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Item 8. Financial Statements and Supplementary Data

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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2007

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 000-32179

EXACT SCIENCES CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	**02-0478229**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
100 Campus Drive, Marlborough, Massachusetts	**01752**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (508) 683-1200

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, $.01 Par Value	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $73,273,910 (based on the closing price of the Registrant's Common Stock on June 29, 2007 of $2.89 per share).

The number of shares outstanding of the Registrant's $.01 par value Common Stock as of March 13, 2008 was 27,146,241.

DOCUMENT INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days after the end of the fiscal year ended December 31, 2007. Portions of such proxy statement are incorporated by reference into Part III of this Form 10-K.

EXACT SCIENCES CORPORATION
ANNUAL REPORT ON FORM 10-K
YEAR ENDED DECEMBER 31, 2007

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PART I

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the "safe harbor" created by those sections. These statements relate to, among other things, our expectations concerning our commercial strategy, regulatory compliance, our reimbursement efforts and their likely successes, the marketing, sales and reimbursement efforts of our collaborators and their likely future success, our research and development efforts and the effectiveness and market acceptance of our technologies. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "seek," "intends," "plans," "estimates," "anticipates," or other comparable terms. These forward-looking statements involve risk and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those set forth in "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K. Except as may be required by law, we have no plans to update our forward-looking statements to reflect events or circumstances after the date of this report. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

Item 1. Business

Overview

EXACT Sciences Corporation is an applied genomics company that develops proprietary DNA-based technologies for use in the detection of cancer. We have selected colorectal cancer as the first application of our technologies. We have licensed certain of our technologies, on an exclusive basis through December 2010, to Laboratory Corporation of America® Holdings ("LabCorp®") in connection with a commercial testing service that is marketed in the United States under the name "PreGen-Plus™." PreGen-Plus, which is based on our Version 1 technology, is LabCorp's non-invasive stool-based DNA testing service for the detection of colorectal cancer in the average-risk population. Royalties from LabCorp's sales of PreGen-Plus, and other license fees from LabCorp, represent our primary source of revenue.

Colorectal cancer is the second leading cause of cancer death in the U.S. and the leading cause of cancer death among non-smokers. Patients who are diagnosed early in the progression of the disease, however, are more likely to have a complete recovery and to utilize lower levels of expensive medical resources. Accordingly, the American Cancer Society, or ACS, recommends that all persons age 50 and above undergo regular colorectal cancer screening. Of the more than 89 million people in the United States for whom colorectal cancer screening is recommended, it is estimated that less than one-half have ever been screened, and a significant portion of the balance have been inadequately screened. We believe that this large population of unscreened patients represents an opportunity to reduce the mortality associated with colorectal cancer.

Professional colorectal cancer screening guidelines in the United States, including those of the ACS, the American College of Gastroenterology, and the American Gastroenterological Association, recommend regular screening by a variety of methods. Historically, such recommendations consisted of colonoscopy, flexible sigmoidoscopy and fecal occult blood testing, or FOBT, as well as combinations of some of these methods. On March 5, 2008, the ACS and the U.S. Multi-Society Task Force on Colorectal Cancer, or MSTF-CRC, a consortium of several organizations including representatives of the American College of Gastroenterology, American Gastroenterological Association, American Society for Gastrointestinal Endoscopy and the American College of Physicians/Society of Internal Medicine, announced that non-invasive, stool-based DNA screening technology has been included in the updated national colorectal cancer screening guidelines as a screening option for the detection of colorectal cancer in average risk, asymptomatic individuals age 50 and above. PreGen-Plus is therefore

now the first DNA-based, non-invasive colorectal cancer screening test to be included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC in the United States for the average risk population.

PreGen-Plus is currently offered commercially by LabCorp, the second largest commercial laboratory in the United States with more than 35 primary laboratories and over 1,600 patient service centers. LabCorp is the exclusive licensee, in the United States and Canada, of certain of our technologies utilized in PreGen-Plus through December 2010, followed by a non-exclusive license for the life of the licensed patents. LabCorp currently does not offer PreGen-Plus in Canada. LabCorp performs the PreGen-Plus testing service in a single specialized centralized laboratory and, by the terms of the license, pays us a royalty based on its net revenues from sales of PreGen-Plus. Pursuant to the terms of our license agreement with LabCorp, LabCorp has paid us $30 million in upfront license fees and milestones. In addition, we may be eligible for up to an additional $42.5 million in milestones and performance incentives under the agreement, primarily based on the achievement of significant sales thresholds. Pursuant to our amended license agreement with LabCorp, we are permitted to license our technology to select third-party organizations and commercial service laboratories, subject to LabCorp's preferential pricing terms. LabCorp maintains sole responsibility, at its expense, for all commercial activities including marketing, sales, and reimbursement related to PreGen-Plus under the agreement. LabCorp may terminate the license agreement if, among other things, the failure to commercially launch our Version 2 technology is attributable to a failure on our part or Version 2 does not attain certain sensitivity and specificity thresholds in connection with technical validation.

In addition to our Version 1 technology underlying the PreGen-Plus testing service offered by LabCorp, we have also developed a Version 2 colorectal cancer screening technology that we believe has greater sensitivity and is more cost effective than Version 1. In a recent research study evaluating stool-based DNA in 82 patients with confirmed colorectal cancer and 363 colonoscopically normal individuals, our Version 2 stool-based DNA technology demonstrated sensitivity of 83 percent and specificity of 82 percent for the detection of colorectal cancer. LabCorp has the exclusive right through December 2010 to our Version 2 technology, subject to certain rights that we maintain to offer our technology commercially. As of the date of this Annual Report on Form 10-K, we are in discussions with LabCorp, the exclusive licensee to our Version 2 technology, regarding the potential future commercialization of Version 2.

Background

Colorectal cancer is the third most common malignant disease and the second most frequent cause of cancer-related death in the United States, with more than 148,000 new cases and more than 49,000 deaths anticipated in 2008. We believe that many colorectal cancer deaths occur because people are not screened for colorectal cancer at all, or they use ineffective screening methods that either fail to detect the cancer or detect it at a later stage, when the five-year survival rate falls below 50%. Moreover, the number of people who die annually from the disease has remained materially unchanged over the last 20 years, despite the availability of multiple colorectal cancer screening options, all of which we believe fail to effectively meet the collective needs of patients, doctors and payors.

As reported in the February 3, 2005 issue of the *New England Journal of Medicine* , the tumor-node-metastasis, or TNM, system of the American Joint Committee on Cancer is now the most commonly used system for staging colorectal cancer and serves as a benchmark for predicting the likelihood of five-year survival. This staging system is described in the table below.

TNM Staging System for Colorectal Cancer*

Stage	TNM Classification	Five-Year Survival %
I	T1-2, N0, M0	>90
IIA	T3, N0, M0	60-85
IIB	T4, N0, M0	
IIIA	T1-2, N1, M0	25-65
IIIB	T3-4, N1, M0	
IIIC	T (any), N2, M0	
IV	T (any), N (any), M1	5-7

Primary Tumor (T)
TX: Primary tumor cannot be assessed
Tis: Carcinoma in situ
T1: Tumor invades submucosa
T2: Tumor invades muscularis propria
T3: Tumor penetrates muscularis propria and invades subserosa
T4: Tumor directly invades other organs or structures or perforates visceral peritoneum

Nodal status (N)
NX: Regional lymph nodes cannot be assessed
N0: No metastases in regional lymph nodes
N1: Metastases in one to three regional lymph nodes
N2: Metastases in four or more regional lymph nodes

Distant Metastases (M)
MX: Presence or absence of distant metastases cannot be determined
M0: No distant metastases detected
M1: Distant metastases detected

* Source: Greene FL, Balch CM, Fleming ID, et al., eds. AJCC cancer staging handbook, 6 th ed. New York: Springer, 2002.

Detection of pre-cancerous adenomas and colorectal cancer in its earliest stages increases the likelihood of survival and reduces the significant cost associated with treating late-stage colorectal cancer. Accordingly, the ACS recommends that the more than 89 million Americans age 50 and above undergo regular colorectal cancer screening with the methods endorsed by the ACS.

Our Solution

We believe that stool-based DNA detection in the general population offers an opportunity to increase screening rates and decrease mortality from colorectal cancer. We believe that our proprietary methods and technologies have several advantages over other screening options that may ultimately lead to decreased mortality associated with colorectal cancer, including:

Performance. We have conducted several clinical studies supporting the performance of stool-based DNA detection for colorectal cancer, including a 5,500 patient multi-center study, the results of which were published in the December 23, 2004 issue of the *New England Journal of Medicine* . Based on this study data, our bead-based stool-based DNA detection technology demonstrated sensitivity four times greater than the leading FOBT, Hemoccult II®, currently the most common non-invasive screening method for colorectal cancer, and was more than four times as effective as Hemoccult II in this study in detecting cancer at its early stages, when survival rates approach 90%. The PreGen-Plus stool-based DNA testing service that was developed by LabCorp and that

LabCorp is commercially offering today incorporates technical improvements over the test that was used in the multi-center study, which we believe result in higher assay sensitivity than that seen in our multi-center study. In addition, our Version 2 stool-based DNA technology demonstrated sensitivity of 83 percent and specificity of 82 percent for the detection of colorectal cancer in a research study evaluating stool-based DNA in 82 patients with confirmed colorectal cancer and 363 colonoscopically normal individuals.

Simplicity and Convenience. Of those people for whom screening is recommended, many reject the option of colonoscopy which, while accurate as a means of detecting colorectal cancer, is invasive. In addition, many FOBT screening tests require unpleasant stool sampling and stool manipulation by the patient, and certain FOBT screening tests also require dietary modifications. Unlike current invasive screening and diagnostic methods, stool-based DNA screening for colorectal cancer requires no pre-examination bowel cleansing preparation, no invasive procedures or anesthesia, and a sample can be collected in the privacy of one's home. The sample is then shipped to LabCorp for testing, with the results then sent to a patient's physician.

Compliance. Despite having been available as a screening modality for several years, colonoscopy has not been widely embraced by patients. A post-market survey of patients whom have used PreGen-Plus indicated that more than half of the people surveyed who were screened with stool-based DNA technology had never been screened for colorectal cancer before. We believe that this indicates that stool-based DNA screening can lead to greater patient screening compliance.

Our stool-based DNA screening technology includes proprietary and patented technologies that isolate and analyze the trace amounts of human DNA that are shed into stool every day from the exfoliation of cells that line the colon. When colorectal cancer is present, a minute portion of the total isolated human DNA will often represent DNA shed from cancerous or pre-cancerous lesions. Once the human DNA in the sample is isolated, stool-based DNA technology looks for specific mutations and other abnormalities in that DNA known to be associated with colorectal cancer. A "positive" result from stool-based DNA detection does not necessarily mean that a patient has colorectal cancer. A "positive" result means that one or more of the genetic markers that can be associated with colorectal cancer has been identified. Under such circumstances, the clinical protocol is for the patient to then obtain a colonoscopy for confirmation. Moreover, a "negative" result from stool-based DNA screening does not mean that a person is free of colorectal cancer. Stool-based DNA detection, like virtually all screening tests (including mammography, Prostate Specific Antigen, or PSA, and Papanicolaou smear, or Pap smear) also reports false negatives. See "Clinical Studies" below for specific information on stool-based DNA technology.

The Testing Process

Diagnostic tests typically require sample collection and preparation procedures as well as detection methods. The stool-based DNA testing process involves proprietary sample preparation, DNA isolation, and analytical techniques that apply genomics discoveries to the early detection of colorectal cancer.

Specimen Collection and Transportation. Certain of our patents relating to stool-based DNA screening for colorectal cancer are based on collecting a single whole stool sample in an easy, non-invasive manner. Utilizing a specially designed specimen container, samples can be collected in the privacy of an individual's home and then sent directly to the laboratory for processing using one of the many national couriers.

Representative Sampling. We have invented proprietary stool homogenization methods designed to ensure that the stool sample that is processed at the laboratory will contain uniformly distributed DNA throughout the portion of the sample being tested which, in turn, helps to ensure that the DNA in the stool sample is representative of the entire stool and colon.

DNA Extraction, Purification and Amplification. The isolation and amplification of human DNA found in stool is technically challenging because over 99% of DNA in stool is not human DNA, but is actually DNA from bacteria normally found in the colon. In addition, there are substances in stool that make the isolation and amplification of human DNA a difficult task. Proprietary technologies are used to promote the reproducible isolation and amplification of the human DNA found in stool.

Cancer Detection Methods. Many of the specialized methods for detecting and identifying genomic markers associated with colorectal cancer can be performed on existing instruments commonly available in clinical laboratories conducting molecular testing.

