeting. Troutman provided the Transgenomic Board a summary of its prior presentation on fiduciary duties under Delaware law and each of the Transgenomic Board members had an opportunity to ask questions. Troutman then provided a summary of the material terms of the Merger Agreement and the proposed terms of the New Precipio preferred stock set forth in the revised draft term sheet. Mr. Patzig and Mr. Kinnon updated the Transgenomic Board on the status of the negotiations and the main business issues.

On October 12, 2016, representatives of Precipio, including Mr. Danieli and Mr. Rimer, Transgenomic, including Mr. Patzig and Mr. Kinnon, Third Security, BV Partners and Goodwin met telephonically to finalize the Merger Agreement. Later that day, Troutman Sanders distributed the execution draft of the Merger Agreement to Precipio and its advisors and representatives, including the termination fee that Transgenomic was willing to accept.

On October 12, 2016, the Transgenomic Board met to discuss the current status of the Precipio transaction and the terms of the Merger Agreement and the term sheet for the New Precipio preferred stock. Representatives of Troutman and Craig-Hallum also attended the meeting. Troutman provided the Transgenomic Board an update of its fiduciary duties under Delaware law and each of the Transgenomic Board members had an opportunity to ask questions. Troutman then provided a summary of the material terms of the Merger Agreement and the terms of the New Precipio preferred stock set forth in the final term sheet. Mr. Patzig and Mr. Kinnon updated the Transgenomic Board on the status of the negotiations and the main business issues. Craig-Hallum delivered to the Transgenomic Board a written report regarding its financial analysis of the proposed transaction and its oral opinion, confirmed by delivery of its written opinion dated October 12, 2016, that, as of that date, and based upon and subject to the assumptions contained the fairness opinion, the exchange ratio determined in accordance with the Merger Agreement was fair, from a financial point of view, to the holders of Transgenomic common stock. The Transgenomic Board members all had an opportunity to ask questions to the representatives of Craig-Hallum. After Craig-Hallum left the meeting, the Transgenomic Board had a detailed discussion regarding the proposed transaction with Precipio. Mr. Patzig reminded the Transgenomic Board of the efforts over the past two years to find financing or to sell the business which had not been successful except for the current transaction. The Transgenomic Board discussed the alternatives including continuing independent or trying to pursue a public offering, a different merger or related transaction or alternative financing. Doit L. Koppler, II, a member of the Transgenomic Board and affiliated with Third Security and certain of its affiliates recused himself from the meeting. In addition, the Transgenomic Board was aware that Mr. Patzig has an interest in the funds managed by Third Security that own Transgenomic common stock, preferred stock and secured debt (the "Transgenomic Securities") and determined such investments in Transgenomic Securities held by the Third Security managed funds was immaterial to Mr. Patzig. The remaining members of the Transgenomic Board voted to approve the Merger Agreement and the other transaction agreements and to recommend that the stockholders of Transgenomic vote to approve the proposals set forth in the proxy statement to be sent to Transgenomic stockholders.

On October 12, 2016, Transgenomic and Precipio entered into the Merger Agreement, exchanged executed versions of the Voting Agreements and the New Precipio preferred stock term sheet and issued a press release announcing their execution of the Merger Agreement.

On January 31, 2017, the Transgenomic Board met to discuss the current status of the Precipio transaction and the terms of the Merger Agreement in connection with filing the Proxy Statement and closing the merger. The Transgenomic Board reviewed the proposed terms for an amendment to the Merger Agreement, the proposed Bridge Loan and the conversion of the outstanding secured debt of Transgenomic. The Board authorized Mr. Patzig and Mr. Kinnon to negotiate the final terms of the proposals in accordance with the terms presented at the meeting.

On February 2, 2017, the audit committee of the Transgenomic Board, in accordance with the Transgenomic Corporate Governance Guidelines, approved the conversion of secured indebtedness of Transgenomic held by the lenders into shares of New Precipio preferred stock and New Precipio common stock. Also on February 2, 2017, the Transgenomic Board met and approved the final terms of the Bridge Loan, the First Amendment to the Agreement and Plan of Merger and the conversion of secured indebtedness of Transgenomic held by the lenders into shares of New Precipio preferred stock and New Precipio common stock pursuant to an amendment to the loan agreement.