Commercial Focus

Our goal has been to become a market leader in the development and licensing of technologies for the early detection of colorectal cancer. To accomplish this goal, we have been pursuing a strategy with respect to our technologies that includes the following components:

Obtain regulatory clearance for stool-based DNA screening. In October 2007, we were notified in a warning letter from the U.S. Food and Drug Administration, or FDA, that PreGen-Plus is a Class III medical device that cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. Accordingly, among our primary business objectives is to obtain FDA approval or clearance for our technologies and, as of the date of this Annual Report on Form 10-K, we have met with the FDA on two separate occasions to specifically address the matters raised in the warning letter. Based on these discussions, we are currently focusing our efforts on concluding our pre-IDE, or pre-Investigational Device Exemption, discussions with the FDA to determine the appropriate premarket submission requirement. We believe, based on our most recent discussion with the FDA in February 2008 and the proposed intended use of the test, that a *de novo* 510(k) application for our test incorporating Version 1 technology may likely be the filing route that is available to us in satisfying the FDA's requirements. As described in the section "Government Regulation" below, obtaining FDA clearance or approval could require additional lengthy clinical or other studies to validate our technologies, the costs of which are likely to be material. We may not have sufficient funds to complete any FDA clearance or approval process for our technologies or we may delay any such process to preserve funds. Moreover, we will require the support of third parties to assist us in the achievement of objectives relating to FDA clearance of our technologies, which may be costly. Additionally, as a result of the warning letter, LabCorp may decide to halt commercial sales of PreGen-Plus until it is cleared or approved by the FDA, which could materially harm our business and revenue prospects. Alternatively, LabCorp may decide to discontinue the use of PreGen-Plus, which was the basis for the FDA's warning letter, and instead seek to begin commercializing our Version 2 stool-based DNA screening technology for colorectal cancer. Such conversion could result in an interruption in service and a lengthy delay during which no version of the test utilizing our technologies remains on the market. Further, the FDA may not approve of certain sales, marketing or promotional initiatives of EXACT or LabCorp, which could negatively affect our ability to build awareness around stool-based DNA testing, regardless of which version of the test remains on the market.

Obtain formal acceptance of stool-based DNA screening for reimbursement by Medicare and other third-party payors. Between the commercial launch of PreGen-Plus in August 2003 and December 31, 2007, LabCorp has received over 14,300 patient samples for testing from across the country, billed insurers and received payment from numerous third-party payors, including more than 350 health plans. None of these third-party payors have yet issued formal policy approval for PreGen-Plus. Our reimbursement strategy consists primarily of leveraging LabCorp's ability to educate large managed care organizations and large self-insured employers about the clinical benefits and cost-effectiveness of using stool-based DNA screening for colorectal cancer. An important component of our reimbursement strategy is to obtain a National Coverage Determination, or NCD, from the Centers for Medicare and Medicaid Services, or CMS, for inclusion of our stool-based DNA screening technologies for colorectal cancer in the Medicare program. In December 2004, we submitted our application for a NCD on our Version 1

technology, which was accepted by CMS on August 1, 2007. Following acceptance of our application to CMS, we received the warning letter from the FDA in October 2007. Based, in part, on the FDA's determination as set forth in the warning letter that PreGen-Plus required premarket clearance or approval, CMS issued a proposed decision memorandum regarding our application on January 30, 2008, which proposed not to provide coverage for our Version 1 technology. The proposed decision memo indicated that CMS would reconsider our application for coverage following any such FDA clearance or approval of our stool-based DNA screening technology. Accordingly, we intend to submit our NCD application for reconsideration following any such FDA clearance or approval of our technology. While we believe that the publication of our multi-center study results in the *New England Journal of Medicine* in December 2004 and patient preference and compliance study results regarding stool-based DNA screening will aid in our long-term efforts to gain reimbursement for our technologies, we also believe that additional performance data and patient compliance and preference data may likely be required before we submit to CMS with our request for reconsideration of our NCD application.

Pursue commercial introduction of next-generation stool-based DNA screening technology. In a recent research study that we designed to test the efficacy of technological advances to enhance colorectal cancer detection in stool, our Version 2 technology demonstrated sensitivity of 83 percent and specificity of 82 percent for the detection of colorectal cancer. The Version 2 research study involved the blinded analysis of post-colonoscopy collected stool samples from individuals whose colonoscopy results were positive for colorectal cancer. Although the specificity result in the Version 2 study was lower than our previous studies, we believe that the significant improvement in sensitivity compared to studies of Version 1 of our technology, including the multi-center study, will provide the basis to pursue the future commercial introduction of Version 2. Pursuant to our license agreement with LabCorp, LabCorp has exclusive rights through December 2010 to our Version 2 technology, subject to certain rights that we maintain to offer our technology commercially as well. As of the date of this Annual Report on Form 10-K, we are in discussions with LabCorp regarding their potential future commercialization of Version 2. We currently intend to pursue FDA clearance or approval for our Version 2 technology, which may require additional lengthy studies, the costs of which are likely to be material.

Leverage LabCorp's large sales force. In August 2007, as part of an amendment to our license agreement with LabCorp, we eliminated our sales and marketing functions and transferred responsibility for all sales and marketing activities related to PreGen-Plus to LabCorp. LabCorp is the second largest commercial laboratory in the country and processes over 370,000 patient specimens daily through its system of more than 35 primary laboratories and over 1,600 patient service centers across the United States. LabCorp's large sales force of more than 1,100 people is devoted to selling a wide range of diagnostic tests to physicians across all specialties. We currently intend to leverage LabCorp's relationships and infrastructure to build market demand for PreGen-Plus and Version 2 of our stool-based DNA technology.

We believe that the success of each of the foregoing components of our commercial strategy are critical to any future broad acceptance of our technologies. The achievement of certain of these components will also, at least in part, be dependent upon the successful accomplishment of others. For instance, FDA approval or clearance will be one of the key prerequisites for any future CMS approval of our NCD application which we believe will, in turn, be necessary for any broad commercial acceptance of our technologies. Similarly, despite the inclusion of our technologies in the colorectal cancer screening guidelines of the ACS and MSTF-CRC, we do not expect that third-party payors will issue formal policy approval for PreGen-Plus or Version 2 prior to any FDA approval of our technologies, and, absent any such formal policy approval, it is unlikely that PreGen-Plus or Version 2 will be broadly used by a payor's members.

Clinical Studies

Stool-based DNA testing has been the subject of extensive research and clinical studies. In numerous studies to date, the performance of our stool-based DNA technology has been examined in thousands of tissue and stool samples. In addition to several smaller clinical studies designed to measure the sensitivity and specificity of stool-based DNA testing in detecting colorectal cancer, the performance of our bead-based Version 1 stool-based DNA testing technology was compared to the most widely-used FOBT in a large multi-center study that enrolled approximately 5,500 average-risk, asymptomatic patients from more than 80 sites across the United States. The study was designed to determine whether stool-based DNA testing was clinically superior to Hemoccult II, an FOBT that is currently the most widely used non-invasive colorectal cancer screening test. The primary endpoint of this study was achieved with statistical significance, with a p-value of less than 0.003. Results from the study, which were published in the *New England Journal of Medicine* in December 2004, indicated that our bead-based Version 1 technology was four times more sensitive than Hemoccult II in the study in detecting colorectal cancer (52% for Version 1 versus 13% for Hemoccult II), and more than four times more sensitive in detecting colorectal cancer in its earliest, most curable stages (57% for Version 1 versus 13% for Hemoccult II). There was no difference in specificity between the bead-based Version 1 and this FOBT, with both tests demonstrating a specificity of approximately 95%.

In addition, a recent study evaluating Version 2 of our stool-based DNA colorectal screening technology in 82 patients with colorectal cancer and 363 colonoscopically normal individuals demonstrated sensitivity of 83 percent and specificity of 82 percent for the detection of colorectal cancer. These study results were statistically consistent with the interim study results on Version 2 published in the January 2007 issue of the American Gastroenterological Association's journal, *Clinical Gastroenterology and Hepatology* , which included a subset of samples from 40 cancer patients and 122 normal individuals and demonstrated sensitivity of 88 percent and specificity of 82 percent. Although we are encouraged by the increase in sensitivity shown for Version 2 in this study when compared to previous published studies for stool-based DNA screening, the specificity results in the Version 2 study were closer to 80% whereas prior studies have Version 1 have generally shown specificity above 90%. This performance metric may not be deemed clinically or commercially acceptable. Moreover, the blinded study of Version 2 involved the analysis of 82 post-colonoscopy collected cancer samples from individuals whose colonoscopy results were positive for colorectal cancer. By contrast, our multi-center study in 2004 was comprised of 31 cancer samples prior to colonoscopy from an asymptomatic population.

Sensitivity and specificity results from our clinical studies that have been published are summarized in the table below. The results of these studies may not be directly comparable as these studies were conducted across a variety of patient populations and clinical settings and employed varying sample collection protocols. Moreover, the clinical studies disclosed below do not include any non-published

studies regarding stool-based DNA testing, the results of which may differ significantly from those set forth below.

Technology & Study Name	Year Completed/Published	Number of Cancer Samples Analyzed	Number of Genetic Markers	DNA Capture Technology	DNA Stabilization Buffer Used(1)	Sensitivity	Specificity(2)
Version 1 Studies							
Mayo Clinic I Pilot Study	1999/2000	22	17	Bead-based	No	91%	93%
University of Nebraska	2002/2004	16	22	Bead-based	No	69%	(2)
Kaiser Clinic	2002/2003	52	23	Bead-based	No	64%	98%
Boston	2002/2006	68	23	Bead-based	No	63%	(2)
Multi-Center Study	2003/2004	31	23	Bead-based	No	52%(3)	94%
Effipure Technology Validation	2004/2004	86	23	Effipure(4)	No	70%(5)	96%
Mount Sinai School of Medicine	2005/2007	40	23	Effipure(4)	Yes	73%	89%
Version 2 Study							
Mount Sinai School of Medicine	2005/2007	40	2	Effipure(4)	Yes	88%	82%

(1) DNA stabilization buffer is used to protect against DNA degradation during sample transport.

(2) Specificity can only be derived in studies that include a certain number of individuals without cancer. The studies in the table without a specificity figure did not contain the requisite number of disease-free individuals.

(3) Based on published studies, including the Mount Sinai School of Medicine studies, we believe that the sample collection protocols used in this study resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology than that demonstrated in our prior published studies.

(4) Effipure is a technological improvement that has been utilized in LabCorp's commercial testing service, PreGen-Plus, designed to increase human DNA yield

(5) In November of 2004, we published a study in the *Journal of Molecular Diagnostics* that showed a 5.4 fold increase in the amount of DNA that could be captured using the Effipure technology rather than the older, bead-based technology. The sensitivity result from this study is not a conclusion regarding the sensitivity of the commercial test on the market today.

In October 2001, Mayo Clinic initiated a study of the bead-based version of our technology that was intended to include approximately 4,000 patients at average risk for developing colorectal cancer. This three-year study was designed to compare the results of our original technology with those of Hemoccult II, a common first-line FOBT colorectal cancer screening option. The Mayo study was principally powered for the detection of "screen relevant neoplasia" (an end-point that includes high grade dysplasia, invasive cancer, and adenomas ≥ 1cm) rather than invasive cancers as a stand alone category. After this study commenced, Hemoccult Sensa®, another brand of FOBT, was added to the study. Subsequently, we and the Mayo Clinic sought to include the gel-based Effipure DNA isolation technology in the study to improve DNA yield, rather than relying solely on our original bead-based technology. In connection with this technology transition, Mayo Clinic reviewed preliminary data from the study which showed that, while our bead-based technology was nearly twice as sensitive as Hemoccult II and as sensitive as Hemoccult Sensa in detecting screen-relevant neoplasia, Hemoccult II and Hemoccult Sensa appeared to have outperformed, at a preliminary stage, our bead-based technology in the detection of cancer among the thirteen cancer samples collected in the study. As the study proceeded beyond this preliminary stage, however, Mayo Clinic evaluated additional screen relevant neoplasia and has offered the following updated principal findings on the larger data set: (1) stool-based DNA technology detected three times more screen relevant neoplasia than Hemoccult

II and two times more screen relevant neoplasia than Hemoccult Sensa, but at a much lower specificity; and (2) the addition of a stabilization buffer to stool samples at the time of collection would most likely have improved lesion detection by long DNA and possibly other analytes as well. We believe that the sample collection protocols used for the vast majority of samples in this study, like the sample collection protocols as those used in our multi-center study, resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology. In addition, although our older technology detected a small but significant percentage of advanced adenomas, this older version of our technology was designed only to detect cancer, not adenomas, both of which are included in the definition of screen-relevant neoplasia. Our Version 2 technology includes the addition of DNA stabilization buffer to the stool at the time of collection.

Research and Development

At December 31, 2007, our research and development efforts are primarily focused on supporting regulatory submissions required by the FDA for clearance or approval of our technologies, and may be focused on supporting any commercial launch of Version 2 of our DNA screening technology. Addressing the FDA compliance matters relating to our technologies and the future commercialization of our Version 2 technology could require additional lengthy studies and, accordingly, the timing and costs of any FDA clearances and commercialization of our technologies is uncertain. Additionally, the costs of additional clinical or other studies that may be required in connection with FDA approval or clearance of our technology are likely to be material. Moreover, transferring Version 2 from the laboratory to the commercial setting will also require the negotiation and licensing of necessary third-party intellectual property, as well as the likelihood of additional technical and clinical validations of the technology to demonstrate, among other objectives, the reliability and reproducibility of our prior Version 2 study results. Our research and development expenses were $4.9 million, $6.7 million and $8.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Sales and Marketing

In August 2007, in connection with an amendment to our license agreement with LabCorp, we eliminated our sales and marketing functions and currently employ no sales or marketing personnel. We are, therefore, materially dependent on LabCorp's sales efforts in building market demand for PreGen-Plus and Version 2 of our stool-based DNA technology. LabCorp's large sales force of more than 1,100 people calls on primary care physicians and promotes numerous products. Our efforts with respect to building awareness of stool-based DNA screening for colorectal cancer are focused on the following key constituents:

Thought Leaders. Gastroenterologists are highly vocal in advocating colorectal cancer screening, and perform the vast majority of the reference standard diagnostic procedure, colonoscopy. They are also key to establishing new tests as standards of care for inclusion in screening guidelines.

Third-Party Payors. Another important focus includes third party payors, including Medicare, major national and regional managed care organizations, technology assessment groups, insurance carriers and self-insured employer groups. The goals with these target groups are to educate these groups regarding the benefits of stool-based DNA testing in order to gain formal policy-level reimbursement for stool-based DNA testing.

Advocacy Development. We seek to work with influential advocacy groups to promote their awareness of stool-based DNA testing and its potential value in clinical practice toward the goal of reducing mortality from colorectal cancer. To the extent possible based on our existing resources, we intend to continue to build on growing public awareness of colorectal cancer through our activities with these advocacy groups.

The FDA may not approve of certain of our promotional initiatives with respect to our stool-based DNA technology, which could restrict or negatively impact our ability to build awareness around stool-based DNA testing.

Reimbursement

We are continuing to work to obtain national coverage and reimbursement approval for our stool-based DNA colorectal cancer screening technologies from Medicare and, primarily through our relationship with LabCorp, major national and regional managed care organizations and insurance carriers, and self-insured employer groups. We support LabCorp in these efforts, from time to time, as circumstances warrant. Our reimbursement strategy consists primarily of leveraging our relationship with LabCorp toward the education of large managed care organizations, large self-insured employers and large physician groups about the clinical benefits and cost-effectiveness of stool-based DNA screening. We seek to complement these efforts through targeted, focused initiatives that benefit from direct relationships maintained by one or more of our employees.

An important component of our reimbursement strategy is to obtain an NCD from CMS that includes stool-based DNA screening technologies for colorectal cancer in the Medicare program. In December 2004, we submitted our application for a NCD on our Version 1 technology, which was accepted by CMS on August 1, 2007. Our Version 1 technology patents are the basis for LabCorp's PreGen-Plus testing service. Following acceptance of our application to CMS, we received the warning letter from the FDA in October 2007. Based in part on the FDA's determination as set forth in the warning letter that PreGen-Plus required premarket clearance, CMS issued a proposed decision memorandum regarding our application on January 30, 2008, which proposed not to provide coverage for our Version 1 technology. The proposed decision memo indicated that CMS would reconsider our application for coverage following any such FDA clearance or approval of our DNA screening technology. There can be no assurance that any version of our technology will be cleared or approved by the FDA. Even if cleared or approved by the FDA, there can be no assurance that CMS will reach a positive coverage decision regarding our request for an NCD for any version of our technologies. Moreover, even if CMS issues a positive coverage decision for any version of our stool-based DNA screening technology, such coverage may not provide adequate levels of reimbursement. Accordingly, our future plans will likely include working to accumulate additional performance data, and patient compliance and preference data to submit to CMS with our request for reconsideration of our NCD application. We could incur significant time and costs to accumulate such additional data which still may not yield a positive coverage decision from CMS at acceptable reimbursement levels. Additionally, despite the fact that our technology is included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC, the FDA warning letter may have a similar impact on private third party payors in that those payors may defer reimbursement policy decisions with respect to our technology until we obtain FDA clearance for our technologies, if ever. Finally, certain members of the MSTF-CRC may separately fail to support the position of the MSTF-CRC, which could have a detrimental effect on our commercial and reimbursement efforts.

Government Regulation

Certain of our activities are subject to regulatory oversight by the FDA under provisions of the Federal Food, Drug and Cosmetic Act and regulations thereunder, including regulations governing the development, marketing, labeling, promotion, manufacturing and export of certain technologies. Failure to comply with applicable requirements can lead to sanctions, including withdrawal of products from the market, recalls, refusal to authorize government contracts, product seizures, civil money penalties, injunctions and criminal prosecution.

FDA Background

Laboratories that make and perform certain types of laboratory-developed tests, known in the industry as "homebrew" testing services, have generally not been required to submit premarket submissions to the FDA including performance data on the test for FDA review and approval or clearance. Instead the FDA has said it would exercise enforcement discretion, which allowed laboratories to develop their own clinical diagnostic test without obtaining FDA approval or clearance by following the regulations of the Clinical Laboratory Improvement Amendments of 1988, or CLIA.

We had believed, since LabCorp's commercial launch of PreGen-Plus in 2003, that PreGen-Plus met the requirements to qualify for regulation under CLIA as a homebrew test and that in-house testing utilizing certain of our technologies, and using any analyte specific reagent that we developed, did not require FDA approval or clearance.

Since the commercial launch of PreGen-Plus in August 2003, LabCorp has validated and offered the PreGen-Plus testing service as an in-house developed laboratory test, or homebrew. On January 13, 2006, the FDA sent correspondence to us and to LabCorp with respect to the PreGen-Plus testing service, as well as the Effipure component used in processing PreGen-Plus tests, which indicated that PreGen-Plus is subject to FDA regulation as a medical device. The FDA also indicated that the device cannot be commercially distributed without an appropriate pre-market determination from the FDA. Pursuant to our and LabCorp's subsequent discussions with the FDA to clarify the regulatory status of PreGen-Plus, we and LabCorp agreed, among other things, to revise promotional activities with respect to LabCorp's PreGen-Plus testing service. In addition, LabCorp offered to eliminate its use of Effipure in processing PreGen-Plus tests. Based on the actions outlined above, LabCorp has continued to market and process the PreGen-Plus test as a homebrew testing service. LabCorp's supply of Effipure includes components that have a finite useful life the duration of which, we believe, may be nearly exhausted. If LabCorp is unable to extend the useful life of these components, then LabCorp may be unable to continue to process PreGen-Plus tests in the near term. We further believe that certain finite resources required for the ongoing processing of the Version 1 test may also be nearly exhausted, which may result in an interruption in the PreGen-Plus testing service.

On October 11, 2007 the FDA sent the warning letter to us with respect to the PreGen-Plus testing service, indicating that PreGen-Plus is a Class III medical device and that it cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. We are currently in communication with the FDA to specifically address the matters raised in the warning letter and to determine the appropriate premarket submission requirements and regulatory submission pathway in order to resolve the matters raised in the warning letter. As of the date of this Annual Report on Form 10-K, we have met with the FDA on two separate occasions to specifically address the matters raised in the warning letter. Based on these discussions, we are currently concluding our pre-IDE request discussions with the FDA and we believe, based on our most recent discussion with the FDA in February 2008, that the filing of a *de novo* 510(k) application with the FDA relating to Version 1 of our technology is the probable premarket submission pathway, which, if it results in clearance or approval, will, we believe, satisfy the FDA with respect to the matters raised in the warning letter.

EXACT's Interactions with the FDA

On November 2, 2007, in response to the FDA warning letter, we submitted to the FDA a pre-IDE request that described our intended premarket submission filing approach, including the reproducibility studies that we proposed to perform in connection therewith. The FDA responded by letter to our pre-IDE submission in December 2007, and, in an in-person meeting with the FDA in February 2008, we learned that the likely regulatory path forward with respect to our Version 1 technology would be a *de novo* 510(k) application, which would likely include a single-site reproducibility study, the details of which still need to be confirmed by the FDA. We do not have final confirmation or assurance from the FDA that the regulatory path forward will in fact be a *de novo* 510(k) or that a single site study along the dimensions we described to FDA will be acceptable. There also can be no assurance that the FDA will not instead require a PMA or regulatory filing approach that is different from the approach described here and certain other smaller technical studies.

The FDA has not yet indicated definitively whether the submission with respect to Version 1 of our technology would be a *de novo* 510(k). Moreover, the FDA may determine that a pre-market approval application, or PMA, is the appropriate path forward for us with respect to Version 1 of our stool-based DNA technology. The FDA may also determine that additional clinical studies, which could be costly and time-intensive, are required in connection with our submission, or that our proposal is

otherwise inadequate. Accordingly, the costs of any such studies could require that we seek additional capital in the near term, which could have an adverse and material impact on our financial position. There can be no assurance that the filing of a *de novo* 510(k) for our Version 1 technology will bring us into compliance with the matters raised by the FDA in the warning letter, or that the FDA will not issue a similar letter to LabCorp or otherwise require LabCorp to stop offering its PreGen-Plus testing service during the regulatory clearance process. The clearance or approval process for any version of our DNA-based technologies may require, among other things, successfully completing additional clinical and other studies, may require a PMA (rather than a 510(k) or *de novo* 510(k)) and may also necessitate our submitting PMAs with the FDA for multiple versions of our technology simultaneously or in sequence, all of which could take substantial time and resources including investment by us of substantial additional funds.

There can be no assurance that any version of our stool-based DNA technology will be cleared or approved by the FDA, that our proposed *de novo* 510(k) approach will satisfy the FDA's regulatory requirements for our Version 1 technology or any subsequent version of our technology, or that such FDA clearance or approval process can be completed without significant delays or material additional expense resulting from additional FDA required clinical or other studies. We may not have sufficient funds to complete any FDA regulatory clearance or approval process for our DNA-based technologies. In addition, we may delay any such process to preserve funds for on-going operations or otherwise. Moreover, we will require the support of third parties to assist us in the achievement of objectives relating to FDA clearance of our technologies, which may be costly. Ongoing compliance with FDA regulations will also increase the cost of conducting our business, subject us and LabCorp to inspection by FDA and to the requirements of FDA and penalties for failure to comply with these requirements.

Moreover, we cannot assure you that the commercial sales of PreGen-Plus will not be delayed, halted or prevented during the regulatory approval process, or that the FDA will not initiate enforcement action, which could involve criminal or civil penalties and cause material harm to our business. Additionally, LabCorp could decide to stop offering the current version of PreGen-Plus, could decide not to launch the Version 2 technology, or could decide to defer any potential future launch of the Version 2 technology until that version has been approved or cleared by the FDA, if ever, any of which would materially increase our costs, limit our revenue and cause material harm to our business and result in impairments of our fixed assets or capitalized patent portfolio ($0.4 million at December 31, 2007) or other personnel or facility related restructuring charges.

In addition, any stool-based DNA *in vitro* diagnostic test kit that we may develop in the future that would require FDA clearance or approval would be distinct from LabCorp's PreGen-Plus testing service, which remains on the market today as a homebrew testing service.

Other Regulations

We and our strategic partner, LabCorp, are also subject to U.S. and state laws and regulations regarding the operation of clinical laboratories. Federal CLIA requirements and laws of certain other states impose certification requirements for clinical laboratories, and establish standards for quality assurance and quality control, among other things. Clinical laboratories are subject to inspection by regulators, and to sanctions for failing to comply with applicable requirements. Sanctions available under CLIA include prohibiting a laboratory from running tests, requiring a laboratory to implement a corrective plan, and imposing civil monetary penalties. If LabCorp fails to meet any applicable requirements of CLIA or state law, it could further delay acceptance of our CMS application, prevent its approval entirely, and/or interrupt the commercial sale of PreGen-Plus and otherwise cause us to incur significant expense.

In addition, the specimen containers that are used in connection with the PreGen-Plus test may also be deemed to be medical devices regulated by the FDA. Once a physician orders a test, the patient will need to receive a specimen container to collect the patient's stool. Specimen transport and storage containers generally have been exempted by regulation from the FDA's premarket clearance or

approval requirement and much of the Quality System Regulation. We believe that the specimen container falls within an applicable exemption, but we cannot be sure that the FDA will not assert that the container is not exempt and seek to impose a premarket clearance or approval requirement on the container itself.

Intellectual Property

To protect our proprietary technologies, we rely on a combination of patent, trademark, and copyright protection, and other contractual restrictions to protect our proprietary technologies, as well as confidentiality agreements with employees, consultants, and third parties.

We have pursued a patent strategy designed to maximize our patent position with respect to third parties. Generally, we have filed patents and patent applications that cover the methods we have designed to detect colorectal cancer as well as other cancers. We have also filed patent applications covering the preparation of stool samples and the extraction of DNA from heterogeneous stool samples. As part of our strategy, we seek patent coverage in the United States and in foreign countries on aspects of our technologies that we believe will be significant to our market strategy or that we believe provide barriers to entry for our competition. We believe that the United States and western Europe represent the most realistic near term markets for stool-based DNA testing.

As of December 31, 2007, we had 37 patents issued and 22 pending patent applications in the United States and, in foreign jurisdictions, 76 patents issued and 39 pending patent applications. Our success depends to a significant degree upon our ability to protect our technologies through patent coverage.

Each of our patents generally has a term of 20 years from its respective priority filing date. Consequently, our first patents are set to expire in 2016. We have filed terminal disclaimers in certain later-filed patents, which means that such later-filed patents will expire earlier than the twentieth anniversary of their respective priority filing dates.

We and a third-party institution have filed a joint patent application under the Patent Cooperation Treaty that will be co-owned by us and the third-party institution relating to the use of various DNA markers, including the DNA Integrity Assay, to detect non-colorectal cancers in stool, including, for example, cancers of the lung, pancreas, esophagus, stomach, small intestine, bile duct, naso-pharyngeal, liver and gall bladder. This patent application does not relate to the detection of colorectal cancer and national rights are being pursued in the United States, Japan, Europe and Canada.

We license on an exclusive basis, in the field of stool-based colorectal cancer screening, from Matrix Technologies Corporation, d/b/a Apogent Discoveries, certain patents owned by Apogent relating to its Acrydite™ technologies, which we have sublicensed to LabCorp. The rights provided under this license provide LabCorp with the ability to manufacture and use the Acrydite technology in the PreGen-Plus test. The Acrydite technology is useful in connection with the proprietary electrophoretic DNA gel capture technology used in the isolation of nucleic acids and the diagnosis of disease. We no longer manufacture, supervise the manufacture, or ship any components used in connection with the Acrydite or Effipure technologies.