On February 2, 2017, Transgenomic and Precipio entered into the First Amendment to the Agreement and Plan of Merger which provided for the following: (a) the Bridge Loan to Transgenomic was authorized; (b) the exchange ratio set forth in the Merger Agreement was revised to provide that outstanding common units of Precipio will be converted into the right to receive an amount of shares of New Precipio common stock equal to 80% of the outstanding shares of New Precipio common stock (not taking into account the issuance of New Precipio preferred stock in the merger or the private placement); (c) the continual listing of the existing shares of Transgenomic's common stock on Nasdaq was waived as a condition to the closing of the merger; (d) the deadline pursuant to which a "shelf" registration statement on Form S-3 or other appropriate form is required to be filed by New Precipio with the SEC was extended to June 1, 2017; (e) certain indebtedness of Transgenomic was permitted to remain outstanding as of the effective date of the merger; (f) certain actions taken by each of Transgenomic and Precipio since the date the Merger Agreement were authorized and (g) certain additional conditions to the closing of the merger were removed from the Merger Agreement.

Transgenomic's Reasons for the Transaction

The Transgenomic Board, after considering various reasons described herein and below, determined that the Merger Agreement, the related private placement, and the transactions contemplated thereby, are advisable, fair to and in the best interests of Transgenomic and its stockholders, and approved, adopted and declared advisable the Merger Agreement, the private placement, and the transactions contemplated thereby. If the issuance of shares of New Precipio common stock is approved, then in accordance with the Merger Agreement, Merger Sub will merge with and

into Precipio, with Precipio as the surviving entity. The approval of the issuance of New Precipio common stock is a condition to the completion of the merger with Precipio and the private placement. Therefore, the Transgenomic Board recommends that you vote “**FOR**” 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 approval of the resulting “change of control” of Transgenomic, and “**FOR**” the proposal 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 Proposal No. 1. The approval of the adjournment of the special meeting is not a condition to completion of the merger with Precipio or the private placement.

The Transgenomic Board believes that the merger will provide substantial benefits to Transgenomic's business and operations by, among other things, enhancing the ability of the combined company to be the leading platform for accurate diagnosis. In evaluating the transaction, the Transgenomic Board consulted with members of Transgenomic management and legal and financial advisors, and in reaching its decision to approve the transactions and recommend the issuance of shares by Transgenomic's stockholders, the Transgenomic Board considered a substantial amount of information and a number of reasons that it believes support its decision to enter into the transactions, including, but not limited to, the following material reasons (not necessarily in order of relative importance):

that no material ICE-COLD PCR licenses have been signed, and Transgenomic management believes that raising additional capital to continue operations as a stand-alone business would not be possible given Transgenomic's current capital structure and lack of commercial progress to date with ICE-COLD PCR;

previous processes to pursue strategic alternatives by Transgenomic to liquidate unutilized assets, sell the company, merge or enter into commercial licensing arrangements were unsuccessful, including the failure to sell Transgenomic's PT business which resulted in a wind-down of that business;

as of September 30, 2016, Transgenomic had just short of \$0.1 million in cash, \$9.2 million in accounts payable and accrued expenses and \$7.8 million in debt and management believes it has exhausted all of its alternatives in terms of raising capital outside of the merger and private placement;

that Transgenomic stockholders will have the opportunity to participate in the future performance of New Precipio, rather than face potential bankruptcy with Transgenomic;

the oral opinion of Craig-Hallum delivered to the Transgenomic Board on October 12, 2016, which was subsequently confirmed by delivery of a written opinion, to the effect that, that, as of the date of its opinion, based upon and subject to the assumptions, limitations, qualifications, and factors contained in its opinion, the exchange ratio provided for in the Merger Agreement was fair, from a financial point of view, to the holders of Transgenomic common stock, as more fully described below under the caption "—Opinion of Craig-Hallum Capital Group LLC" beginning on page 38; the full text of the written opinion of Craig-Hallum, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken in rendering the opinion, is attached as Annex B to this proxy statement;

knowledge of Transgenomic's business, operations, financial condition and prospects, as well as an assessment of Precipio's business and financial condition, taking into account the results of Transgenomic's due diligence review of Precipio;

belief, with input from Transgenomic management, that the value offered to Transgenomic stockholders in the proposed transaction with Precipio is more favorable to Transgenomic stockholders than the potential value of remaining an independent public company;