We license on an exclusive basis from Johns Hopkins University, or JHU, certain patents owned by JHU that relate to digital amplification of DNA. We believe that this license may ultimately allow us and our partners to develop and commercialize novel detection technologies to further enhance the performance of stool-based DNA screening technologies. In exchange for the license, we have agreed to pay JHU certain royalties on revenues received by us relating to our or our sublicensees' sales of products and service.

We license on a non-exclusive basis from Beckman Coulter certain patents owned by Beckman Coulter that relate to its Single Based Extension, or SBE, technology. The license provides us and our sublicensee, LabCorp, with the ability to use SBE in the PreGen-Plus test.

In June 2007, we licensed, on a non-exclusive basis, rights to our DNA stabilization, isolation and extraction technology to OncoMethylome Sciences for commercializing stool-based colorectal cancer screening tests in Europe that utilize OncoMethylome's methylation detection technology (Methylation-Specific PCR, or MSP). In exchange, OncoMethylome has agreed to pay royalties to us based on sales. Separately, we entered into a supply agreement with OncoMethylome in which OncoMethylome will sell reagents to us for use in stool-based colorectal screening services that EXACT may provide in North America. The reagents will enable us to detect methylation at certain DNA markers using MSP technology. In addition, under the terms of this agreement, OncoMethylome also agreed to sell reagents to our commercial partners, subject to their negotiation with OncoMethylome of certain financial terms and other elements.

In June 2007, we licensed, on a non-exclusive basis, our proprietary DIA®, or long-DNA, technology and related know-how to NorDiag ASA for commercializing colorectal cancer screening tests in Europe, Japan and Australia. The collaboration and license also includes the right to develop an in vitro diagnostic test kit as well for these markets.

LabCorp also maintains additional third-party technology license and supply agreements that are necessary for their PreGen-Plus testing service. We and LabCorp will also need to secure additional third-party intellectual property prior to any commercial introduction of the Version 2 technology.

Competition

To our knowledge, none of the large genomics or diagnostics companies are developing tests to conduct stool-based DNA testing in the United States. We are aware of other companies that have offered or are offering stool-based colorectal cancer tests outside of the United States, and we believe that other companies may be working on similar tests in the United States that have not yet been announced. In addition, other companies may succeed in developing novel technologies or improving existing technologies and marketing products and services that are more effective or commercially attractive than ours. Some of these companies may be larger than we are and can commit significantly greater financial and other resources to all aspects of their business, including research and development, marketing, sales and distribution.

Currently, stool-based DNA detection faces competition from procedure-based detection technologies such as flexible sigmoidoscopy, colonoscopy and "virtual" colonoscopy, a radiological imaging approach which visualizes the inside of the bowel by use of spiral computerized axial tomography, known as a CT scan, as well as existing and possibly improved traditional screening tests such as immunochemical FOBT and improvements to colonoscopy. In addition, some competitors are developing serum-based tests, or screening tests based on the detection of proteins or nucleic acids produced by colon cancer in the blood. Screening tests based on a patient's blood sample may prove to be equally effective in detecting colorectal cancer as stool-based DNA screening. Further, even if blood-based detection is proven less effective at detecting colorectal cancer than DNA-based technologies from a stool sample, a blood test may ultimately prove to have broader market advantage over our DNA-based technologies based on ease of use and other advantages that physicians, patients, third party payors and others find attractive. We believe that several companies are currently developing blood-based technologies for the early detection of colorectal cancer. Separately, we believe that pharmaceutical and medical device marketing efforts directed at physicians represent competition for physician attention for the sales force selling our DNA-based technologies.

We believe the principal competitive factors in the cancer screening market include:

- high sensitivity;
- high specificity;
- non-invasiveness;
- ease of use;

- acceptance by the medical community, especially primary care medical practitioners;
- adequate reimbursement from Medicare and other third-party payors;
- price;
- cost-effectiveness; and
- patent protection.

Employees

As of December 31, 2007, we had fourteen employees, two of whom have a Ph.D. and one of whom has an M.D. We currently have eight employees engaged in research and development and six employees in general and administration. None of our employees are represented by a labor union. We consider our relationship with our employees to be good.

Available Information

We were incorporated in the State of Delaware on February 10, 1995. Our executive offices are located at 100 Campus Drive, Marlborough, Massachusetts 01752. Our telephone number is 508-683-1200. Our Internet website address is http://www.exactsciences.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the investor relations page of our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Our Internet website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider. We cannot be certain that we will successfully address these risks. If we are unable to address these risks, our business may not grow, our stock price may suffer and/or we may be unable to stay in business. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations.

Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, and we may be unable to raise additional capital on acceptable terms in the future.

We have incurred substantial losses to date and we expect to incur substantial losses for the foreseeable future. As of December 31, 2007, we had an accumulated deficit of approximately $162.7 million. We have received a report from Ernst & Young LLP, our independent registered public accounting firm, regarding our consolidated financial statements for the fiscal year ended December 31, 2007, which included an explanatory paragraph stating that the financial statements were prepared assuming we will continue as a going concern. The report also stated that our recurring operating losses and need for additional financing have raised substantial doubt about our ability to continue as a going concern. We believe that our existing cash, cash equivalents and investment balances will be sufficient to meet our anticipated cash requirements through 2008, based on our current cost structure and current assumptions regarding the clinical and other studies and other requirements that we believe may be necessary to obtain U.S. Food and Drug Administration, or FDA, clearance of Version 1 of our DNA-based colorectal cancer screening technology. We have not yet reached final agreement with the FDA regarding any studies that would be necessary for the FDA clearance of Version 1 of our DNA-based technology, however, and the costs of any such studies could require us to obtain

additional funding before previously expected. Our future liquidity and capital requirements will depend upon numerous factors, including the following:

- the regulatory requirements for PreGen-Plus, or other stool-based DNA testing services utilizing our technologies, and the timing of any required regulatory approval process;
- acceptance, endorsement and formal policy approval of stool-based DNA screening for reimbursement by Medicare and other third-party payors;
- our ability to achieve milestones under our strategic agreement with Laboratory Corporation of America Holdings, or LabCorp;
- a determination that additional studies surrounding our technologies are needed;
- a sustained level of interest and commitment by LabCorp in the commercialization of our technologies;
- stool-based DNA screening becoming a standard of care among prescribing physicians;
- the scope of and progress made in our research and development activities; and
- the successful commercialization and sales growth of PreGen-Plus, or other stool-based DNA testing services utilizing our technologies.

We do not expect that product royalty payments or milestone payments from LabCorp will materially supplement our liquidity position in the next twelve months, if at all. Since we have no current sources of material ongoing revenue, we will have to raise additional monies during 2008 through the sale of debt or equity securities, strategic collaborations with third parties and other strategic opportunities, if any, to continue our business operations beyond the end of our 2008 fiscal year. We cannot assure you that any of these alternatives will be successful, or even available, or that our actual cash requirements will not be greater than anticipated. In addition, the going concern explanatory paragraph included in our auditor's report on our consolidated financial statements could inhibit our ability to enter into license agreements or other collaborations or our ability to raise additional financing. If we are unable to obtain the required funds to enable us to fund our operations through the completion of any financing or other strategic opportunities that may become available to us, we will be required to further reduce the scale of our operations and our business, our results of operation and financial condition would be materially adversely affected and we may be required to seek bankruptcy protection.

Additionally, even if we do raise sufficient capital and generate revenues to support our operating expenses beyond fiscal 2008, there can be no assurances that the revenue will be sufficient to enable us to develop our business to a level where it will generate profits and cash flows from operations. In addition, if we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we raise additional funds through collaborations and licensing arrangements, we might be required to relinquish significant rights to our technologies, or grant licenses on terms that are not favorable to us. If we obtain additional debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations.

We may never successfully commercialize any of our technologies or become profitable.

We have incurred losses since we were formed and have had only modest product and royalty fee revenues since the commercial launch of PreGen-Plus in August 2003. From our date of inception on February 10, 1995 through December 31, 2007, we have accumulated a total deficit of approximately $162.7 million. We expect that our losses will continue for at least the next several years and, depending upon our strategic direction, we may need to invest significant additional funds toward other

areas in the oncology testing business. The FDA approval path for our colorectal cancer screening technology is likely to involve significant time as well as research and development expenditures. Given our current levels of cash and revenues, and without raising additional capital, we will not be able to spend the amounts that we believe will likely be necessary to fund these investments and there can be no assurance that LabCorp will invest sufficient amounts in sales and marketing activities for PreGen-Plus or other future testing services based on our technologies. In addition, while we believe we are permitted, from a regulatory standpoint, to promote stool-based DNA testing services generically, our inability to market the brand "PreGen-Plus" under current FDA regulations may limit our return on amounts that we have invested or may invest in sales and marketing activities. If our revenue does not grow significantly, we will not be profitable. We cannot assure you that the revenue from the sale of any of our technologies will be sufficient to make us profitable.

Our future revenues will depend, in large part, upon whether PreGen-Plus or other testing services offered by LabCorp based on our technologies are broadly ordered by medical practitioners and requested by patients. We believe that our ability to successfully commercialize our technologies may be affected by the following:

- the regulatory requirements for PreGen-Plus or Version 2, and the timing of any required regulatory filing and approval process;
- our ability to continue to fund our operations;
- whether LabCorp continues to offer PreGen-Plus or Version 2 commercially;
- acceptance, endorsement and formal policy approval of stool-based DNA screening for reimbursement by Medicare and other third-party payors;
- effective negotiation and contracting by us and LabCorp with Medicare and other third-party payors for coverage and reimbursement of PreGen-Plus;
- whether payors issue favorable coverage policy for stool-based DNA screening if it is included in the screening guidelines of one or more, but not all, of the major guidelines organizations;
- effective LabCorp sales and sales management personnel and processes to educate physician staffs regarding PreGen-Plus and patient compliance;
- effective EXACT personnel to educate third-party payors, managed care organizations, and technology assessment groups regarding stool-based DNA screening;
- whether the lack of a screening interval recommendation by the American Cancer Society, or ACS, and the U.S. Multisociety Task Force on Colorectal Cancer, or MSTF-CRC, in the colorectal cancer screening guidelines issued on March 5, 2008 will limit physician ordering or third party reimbursement, including Medicare, of products based on our stool-based DNA technology;
- patient acceptance of PreGen-Plus, including its novel sample collection process;
- stool-based DNA screening becoming a standard of care among prescribing physicians; and
- the quality and service of the LabCorp testing process.

Many of these factors are outside our control and, accordingly, we cannot assure you that one or more of the foregoing will occur in the near term, or at all. Failure to achieve one or more of the foregoing events could substantially impair our ability to generate revenues and achieve profitability and will negatively impact the successful commercialization of PreGen-Plus or other stool-based DNA testing services utilizing our technologies.

If we or LabCorp fail to comply with FDA requirements, we or LabCorp may be limited or prohibited in our ability to commercialize stool-based DNA testing for colorectal cancer and may be subject to stringent penalties.

Since the commercial launch of PreGen-Plus, LabCorp has offered its testing service as an in-house developed laboratory test, or "homebrew" testing service. On October 11, 2007 the FDA sent a warning letter to us, which we refer to as the Warning Letter, with respect to the PreGen-Plus testing service, indicating that PreGen-Plus is a Class III medical device and that it cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. We are currently in communication with the FDA to specifically address the matters raised in the Warning Letter and to determine the appropriate regulatory approval process to resolve the matters raised in the Warning Letter.

On November 2, 2007, in response to the FDA Warning Letter, we submitted to the FDA a pre-IDE, or pre-Investigational Device Exemption, request that described the specifics of our intended 510(k) filing approach, including the reproducibility studies that we proposed to perform in connection therewith. The FDA responded by letter to our pre-IDE submission in December 2007, and, in an in-person meeting with the FDA in February 2008, we learned that the most likely regulatory path forward with respect to our Version 1 technology would be a *de novo* 510(k) application, which would likely include a single-site reproducibility study.

The FDA has not yet indicated definitively whether the submission with respect to Version 1 of our technology would be a *de novo* 510(k). Moreover, the FDA may determine that a pre-market approval application, or PMA, is the appropriate path forward for us with respect to Version 1 of our stool-based DNA technology. The FDA may also determine that additional clinical studies, which could be costly and time-intensive, are required in connection with our submission, or that our proposal is otherwise inadequate. Accordingly, the costs of any such studies could require that we seek additional capital in the near term, which could have an adverse and material impact on our financial position. There can be no assurance that the filing of a *de novo* 510(k) for our Version 1 technology will bring us into compliance with the matters raised by the FDA in the Warning Letter, or that the FDA will not issue a similar letter to LabCorp or otherwise require LabCorp to stop offering its PreGen-Plus testing service during the regulatory clearance process. The clearance or approval process for any version of our DNA-based technologies may require, among other things, successfully completing additional clinical and other studies, may require a PMA (rather than a 510(k) or *de novo* 510(k)) and may also necessitate our submitting PMAs with the FDA for multiple versions of our technology simultaneously or in sequence, all of which could take substantial time and resources including investment by us of substantial additional funds.

There can be no assurance that any version of our stool-based DNA technology will be cleared or approved by the FDA, that our proposed *de novo* 510(k) approach will satisfy the FDA's regulatory requirements for our Version 1 technology or any subsequent version of our technology, or that such FDA clearance or approval process can be completed without significant delays or material additional expense resulting from additional FDA required clinical or other studies. We may not have sufficient funds to complete any FDA regulatory clearance or approval process for our DNA-based technologies. In addition, we may delay any such activities and process to preserve funds for on-going operations or otherwise. Moreover, we will require the support of third parties to assist us in the achievement of objectives relating to FDA clearance of our technologies, which may be costly. Ongoing compliance with FDA regulations will also increase the cost of conducting our business, subject us and LabCorp to inspection by FDA and to the requirements of FDA and penalties for failure to comply with these requirements.

Moreover, we cannot assure you that the commercial sales of PreGen-Plus will not be delayed, halted or prevented during the regulatory approval process, or that the FDA will not initiate enforcement action, which could involve criminal or civil penalties and cause material harm to our business. Additionally, LabCorp could decide to stop offering the current version of PreGen-Plus, could decide not to launch the Version 2 technology, or could decide to defer any potential future launch of

the Version 2 technology until that version has been approved or cleared by the FDA, if ever, any of which would materially increase our costs, limit our revenue and cause material harm to our business and result in impairments of our fixed assets or capitalized patent portfolio ($0.4 million at December 31, 2007).

Our ability to generate revenue depends on LabCorp's commercial sales of PreGen-Plus and future generations of our technologies.

All of our current operating revenue is dependent upon LabCorp's commercial sales of PreGen-Plus. We cannot assure you that LabCorp will ever achieve sufficient sales of PreGen-Plus or future generations of PreGen-Plus, such as Version 2, for us to become profitable. Moreover, in light of recent FDA regulatory action, we cannot assure you that LabCorp will keep PreGen-Plus on the market or commercially launch Version 2 while we seek FDA clearance for our technologies, if at all.

If LabCorp is unsuccessful in increasing sales of PreGen-Plus or commercializing Version 2, our revenues will be limited and our ability to become profitable will be materially adversely affected. We cannot control whether LabCorp will devote sufficient resources to PreGen-Plus or Version 2 under our strategic agreement, or whether it will elect to pursue the development or commercialization of Version 2. Any failure of the LabCorp sales force to give continued and sustained focus to PreGen-Plus or Version 2 could harm the demand creation for our stool-based DNA screening technologies and, in turn, could materially adversely affect our revenues and delay any performance-based payments for which we might otherwise be eligible, based on substantial sales volumes, under our strategic agreement with LabCorp. Any change in the senior management or organizational structure within LabCorp or us could also negatively impact our ability to successfully commercialize PreGen-Plus or Version 2.

Further, laboratory operating factors incurred at LabCorp such as turnaround times for the testing process, possible pre- and post-analytical sample and sample processing deficiencies and efforts to obtain third-party reimbursement all influence the rate of market adoption for our technologies. If LabCorp encounters difficulty performing PreGen-Plus or Version 2 tests on an accurate and timely basis or has difficulty obtaining reimbursement, our revenue could be materially and adversely affected. Future demand for the PreGen-Plus test may require LabCorp to further optimize operational and quality assurance processes to support commercial testing. No assurance can be given that such improvements will be successfully implemented by LabCorp, and failure to do so could adversely affect our ability to generate revenues.

Our business is substantially dependent on the success of our strategic agreement with LabCorp.

We have a strategic alliance with LabCorp, under which we licensed to LabCorp certain of our technologies, including improvements to such technologies, that are required for the commercialization of PreGen-Plus. If LabCorp were to terminate the agreement, fail to meet its obligations under the agreement, decide to stop processing PreGen-Plus commercially, or otherwise decrease its commitment to PreGen-Plus, our revenues would be materially adversely affected, the commercialization of PreGen-Plus would be interrupted and we could become insolvent. We cannot guarantee that we would be able to enter into a similar agreement with another company to commercialize this technology. Moreover, if we do not achieve certain milestones, or LabCorp does not achieve certain revenue and performance thresholds within the time periods prescribed in the agreement, we may not fully realize the expected benefits of the agreement.

We and LabCorp have amended our strategic agreement four times to, among other things, effect various changes to the exclusivity terms, payment provisions, milestones and termination and other rights. To accomplish our long-term business objectives, we may be required to enter into additional amendments to our license agreement with LabCorp. We cannot assure you that any additional amendments could be entered into on terms favorable to us. In addition, we cannot assure you that our prior amendments or other strategic initiatives with LabCorp will accomplish the long-term goals of either party. Disagreements with LabCorp could delay or terminate the continued commercialization of PreGen-Plus by LabCorp or result in litigation or arbitration, any of which would have a material

adverse affect on our business, financial condition and results of operations. Moreover, if we are unsuccessful in managing our strategic relationship with LabCorp, we would be required to enter into other strategic relationships for the commercialization of PreGen-Plus or attempt to commercialize the testing service ourselves. We cannot assure you that we would be able to license our technology to another commercial laboratory or otherwise successfully commercialize the testing service, and our failure to do either of the foregoing would materially and adversely affect our ability to generate revenues.

If Medicare and other third-party payors, including managed care organizations, do not issue positive policy decisions approving reimbursement for PreGen-Plus, the commercial success of PreGen-Plus would be compromised.

Many physicians may decide not to order colorectal cancer screening tests using our technologies unless the tests are adequately reimbursed by third-party payors, including Medicare. There is significant uncertainty concerning third-party reimbursement for the use of tests incorporating new technology. Reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that tests using our technologies are: sensitive for colorectal cancer; not experimental or investigational; approved by the major guidelines organizations; reliable, safe and effective, medically necessary; appropriate for the specific patient and cost-effective. Currently, no third-party payors have issued broad formal policy approving payment for stool-based DNA testing. Furthermore, following the August 1, 2007 acceptance by Centers for Medicare and Medicaid Services, or CMS, of our application for a National Coverage Determination, or NCD, on January 30, 2008, CMS issued a Proposed Decision Memo for Screening DNA Stool Test for Colorectal Cancer (CAG-00144N) that proposed not to provide coverage for our Version 1 technology because the FDA has determined that our Version 1 technology required FDA premarket clearance. The proposed decision memo stated that CMS would reconsider providing coverage for our technologies; however, such reconsideration will not take place until after the FDA clears or approves the version of our technology being considered for coverage by CMS. There can be no assurance that any version of our technology will be cleared or approved by the FDA. Even if cleared or approved by the FDA, there can be no assurance that CMS will reach a positive coverage decision regarding our request for an NCD for any version of our technologies. Moreover, even if CMS issues a positive coverage decision for any version of our stool-based DNA screening technology, such coverage may not provide adequate levels of reimbursement. Additionally, despite the fact that our technology is included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC, the FDA warning letter may have a similar impact on private third-party payors in that those payors may defer reimbursement policy decisions with respect to our technology until we obtain FDA clearance for our technologies, if ever.

Moreover, at its February 2008 meeting, the CPT Editorial Panel of the American Medical Association considered a request from gastroenterology specialty physician organizations to create a category III code for a stool-based DNA test. While the CPT Editorial Panel decided to postpone discussion on the issue, the application can be reconsidered at any future meeting, unless it is withdrawn. The CPT Editorial Panel meets three times each year; the next two 2008 meetings are in June and October. Category III codes are temporary codes which are used to designate emerging technologies, services and procedures and are issued semi-annually unlike Category I codes which are issued annually. Payors tend to not cover services with Category III codes because they consider "emerging" technologies to be an "investigational" service and are therefore not covered services. The creation of Category III code for our stool-based DNA technology could limit the number of payors that could potentially reimburse stool-based DNA colorectal cancer screening which would materially limit our revenues and adversely affect our operating results and financial position.

In addition, we believe there are 19 states in the U.S. with state laws mandating reimbursement for colorectal cancer screening tests by group health insurance plans chartered to operate in those states. The Employee Retirement Security Act (ERISA) exempts self insured health plans from state mandated benefits. In addition, the federal employee health plans and the Medicare program are exempt from state mandates, as they are federally regulated. The state laws vary with regard to whether

or not the mandate applies to the State Medicaid program and state employees. Despite the inclusion of our stool-based DNA technology for colorectal cancer screening in the recently released ACS guidelines, we believe that group health insurance plans that may be subject to the state mandates have discretion not to cover certain tests included in the ACS guidelines, including our stool-based DNA screening technology, for a number of reasons including, but not limited to, lack of FDA clearance or approval. Accordingly, group health insurance plans operating in states with colorectal cancer screening mandates may decide not to reimburse for stool-based DNA tests for colorectal cancer.

The National Committee for Quality Assurance, or NCQA, is a private, not-for-profit organization that, among other tasks, measures the performance of U.S. based health care plans. The performance measures quantified by the NCQA result in the Healthcare Effectiveness Data and Information Set, or HEDIS. We believe that HEDIS measures could be a factor used by consumers and employers when selecting among alternative healthcare plans in which to enroll. If our stool-based DNA screening technology for colorectal cancer screening is not recognized by NCQA as a test that contributes to a health plan's score for the colorectal cancer screening measure, health plans may not reimburse for sDNA testing. Despite being included in the recently updated colorectal cancer screening guidelines of the ACS and the MSTF-CRC, there can be no assurance that stool-based DNA screening for colorectal cancer will be adopted by the NCQA as a test that contributes to increasing the score of the HEDIS colorectal cancer screening measure. Such exclusion could materially limit our ability to secure third-party reimbursement and as a result, materially limit our revenues.

Neither we nor LabCorp has secured any broad-based policy-level reimbursement approval from Medicare or third-party payors to ensure the long-term commercial success of PreGen-Plus. If we or LabCorp are unable to obtain a positive policy decision from CMS or other third-party payors, including managed care organizations, approving reimbursement for PreGen-Plus, the commercial success of PreGen-Plus would be compromised and our revenues would be significantly limited.

The lack of a recommended screening interval for stool-based DNA screening in the guidelines of the American Cancer Society and the U.S. Multisociety Task Force on Colorectal Cancer may limit the acceptance of our technologies among physicians and third party payors, including Medicare.

The inclusion of stool-based DNA screening in the colorectal cancer screening guidelines of the ACS and the MSTF-CRC, a consortium of several organizations including representatives of the American College of Gastroenterology, American Gastroenterological Association, American Society for Gastrointestinal Endoscopy and American College of Physicians/Society of Internal Medicine, issued on March 5, 2008 did not specify any recommended screening interval. By contrast, the ACS and MSTF-CRC guidelines made specific recommendations for each of the other six other colorectal cancer screening modalities included in such guidelines. Lack of a definitive screening interval recommendation by the ACS and the MSTF-CRC may lead to reluctance on the part of doctors to order and reorder colorectal cancer screening tests using our technologies, which would limit our revenues and materially harm our business and financial results. Moreover, the lack of a screening interval recommendation may also lead to a reluctance by third party payors, including Medicare, to provide adequate reimbursement for our technologies, if at all, which would also have a material adverse effect on our results of operations and financial position.

Our business would suffer if we, or LabCorp, are unable to license certain technologies or obtain raw materials and components or if certain of our licenses were terminated.

LabCorp's current configuration of PreGen-Plus requires access to certain technologies and supplies of raw materials, including elements relating to the Effipure microtiter plates, for which licensing and supply agreements are required. Although LabCorp indicated to the FDA that it is working on changes to PreGen-Plus that could eliminate the use of Effipure in processing PreGen-Plus tests, we cannot assure that it will be able to replace Effipure or that any substitute technology will have comparable performance. There also can be no assurance that existing inventory levels of materials necessary to process the PreGen-Plus test will be sufficient to support ongoing processing of

such tests for the period of time necessary for LabCorp to replace Effipure in commercial use or for the period of time necessary for LabCorp to transition to Version 2 of the stool-based DNA screening technology, either of which could result in an interruption in the testing service. Moreover, LabCorp's supply of certain materials and other components relating to its Version 1 PreGen-Plus testing service, including Effipure (which has a finite useful life) are nearly exhausted. If LabCorp is unable or unwilling to acquire new materials for the PreGen-Plus Version 1 test, and if LabCorp is unwilling or unable to extend the useful life of components with a finite shelf-life, then LabCorp may be unable to continue to process PreGen-Plus tests in the near term. Failure to transition to a new and effective DNA capture technology or to Version 2 of the test in the near term, could have a material adverse affect on the processing of PreGen-Plus and on our business. In the event LabCorp is able to identify a new DNA capture technology for use in connection with PreGen-Plus, any such technology may require us or LabCorp to pay additional royalties or other fees to third parties, which would have an adverse affect on our revenues or gross margin. Similarly, the commercialization of our Version 2 stool-based DNA screening technology will still require that we or LabCorp license certain third-party intellectual property. There can be no assurance that we, or LabCorp, can obtain these technologies and raw materials on acceptable terms, if at all. Furthermore, there can be no assurance that any current contractual arrangements between us and third parties, us and LabCorp, LabCorp and vendors in the DNA capture component supply chain, or between our strategic partners and other third parties, will be continued, or not breached or terminated early, or that we or LabCorp will be able to enter into any future relationships necessary to the continued commercial sale of PreGen-Plus or Version 2, or necessary to our realization of material revenues. Any failure to obtain necessary technologies or raw materials could require PreGen-Plus or Version 2 to be re-configured which could interrupt the testing service entirely, negatively impact its commercial sale and increase the costs associated with PreGen-Plus or Version 2, any one of which could materially harm our business and adversely affect our future revenues.

If our clinical studies do not prove the superiority, reliability, or effectiveness of stool-based DNA testing, we may experience reluctance or refusal on the part of physicians to order, and third-party payors to pay for tests based on PreGen-Plus.