- the long-term and recent historical trading price ranges with respect to shares of Transgenomic common stock;

the complementary nature of Transgenomic's business and operations and Precipio's business and operations, including the significant value creation opportunity in leveraging the combination of Precipio's unique scalable scientific platform and Transgenomic's powerful proprietary technology;

- that New Precipio would be a larger, more diversified company than either Transgenomic or Precipio on its own;

the expectation that the private placement transaction would create a better capitalized organization with a lower cost of capital than a standalone Transgenomic, as the debt holders of Transgenomic will convert outstanding debt into 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, which will, among other things, allow New Precipio to pursue business development opportunities not otherwise available to Precipio or Transgenomic as standalone entities;

that the issuance of New Precipio preferred stock to investors in the private placement of up to \$7 million in connection with the merger satisfies Transgenomic's immediate need for working capital financing on terms more favorable to Transgenomic than were otherwise available to the company, and that such proceeds will not be otherwise available;

- that certain of Precipio's unit, warrant and note holders have entered into the Precipio Voting Agreement with Transgenomic and Precipio, pursuant to which they agreed to support the transactions contemplated by the Merger Agreement;

that the Merger Agreement provided sufficient flexibility for the Transgenomic Board to change its recommendation regarding the Merger Agreement in the case of a superior proposal or material unforeseen intervening event;

the merger and related private placement are key components of Transgenomic's plan to regain compliance with Nasdaq listing standards;

the depth of experience of the management team of Precipio; and

the terms and conditions of the Merger Agreement, including the parties' representations, warranties and covenants.

The Transgenomic Board weighed the foregoing against a number of risks and potentially negative reasons, including, but not limited to, the following reasons:

the restrictions on the conduct of Transgenomic's business during the period between execution of the Merger Agreement and the completion of the merger;

the dilution to the existing Transgenomic stockholders;

the risk that the anticipated benefits of the merger may not be realized;

the risk that changes in the regulatory or competitive landscape may adversely affect the benefits anticipated to result from the merger;

the challenges inherent in combining the businesses, operations and workforces of two companies, including the potential for (i) unforeseen difficulties in integrating operations and systems, (ii) the possible distraction of management attention for an extended period of time and (iii) difficulties in assimilating employees;

the potential effect of the merger and subsequent integration and/or market factors on Transgenomic's and/or Precipio's historical business, including their respective relationships with employees, customers, suppliers, and other business partners;

the risk that the transaction, and subsequent integration of the two businesses, may preclude other business development opportunities;

the substantial costs that Transgenomic has incurred and will continue to incur in connection with the merger, including the costs of integrating the businesses of Transgenomic and Precipio and the transaction expenses arising from the merger;

- the risk that Transgenomic or Precipio may lose key personnel prior to the completion of the merger;

the risk that the merger may not be completed despite the combined efforts of Transgenomic and Precipio or that completion may be delayed, even if the requisite approvals are obtained from Transgenomic stockholders and owners of the outstanding membership interests of Precipio;

the possibility of stockholder litigation and the attendant costs, delays and diversion of management attention and resources;

that the non-solicitation covenant in the Merger Agreement imposes restrictions on Transgenomic's ability to solicit other potential strategic transaction partners after signing;

the fact that Transgenomic may be obligated to pay Precipio a termination fee of \$256,500 in certain circumstances as summarized under "The Merger Agreement — Effect of Termination";

- that the market price of Transgenomic common stock could be affected by many factors, including:

○ if the Merger Agreement is terminated, the reason or reasons for such termination and whether such termination resulted from factors adversely affecting Transgenomic;

○ the possibility that, in the event of the termination of the Merger Agreement, possible acquirers or other strategic transaction partners may consider Transgenomic to be a less attractive acquisition candidate; and

the possible sale of Transgenomic common stock by short-term investors and material fluctuation in the market price of its common stock in response to an announcement of the merger or in the event that the Merger Agreement is terminated;

the risk of changes in circumstances between the date of the signing of the Merger Agreement and the completion of the merger transactions, which will not be reflected in the opinion delivered by Craig-Hallum to the Transgenomic Board on October 12, 2016; and

the risks of the type and nature described under the heading “Risk Factors” beginning on page 17 and the matters described above under the heading “Cautionary Statement Concerning Forward-Looking Statements.”

This discussion of the reasons considered by the Transgenomic Board in reaching its conclusions and recommendation summarizes the material reasons co