If the results of our research and clinical studies do not convince third-party payors, physicians and thought leaders of the clinical value of our stool-based DNA technologies, we and LabCorp may never successfully commercialize such testing services and, as a consequence, we may not be able to remain a viable business. For instance, the point sensitivity from our 5,500 patient multi-center study of the bead-based method of Version 1 of our technology was lower than that seen in our previous research and clinical studies. Moreover, in connection with a preliminary review of data from a study conducted by the Mayo Clinic of the bead-based method of Version 1, Hemoccult II and Hemoccult Sensa appeared to have outperformed, at a preliminary stage, our original Version 1 technology in the detection of cancer among the thirteen cancer samples collected in the study up to that point. We believe that the sample collection protocols used in this study, which were the same as those used in our multi-center study, resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology. Thought-leading gastroenterologists, guidelines organizations, primary care physicians, payors and others may, despite the small sample size referenced above, assign significance to this preliminary data, which may significantly adversely affect continued commercialization of the PreGen-Plus testing service.

In addition, in a recent research study that we conducted, designed to test the efficacy of technological advances to enhance colorectal cancer detection in stool, Version 2 of our stool-based DNA screening technology demonstrated sensitivity and specificity results of 83 percent and 82 percent, respectively, for detecting colorectal cancer. Previous published studies for stool-based DNA screening have generally shown specificity above 90 percent, and the specificity results of 82 percent may not be deemed clinically or commercially acceptable. There can be no assurance that the overall performance characteristics, or that the design of the Version 2 research study, will be viewed favorably by thought leaders, physicians, and consumers or that LabCorp will be able to achieve similar levels of

performance if Version 2 is commercialized as part of its testing service. Moreover, this study involved the analysis of cancer samples from individuals whose colonoscopy results were positive for colorectal cancer. By contrast, our multi-center study, published in the *New England Journal of Medicine* in 2004, was comprised of cancer samples from an asymptomatic population. Cancer samples derived from a purely asymptomatic, average risk population prior to colonoscopy are typically accorded greater clinical weight when considered by thought-leaders in evaluating study performance. There can be no assurance that the population from which the cancer samples were obtained for the Version 2 study will be viewed as sufficient to support clinical or market acceptance of the Version 2 research study results.

If the results of our research and clinical studies, including the results of our recent study of Version 2, do not convince thought-leading gastroenterologists, guidelines organizations, primary care physicians, third-party payors and patients that tests using our technologies are reliable, effective and/or superior to existing screening methods, including Hemoccult II, Hemoccult Sensa and immunochemical fecal occult blood testing, or FOBT, or show that our technologies are superior but not by a large enough margin to affect prevailing clinical practice, we may experience reluctance or refusal on the part of physicians to order, and third-party payors to pay for tests using our technologies, which could slow the demand for PreGen-Plus and the successful commercialization of Version 2.

We expect to rely on third parties to conduct any future studies of our technologies that may be required by the FDA, and those third parties may not perform satisfactorily.

We do not have the ability to independently conduct clinical or other studies that may be required to obtain clearance for our DNA-based colorectal screening technology with the FDA. Accordingly, we expect to rely on third parties such as contract research organizations, medical institutions and clinical investigators to conduct any such studies. Our reliance on these third parties for clinical development activities will reduce our control over these activities. Accordingly, these third-party contractors may not complete activities on schedule, or may not conduct studies in accordance with regulatory requirements or our study design. Our reliance on third parties that we do not control does not relieve us of our requirement to prepare, and ensure our compliance with, various procedures required under good clinical practices, even though third-party contract research organizations have prepared and are complying with their own, comparable procedures. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our studies may be extended, delayed, suspended or terminated, and we may not be able to obtain regulatory approval for our technologies.

If PreGen-Plus cannot be effectively sold at a price acceptable to the market, the successful commercialization of PreGen-Plus would be materially harmed.

The success of PreGen-Plus and future versions of PreGen-Plus or other testing services based on our technologies depends, in material part, on the ability of LabCorp to price the test at a level acceptable to consumers, physicians and third-party payors. Currently, screening for colorectal cancer using our technologies is more expensive than FOBT because it is labor-intensive and uses highly complex processes and expensive reagents. The price differential between stool-based DNA testing and FOBT, when compared with the performance differential between the two screening modalities, may be viewed as too significant to endorse stool-based DNA screening for guidelines inclusion. In order to make PreGen-Plus less costly and more commercially attractive to consumers, physicians and third party payors, LabCorp will need to reduce the costs of tests using our technologies through significant automation of key operational processes or other cost savings procedures. There can be no assurance that such parties, including Medicare, will pay for PreGen-Plus at levels that will enable LabCorp or us to earn a profit, if at all, regardless of the performance of the technology. If LabCorp fails to create and improve technologies that sufficiently reduce costs, LabCorp's sales of PreGen-Plus and, as a result, our revenues may be limited. Moreover, if LabCorp is unable to sell a sufficient number of tests

at favorable pricing levels, we will not be successful and we may not be able to remain viable as a company.

If our or LabCorp's technological advancements do not increase the performance of PreGen-Plus in a cost effective manner, the demand for PreGen-Plus may be negatively impacted.

We continue to work to improve the performance characteristics of stool-based DNA testing through research on technical innovations, such as our Version 2 technology. However, there can be no assurance that Version 2, or the commercial version of the PreGen-Plus test currently offered by LabCorp will have sufficient sensitivity and specificity or performance to be commercially successful. There also can be no assurance that the sample handling protocols employed by LabCorp for PreGen-Plus are adequate to prevent DNA degradation and resulting negative impacts on test performance. If the current commercial version or future generations of the PreGen-Plus test do not demonstrate a sufficiently significant increase in the sensitivity or performance over that of the original technology in a cost effective manner, sufficient demand for our stool-based DNA screening technologies may never be realized or such demand could be significantly reduced, either of which would have a material adverse affect on our revenues.

If an insufficient number of medical practitioners order and reorder tests using our technologies, our revenue and profitability will be limited.

If a sufficient number of medical practitioners are not convinced to order and reorder PreGen-Plus, we will not become profitable. Although stool-based DNA testing has been included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC, gastroenterologists and primary care physicians will still have to be made aware of the benefits of stool-based DNA testing through published papers, presentations at scientific conferences, favorable results from clinical studies and obtaining reimbursement from insurers. Our failure to be successful in these efforts would make it difficult to convince medical practitioners to order and reorder PreGen-Plus for their patients which would limit our revenues and materially adversely affect our business.

We may experience limits on our revenue if only a small number of people decide to be screened for colorectal cancer using our technologies.

Even if our technologies are superior to other colorectal cancer screening options, adequate third-party reimbursement is obtained and we convince medical practitioners to order tests using our technologies, only a small number of people may decide to be screened for colorectal cancer. Despite the availability of current colorectal cancer screening methods as well as the recommendations of the ACS that all Americans age 50 and above be screened for colorectal cancer, a majority of these individuals do not complete a colorectal cancer screening test. If only a small portion of the recommended population is regularly screened for colorectal cancer or decides to utilize colorectal cancer screening tests using our technologies, we will, despite our efforts, experience limits on our revenue and our business would be materially harmed.

We may be subject to substantial costs and liability or be prevented from licensing our technologies for cancer detection as a result of litigation or other proceedings relating to patent rights.

Third parties may assert infringement or other intellectual property claims against our licensors, our licensees, our suppliers, our strategic partners, or us. We pursue a patent strategy that we believe provides us with a competitive advantage in the non-invasive early detection of colorectal cancer and is designed to maximize our patent protection against third parties in the U.S. and, potentially, in certain foreign countries. We have filed patent applications that we believe cover methods we have designed to help detect colorectal cancer and other cancers. In order to protect or enforce our patent rights, we may have to initiate actions against third parties. Any actions regarding patents could be costly and time-consuming, and divert our management and key personnel from our business. Additionally, such actions could result in challenges to the validity or applicability of our patents. Because the

U.S. Patent & Trademark Office maintains patent applications in secrecy until a patent application publishes or the patent is issued, others may have filed patent applications covering technology used by us or our partners. Additionally, there may be third-party patents, patent applications and other intellectual property relevant to our technologies that may block or compete with our technologies. Even if third-party claims are without merit, defending a lawsuit may result in substantial expense to us and may divert the attention of management and key personnel. In addition, we cannot provide assurance that we would prevail in any of these suits or that the damages or other remedies, if any, awarded against us would not be substantial. Claims of intellectual property infringement may require that we, or our strategic partners, enter into royalty or license agreements with third parties that may not be available on acceptable terms, if at all. These claims may also result in injunctions against the further development and commercial sale of PreGen-Plus, which would have a material adverse affect on our business, financial condition and results of operations.

Also, patents and applications owned by us may become the subject of interference proceedings in the United States Patent and Trademark Office to determine priority of invention, which could result in substantial cost to us, as well as a possible adverse decision as to the priority of invention of the patent or patent application involved. An adverse decision in an interference proceeding may result in the loss of rights under a patent or patent application subject to such a proceeding.

If we are unable to protect our intellectual property effectively, we may be unable to prevent third parties from using our intellectual property, which would impair our competitive advantage.

We rely on patent protection as well as a combination of trademark, copyright and trade secret protection, and other contractual restrictions to protect our proprietary technologies, all of which provide limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. If we fail to protect our intellectual property, we will be unable to prevent third parties from using our technologies and they will be able to compete more effectively against us.

As of December 31, 2007 we have 37 issued patents and 22 pending patent applications in the United States and we also have 76 issued foreign patents and 39 pending foreign patent applications. We cannot assure you that any of our currently pending or future patent applications will result in issued patents, and we cannot predict how long it will take for such patents to be issued. Further, we cannot assure you that other parties will not challenge any patents issued to us, or that courts or regulatory agencies will hold our patents to be valid or enforceable. A third party opposed one of our issued European patents relating to the enumerative analysis of nucleic acids in biological samples. The European Patent Office issued a decision to maintain the patent in force; however, this decision may be appealed by the third-party opponent. In addition, one or more of our U.S. patents may be held as invalid if the inventorship is found to be incorrect, although correction is generally possible even after issuance of the patent. We cannot assure you that patent validity will not be challenged on the basis of incorrectly named inventors, nor can we assure you that a necessary correction could be made. A third-party institution is a co-owner of one of our issued patents relating to pooling patient samples in connection with our loss of heterozygosity detection method. We cannot guarantee you that we will be successful in defending challenges made in connection with our patents and patent applications. Any successful third-party challenge to our patents could result in co-ownership of such patents with a third party or the unenforceability or invalidity of such patents. In addition, we have jointly filed and jointly own, with a third-party institution, a pending U.S. patent application and a PCT patent application that has been nationalized and is pending in Canada, Europe, and Japan, which patent applications relate to the use of various DNA markers, including one of our detection methods, to detect cancers of the lung, pancreas, esophagus, stomach, small intestine, bile duct, naso-oro-pharyngeal airways, liver, and/or gall bladder in stool. As joint owners of these patent applications, both we and the third party institution have the rights provided to joint owners under applicable patent law, including the right to use, transfer, and license any issuing patent rights.

In addition to our patents, we rely on contractual restrictions to protect our proprietary technology. We require our employees and third parties to sign confidentiality agreements and

employees to sign agreements assigning to us all intellectual property arising from their work for us. Nevertheless, we cannot guarantee that these measures will be effective in protecting our intellectual property rights.

We cannot guarantee that the patents issued to us will be broad enough to provide any meaningful protection nor can we assure you that one of our competitors may not develop more effective technologies, designs or methods to test for colorectal cancer or any other common cancer without infringing our intellectual property rights or that one of our competitors might not design around our proprietary technologies.

Other companies may develop and market novel or improved methods for detecting colorectal cancer, which may make our technologies less competitive, or even obsolete.

The market for colorectal cancer screening is large, approximating 89 million Americans age 50 and above, of which we believe approximately one-half fail to strictly follow the ACS's screening guidelines for colorectal cancer. As a result, the colorectal cancer screening market has attracted competitors, some of which have significantly greater resources than we have. Currently, we face competition from procedure-based detection technologies such as flexible sigmoidoscopy, colonoscopy and virtual colonoscopy, a procedure being performed in which a radiologist views the inside of the colon through a scanner, as well as from existing guaic-based FOBT, and improved screening tests such as immunochemical FOBT. In addition, some companies and institutions are developing serum-based tests, or screening tests based on the detection of proteins, nucleic acids or the presence of fragments of mutated genes in the blood that are produced by colon cancer. These and other companies may also be working on additional methods of detecting colon cancer that have not yet been announced. We may be unable to compete effectively against these competitors either because their test is superior or because they may have more expertise, experience, financial resources and stronger business relationships.

We rely on third-party contract manufacturers and suppliers and may experience a scarcity of raw materials and components.

We have historically relied on contract manufacturers and suppliers for certain components for our technologies. We believe that there are relatively few manufacturers that are currently capable of supplying commercial quantities of the raw materials and components necessary for certain elements used in LabCorp's PreGen-Plus testing service. Although we have identified suppliers that we believe are capable of supplying these raw materials and components in sufficient quantity today, there can be no assurance that we, or LabCorp, will be able to enter into or maintain these agreements and relationships with such suppliers on a timely basis on acceptable terms, if at all. Furthermore, prior to August 2003, stool-based DNA testing had never been offered on a commercial scale, and there can be no assurance that the raw materials and components necessary to meet demand will be available in sufficient quantities or on acceptable terms, if at all. If we, or LabCorp, should encounter delays or difficulties in securing the necessary raw materials and components for LabCorp's PreGen-Plus testing service, LabCorp may need to reconfigure its PreGen-Plus testing service which would result in delays in commercialization or an interruption in sales and would materially adversely impact our revenues.

If we or our partners fail to comply with regulatory requirements, we may be subject to stringent penalties and our business may be materially adversely affected.

The marketing and sale of PreGen-Plus is subject to various state, federal and foreign regulations. We cannot assure you that we or our strategic partners will be able to comply with applicable regulations and regulatory guidelines. If we or our partners fail to comply with any such applicable regulations and guidelines, we could incur significant liability and/or our partners could be forced to cease offering PreGen-Plus in certain jurisdictions. Also, conforming the marketing and sale of our technologies to any applicable regulations and guidelines could substantially increase our operating expenses. In addition, LabCorp and any other laboratory that uses PreGen-Plus are subject to the

Clinical Laboratory Improvement Amendments of 1988, or CLIA. CLIA is a federal law which regulates clinical laboratories that perform testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention or treatment of disease. CLIA is intended to ensure the quality and reliability of clinical laboratories in the U.S. by mandating specific standards in the areas of personnel qualifications, administration, participation in proficiency testing, patient test management, quality control, quality assurance and inspections. If LabCorp were to lose its CLIA certification, it may no longer be able to offer PreGen-Plus, which would have a material adverse affect on our business.

Moreover, healthcare policy has been a subject of extensive discussion in the executive and legislative branches of the federal and many state governments. Development of the existing commercialization strategy for PreGen-Plus has been based on existing healthcare policies. Changes in healthcare policy could substantially interrupt the sales of PreGen-Plus, increase costs, and divert management's attention. For instance, based on the correspondence and discussions with the FDA during 2006, we believed that LabCorp's PreGen-Plus testing service was a laboratory developed test, or homebrew, over which the FDA would exercise its enforcement discretion. In October 2007, we then received the Warning Letter indicating that PreGen-Plus is a Class III medical device and that it cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. We cannot predict what additional changes, if any, will be proposed or adopted or the effect that such proposals or adoption may have on our business, financial condition and results of operations.

The loss of key members of our senior management team could adversely affect our business.

Our success depends upon the continued services of key members of our senior management team. Although we have in the past entered, and may in the future enter, into retention agreements with members of our management team, each of our executive officers could terminate his relationship with us at any time. For instance, in July 2007, Don M. Hardison resigned his position as our President and Chief Executive Officer. Mr. Hardison has been critical to the pursuit of our business goals and we may experience difficulties developing our technologies and testing processes, and implementing our business strategies. The loss of any member of our current management team could significantly delay or prevent the achievement of our business or development objectives and could materially harm our business. In addition, as part of our restructuring activities to reduce expenditures in 2005, 2006 and 2007, we significantly reduced our headcount. These restructurings could materially harm our ability to attract and retain skilled personnel, including our management.

Our stock price may be volatile.

The market price of our common stock has fluctuated widely. Consequently, the current market price of our common stock may not be indicative of future market prices and we may be unable to sustain or increase the value of an investment in our common stock.

Our common stock is listed on the NASDAQ Global Market under the symbol "EXAS." Factors affecting our stock price may include:

- FDA regulation of our or LabCorp's products and services;
- technological innovations or new products and services by us or our competitors;
- clinical trial results relating to the PreGen-Plus test, stool-based DNA testing in general, or technologies of our competitors;
- stool DNA screening becoming a standard of care among prescribing physicians;
- reimbursement decisions by Medicare and other third party payors;
- the establishment of collaborative partnerships;
- health care legislation;

- intellectual property disputes and other litigation;
- additions or departures of key personnel;
- the performance characteristics of our technologies;
- general market conditions;
- the rate of market acceptance of PreGen-Plus; and
- sales of our common stock or debt securities.

Because we are a company with no significant operating revenue, you may consider any one of these factors to be material.

Our operating results may fluctuate, which may adversely affect our share price.

Fluctuations in our operating results may lead to fluctuations, including declines, in our share price. Our operating results may fluctuate from period to period due to a variety of factors, including:

- demand by physicians and consumers for PreGen-Plus;
- new technology introductions;
- reimbursement acceptance success;
- changes in our agreement with LabCorp;
- the number and timing of milestones that we achieve may under collaborative agreements;
- impairment of our intellectual property;
- the level of our development activity conducted for, and our success in commercializing these developments; and
- the level of our spending on PreGen-Plus commercialization efforts, licensing and acquisition initiatives, clinical studies, and internal research and development.

Variations in the timing of our future revenue and expenses could also cause significant fluctuations in our operating results from period to period and may result in unanticipated earning shortfalls or losses. In addition, The NASDAQ Global Market in general, and the market for biotechnology companies in particular, have experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies.

If we lose the support of our key scientific collaborators, it may be difficult to establish tests using our technologies as a standard of care for colorectal cancer screening, which may limit our revenue growth and profitability.

We have established relationships with leading scientists and research and academic institutions, such as Mayo Clinic, John Hopkins University and Case Western Reserve University, that we believe are key to establishing tests using our technologies as a standard of care for colorectal cancer screening. If our collaborators determine that colorectal cancer screening tests using our technologies are not appropriate options for colorectal cancer screening, or superior to available colorectal cancer screening tests, or that alternative technologies would be more effective in the early detection of colorectal cancer, we would encounter significant difficulty establishing tests using our technologies as a standard of care for colorectal cancer screening, which would limit our revenue growth and profitability.

Product liability suits against us could result in expensive and time-consuming litigation, payment of substantial damages and increases in our insurance rates.

The sale and use of products or services based on our technologies, or activities related to our research and clinical studies, could lead to the filing of product liability claims if someone were to allege that one of our products contained a design or manufacturing defect which resulted in the failure to detect the disease for which it was designed. A product liability claim could result in substantial damages and be costly and time consuming to defend, either of which could materially harm our business or financial condition. We cannot assure you that our product liability insurance would protect our assets from the financial impact of defending a product liability claim. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing insurance coverage in the future.

Certain provisions of our charter, by-laws and Delaware law may make it difficult for you to change our management and may also make a takeover difficult.

Our corporate documents and Delaware law contain provisions that limit the ability of stockholders to change our management and may also enable our management to resist a takeover. These provisions include a staggered board of directors, limitations on persons authorized to call a special meeting of stockholders and advance notice procedures required for stockholders to make nominations of candidates for election as directors or to bring matters before an annual meeting of stockholders. These provisions might discourage, delay or prevent a change of control in our management. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and cause us to take other corporate actions. In addition, the existence of these provisions, together with Delaware law, might hinder or delay an attempted takeover other than through negotiations with our board of directors.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2007, we occupied approximately 25,537 square feet of space in our headquarters located in Marlborough, Massachusetts under a lease which expires in July 2010. We believe that these facilities will be adequate to meet our space requirements for the foreseeable future.

Item 3. Legal Proceedings

From time to time we are a party to various legal proceedings arising in the ordinary course of our business. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us. Intellectual property disputes often have a risk of injunctive relief which, if imposed against us, could materially and adversely affect our financial condition, or results of operations. From time to time, third parties have asserted and may in the future assert intellectual property rights to technologies that are important to our business and have demanded and may in the future demand that we license their technology. We are not currently a party to any pending litigation that we believe is likely to have a material adverse effect on our business operations or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2007.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NASDAQ Global Market under the symbol "EXAS." The following table provides, for the periods indicated, the high and low sales prices per share as reported on the NASDAQ Global Market.

	High	Low
2007		
First quarter	$3.21	$2.31
Second quarter	3.48	2.33
Third quarter	3.89	2.61
Fourth quarter	6.17	2.81
2006		
First quarter	$4.97	$2.16
Second quarter	3.40	2.05
Third quarter	3.09	1.53
Fourth quarter	3.04	1.71

As of December 31, 2007, there were approximately 27,139,991 shares of our common stock outstanding held by approximately 77 holders of record.

We have never paid any cash dividends on our capital stock and do not plan to pay any cash dividends in the foreseeable future.

During the quarter ended December 31, 2007, there were no repurchases made by us or on our behalf, or by any "affiliated purchaser," of shares of our common stock registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Equity Compensation Plan Information

We maintain the following three equity compensation plans under which our equity securities are authorized for issuance to our employees and/or directors; the 1995 Stock Option Plan, the 2000 Stock Option and Incentive Plan and the 2000 Employee Stock Purchase Plan. Each of the foregoing equity compensation plans was approved by our stockholders. The following table presents information about these plans as of December 31, 2007.

Plan Category	Number Of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price Of Outstanding Options, Warrants And Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Outstanding)
Equity compensation plans approved by security holders	3,996,688	$4.88	3,780,242
Equity compensation plans not approved by security holders	None	None	None
Total	3,996,688	$4.88	3,780,242

No further grants are being made under the 1995 Stock Option Plan.

Item 6. Selected Financial Data

The selected historical financial data set forth below as of December 31, 2007 and 2006 and for the years ended December 31, 2007, 2006 and 2005 are derived from our financial statements, which have been audited by Ernst & Young LLP, independent registered public accountants and which are included elsewhere in this Form 10-K. The selected historical balance sheet financial data as of December 31, 2005, 2004 and 2003 and statements of operations data for the years ended December 31, 2004 and 2003 are derived from our audited financial statements not included elsewhere in this Form 10-K.

The selected historical financial data should be read in conjunction with, and are qualified by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations," our financial statements and notes thereto and the report of independent registered public accountants included elsewhere in this Form 10-K.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Statements of Operations Data:					
Revenue:					
Product royalty fees	$ (1,137)	$ 179	$ 206	$ 166	$ 8
License fees	2,857	4,363	3,828	4,514	2,871
Product	78	208	216	255	22
	1,798	4,750	4,250	4,935	2,901
Cost of revenue	49	809	566	487	22
Gross profit	1,749	3,941	3,684	4,448	2,879
Operating expenses:					
Research and development(1)	4,887	6,735	7,956	11,122	17,333
Sales and marketing(1)	991	3,792	5,239	5,202	6,822
General and administrative(1)	7,541	6,910	5,497	7,319	7,562
Restructuring(1)	1,177	671	626	—	—
	14,596	18,108	19,318	23,643	31,717
Loss from operations	(12,847)	(14,167)	(15,634)	(19,195)	(28,838)
Interest income	888	1,252	1,114	672	498
Net loss	$ (11,959)	$ (12,915)	$ (14,520)	$ (18,523)	$ (28,340)
Net loss per share:					
Basic and diluted	$ (0.44)	$ (0.49)	$ (0.55)	$ (0.73)	$ (1.50)
Weighted average common shares outstanding:					
Basic and diluted	26,945	26,509	26,270	25,334	18,911
Balance Sheet Data:					
Cash and cash equivalents	$ 4,486	$ 4,831	$ 11,987	$ 12,077	$ 13,189
Marketable securities	8,101	16,244	21,112	37,188	13,606
Total assets	14,595	23,868	37,845	56,111	34,681
Total liabilities	8,307	8,910	13,224	18,128	22,453
Stockholders' equity	6,288	14,958	24,621	37,983	12,228

(1) Non-cash stock-based compensation expense included in these amounts are as follows:

	2007	2006	2005	2004	2003
Research and development	$ 541	$ 653	$ 113	$ 221	$ 249
Sales and marketing	202	956	152	—	—
General and administrative	1,889	1,397	240	277	869
Restructuring	174	—	—	—	—

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section has been derived from our consolidated financial statements and should be read together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Overview

EXACT Sciences Corporation develops proprietary DNA-based technologies for use in the detection of cancer. We have selected colorectal cancer as the first application of our technologies. We have licensed certain of our technologies, including improvements to such technologies, on an exclusive basis through December 2010 to Laboratory Corporation of America® Holdings, or LabCorp®, for use in a commercial testing service developed and sold by LabCorp under the name PreGen-Plus™. PreGen-Plus is LabCorp's non-invasive, stool-based DNA testing service for the detection of colorectal cancer in the average-risk population. Our Version 1 technology is the basis for LabCorp's PreGen-Plus test. Since our inception in February 1995, our principal activities have included:

- researching and developing our technologies for colorectal cancer screening;
- conducting clinical studies to validate our colorectal cancer screening technologies;
- negotiating licenses for intellectual property of others;
- developing relationships with opinion leaders in the scientific and medical communities;
- pursuing reimbursement for stool-based DNA screening with third-party payors, including the Centers for Medicare and Medicaid Services, or CMS;
- conducting market studies and analyzing various markets for our technologies;
- raising capital;
- licensing our proprietary technologies to LabCorp and others;
- working to further the adoption of stool-based DNA testing for colorectal cancer, including seeking inclusion of such technology in the guidelines of the major guidelines organizations;
- pursuing U.S. Food and Drug Administration, or FDA, clearance or approval, or exemptions therefrom for our stool-based DNA screening technology for colorectal cancer; and
- working with LabCorp on activities in support of the commercialization of PreGen-Plus and Version 2.

We have generated limited operating revenues since our inception and, as of December 31, 2007, we had an accumulated deficit of approximately $162.7 million. Our losses have historically resulted from costs incurred in conjunction with our research, development, and clinical study initiatives, salaries and benefits associated with the hiring of personnel, the initiation of marketing programs and, prior to August 31, 2007, the build-out of our sales infrastructure to support the commercialization of stool-based DNA screening. We expect that our losses will continue for the next several years and we may never achieve profitability.

LabCorp launched PreGen-Plus commercially in August 2003. From the date of launch through December 31, 2007, LabCorp had accessioned approximately 14,300 PreGen-Plus samples, including approximately 1,800, 3,700, and 4,000 samples during the years ended December 31, 2007, 2006 and 2005, respectively. In addition to our Version 1 technology underlying the PreGen-Plus testing service offered by LabCorp, we have also developed a Version 2 colorectal cancer screening technology that we believe has greater sensitivity and is more cost effective than Version 1. In a recent research study evaluating stool-based DNA in 82 patients with confirmed colorectal cancer and 363 colonoscopically normal individuals, our Version 2 stool-based DNA technology demonstrated sensitivity of 83 percent and specificity of 82 percent for the detection of colorectal cancer. As of the date of this Annual Report on Form 10-K, we are in discussions with LabCorp, the exclusive licensee to our Version 2 technology, regarding the potential future commercialization of Version 2.

To increase market adoption of our stool-based DNA screening technologies, we have focused our efforts on the achievement of the following corporate goals:

- Obtaining FDA clearance for our stool-based DNA screening technologies;
- Obtaining formal acceptance of stool-based DNA screening for reimbursement by Medicare and other third-party payors; and
- Leveraging LabCorp's large sales force to increase sales and marketing efforts for PreGen-Plus and, if commercialized, Version 2.

Colorectal Cancer Screening Guidelines

Professional colorectal cancer screening guidelines in the United States, including those of the American Cancer Society, or ACS, the American College of Gastroenterology, and the American Gastroenterological Association, recommend regular screening by a variety of methods. Historically, such recommendations consisted of colonoscopy, flexible sigmoidoscopy and fecal occult blood testing, or FOBT, as well as combinations of some of these methods. On March 5, 2008, the ACS and the U.S. Multi-Society Task Force on Colorectal Cancer, or MSTF-CRC, a consortium of several organizations including representatives of the American College of Gastroenterology, American Gastroenterological Association, American Society for Gastrointestinal Endoscopy and the American College of Physicians/Society of Internal Medicine, announced that non-invasive, stool-based DNA screening technology has been included in the updated national colorectal cancer screening guidelines as a screening option for the detection of colorectal cancer in average risk, asymptomatic individuals age 50 and above. PreGen-Plus is therefore now the first DNA-based, non-invasive colorectal cancer screening test to be included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC in the United States for the average risk population. While we view inclusion of our stool-based DNA technology in the ACS and MSTF-CRC guidelines as a critical first step toward building sufficient demand for PreGen-Plus, we believe that FDA clearance for our current and future technologies, and reimbursement from CMS and other third-party payors will be necessary in order to achieve significant increases in demand for our technologies.

Government Regulation

On October 11, 2007 the FDA sent a warning letter to us indicating that PreGen-Plus is a Class III medical device and that it cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. We have met with the FDA on two separate occasions to specifically address the matters raised in the warning letter. Based on these discussions, we are currently focusing our efforts on concluding the pre-Investigational Device Exemption, or pre-IDE, process with the FDA and potentially filing of a *de novo* 510(k) with the FDA on our Version 1 technology.

There can be no assurance that any version of our stool-based DNA technology will be cleared or approved by the FDA, that our proposed *de novo* 510(k) approach will satisfy the FDA's regulatory requirements for our Version 1 technology or any subsequent version of our technology, or that such FDA clearance or approval process can be completed without significant delays or material additional expense resulting from additional FDA required clinical or other studies. We may not have sufficient funds to complete any FDA regulatory clearance or approval process for our DNA-based technologies. In addition, we may delay any such process to preserve funds for on-going operations or otherwise. Moreover, we will require the support of third parties to assist us in the achievement of objectives relating to FDA clearance of our technologies, which may be costly. Ongoing compliance with FDA regulations will also increase the cost of conducting our business, subject us and LabCorp to inspection by FDA and to the requirements of FDA and penalties for failure to comply with these requirements. Moreover, we cannot assure you that the commercial sales of PreGen-Plus will not be delayed, halted or prevented during the regulatory approval process. Additionally, LabCorp could decide to stop offering the current version of PreGen-Plus, could decide not to launch the Version 2 technology, or could decide to defer any potential future launch of the Version 2 technology until that version has

been approved or cleared by the FDA, if ever, any of which would materially increase our costs, limit our revenue and cause material harm to our business and result in impairments of our fixed assets or capitalized patent portfolio ($0.4 million at December 31, 2007) and result in personnel of facility related restructuring charges.

Reimbursement

An important component of our reimbursement strategy is to obtain a National Coverage Determination, or NCD, from CMS for inclusion of our stool-based DNA screening technologies for colorectal cancer in the Medicare program. In December 2004, we submitted our application for a NCD on our Version 1 technology, which was accepted by CMS on August 1, 2007. Following acceptance of our application to CMS, we received the warning letter from the FDA. Based in part on the FDA's determination as set forth in the warning letter that our Version 1 technology required premarket clearance or approval, CMS issued a proposed decision memorandum regarding our application on January 30, 2008, which proposed not to provide coverage for our Version 1 technology. The proposed decision memo indicated that CMS would reconsider our application for coverage following any such FDA clearance or approval of our DNA screening technology. Accordingly, we intend to submit our NCD application for reconsideration following any such FDA clearance or approval of our technology. There can be no assurance that any version of our technology will be cleared or approved by the FDA. Even if cleared or approved by the FDA, there can be no assurance that CMS will reach a positive coverage decision regarding our request for an NCD for any version of our technologies. Moreover, even if CMS issues a positive coverage decision for any version of our stool-based DNA screening technology, such coverage may not provide adequate levels of reimbursement. Accordingly, we are also working to accumulate additional performance data and patient compliance and preference data to submit to CMS with our request for reconsideration of our NCD application. We could incur significant time and costs to accumulate such additional data to obtain a positive coverage decision from CMS at acceptable reimbursement levels. Additionally, despite the fact that our technology is included in the ACS and MSTF-CRC guidelines, the FDA warning letter may have a similar impact on private third-party payors in that those payors may defer reimbursement policy decisions with respect to our technology until we obtain FDA clearance for our technologies, if ever.

Other Factors Affecting Potential Revenue Growth

We believe that substantial funds and managerial attention will likely need to be invested in sales and marketing efforts over the next several years for our stool-based DNA screening technologies. We do not have, and we cannot assure you that LabCorp will devote, the funds or management resources that we believe are likely necessary to build sufficient demand for PreGen-Plus. Despite the inclusion of stool-based DNA screening in colorectal cancer screening guidelines, we do not expect material revenue growth until such time as FDA clearance or approval is obtained, reimbursement is provided by Medicare and other third party payors at an acceptable level and sufficient funds and managerial time are invested in sales and marketing efforts. In addition, we believe our success will also depend upon a number of additional factors that are largely out of our control, including the following:

- the impact that the inclusion of stool-based DNA screening in guidelines will have on prescribing physicians, third party payors, including CMS, and health care consumers;
- any regulatory restrictions placed upon PreGen-Plus or any other product based on our technologies;
- whether LabCorp continues to offer PreGen-Plus commercially or commercially launches a testing service based on our Version 2 technology;
- success in educating third-party payors, managed care organizations, and technology assessment groups regarding stool-based DNA screening;
- effective negotiation and contracting by us and LabCorp with Medicare and other third-party payors for coverage at acceptable levels of reimbursement for stool-based DNA screening;

- patient acceptance of stool-based DNA screening, including its novel sample collection process;
- the absence of competing technologies that offer equal or better attributes than stool-based DNA screening;
- stool-based DNA screening becoming a standard of care among prescribing physicians; and
- the quality and service of the LabCorp testing process.

Our revenue is comprised of the amortization of up-front license fees for the licensing of certain patent rights to LabCorp under our strategic license agreement, product royalty fees on PreGen-Plus tests sold by LabCorp, and product revenue from the sale to LabCorp of Effipure™ components, which are used by LabCorp in processing PreGen-Plus tests. We expect that product royalty fees for 2008 will be materially consistent with amounts recorded in 2007 as a result of potential third party royalty obligations in connection with our amended license agreement with LabCorp. In addition, as a result of the amendment to our license agreement with LabCorp, which also extended the exclusive license period under our agreement with LabCorp, we expect that license fee revenue for 2008 will be lower than amounts recorded in 2007 as a result of the extended amortization period over which our remaining deferred revenue will be amortized. See "Amendments to LabCorp License Agreement" below for a discussion of recent modifications to our license agreement with LabCorp.

LabCorp informed the FDA during 2006 that they were working on changes to PreGen-Plus that would eliminate the use of Effipure in PreGen-Plus. We, therefore, do not expect to record material revenues from the sale of Effipure components to LabCorp during 2008. The potential loss of this revenue is not expected to have a material impact on our total revenues. In this regard, LabCorp's supply of Effipure includes components that have a finite useful life the duration of which, we believe, may be nearly exhausted. We also believe that inventory levels at LabCorp relating to other components necessary for the ongoing commercialization of Version 1 of PreGen-Plus may also be nearly exhausted. If LabCorp is unable or unwilling to extend the useful life of these components or acquire new components, then LabCorp may be unable to continue to process PreGen-Plus tests in the near term. Any such interruption in the commercial availability of PreGen-Plus could have a materially adverse affect on our business.

Amendments to LabCorp License Agreement

Second Amendment to LabCorp License Agreement —On June 27, 2007, we entered into a second amendment, or Second Amendment, to our license agreement with LabCorp. The Second Amendment modified LabCorp's exclusive rights to our DNA technology for colorectal cancer screening to permit us to license our technology to select third-party organizations and commercial service laboratories, subject to LabCorp's preferential pricing terms, and to extend LabCorp's modified exclusive period under the Amendment until December 31, 2010. Additionally, the Second Amendment clarifies the rights and obligations with respect to our Version 2 technology for colorectal cancer screening.

The Second Amendment also revised certain milestone and royalty obligations of LabCorp. The milestones were revised to eliminate milestone payments aggregating $15 million based upon policy-level reimbursement approval from key payors including Medicare and the inclusion of stool-based DNA screening in clinical practice guidelines. As revised, we may be eligible for up to an aggregate of $40 million in milestone payments, all of which now relate to the achievement of significant sales thresholds. Royalties due to us under the Second Amendment are equal to 15% of LabCorp's net revenues from tests performed using our DNA technology licensed under the Second Amendment, and could increase to 17% if LabCorp achieves a significant annual PreGen-Plus net revenue threshold. LabCorp also retains preferential pricing terms over third-party organizations and commercial service laboratories to which we may license our DNA technology for colorectal cancer screening.

The Second Amendment also eliminated our approximately $3.0 million contingent liability to LabCorp resulting from a certain third-party royalty obligation of LabCorp. Under the terms of the Second Amendment, we will potentially be obligated to reimburse LabCorp for certain third-party royalty payments if LabCorp's third-party royalty rate is greater than a specified royalty rate during the

measuring period, as outlined in the table below. Our liability to pay LabCorp pursuant to this provision of the Second Amendment is based on LabCorp's sales volumes of PreGen-Plus during three separate measurement periods, as defined below. A significant increase in PreGen-Plus test sales volumes during any measurement period, as compared to historical sales PreGen-Plus sales levels volumes, could reduce our potential obligation to zero during any measurement period, while test volumes consistent with historical PreGen-Plus sales levels could result in aggregate payments to LabCorp totaling up to $3.5 million over the measurement periods. Until sales of PreGen-Plus increase to a level that would reduce this potential maximum obligation, if ever, we intend to record the estimated obligation under this provision of the Second Amendment as a reduction in the product royalty fee line item in our consolidated statements of operations. Based on low anticipated PreGen-Plus sales volumes prior to any potential FDA approval of our technology, as of December 31, 2007, we have accrued $1.2 million of the total potential $1.5 million obligation related to the first measurement period, which ends in December 2008. This charge was recorded under the caption "Product royalty fees" in our consolidated statements of operations for the year ended December 31, 2007. This obligation is recorded in our consolidated balance sheets under the caption "Third party royalty obligation".

Measurement Period Start Date	Measurement Period End Date	Potential Minimum Third Party Royalty Obligation During Measurement Period	Potential Maximum Third Party Royalty Obligation During Measurement Period
June 28, 2007	December 31, 2008	$ —	$ 1,500,000
January 1, 2009	December 31, 2009	—	1,000,000
January 1, 2010	December 31, 2010	—	1,000,000
		$ —	$ 3,500,000

In addition, as a result of extending the exclusive license period from August 2008 to December 2010, the amortization of the remaining deferred revenue as of the date of the Second Amendment ($4.7 million) related to up-front technology license fees received from LabCorp is amortized on a straight line basis over the extended exclusive license period beginning in the quarter ended September 30, 2007. Additionally, pursuant to the Second Amendment, we could be obligated to reimburse LabCorp for certain costs related to Effipure, up to a maximum of $0.3 million during the term of the exclusive period. We recorded a liability of $45,000 pursuant to this provision of the Second Amendment during the year ended December 31, 2007 under the caption "Cost of product revenue" in our consolidated statements of operations.

The Second Amendment also provided LabCorp with termination rights if stool-based DNA colorectal cancer screening is not accepted as standard of care in the near term, if our Version 2 technology is not commercially launched in the near term, or if our Version 2 technology does not attain certain sensitivity and specificity thresholds during technology validation.

Third Amendment to LabCorp License Agreement —On August 31, 2007, we entered into the third amendment, or Third Amendment, to our exclusive license agreement with LabCorp. The Third Amendment, among other things, added a potential $2.5 million milestone payment for which we may be eligible. The milestone payment is based upon specified minimum policy-level reimbursement approval from Medicare, inclusion of stool-based DNA screening in clinical practice guidelines and the achievement of certain increases in sales levels of PreGen-Plus over a defined measuring period. In addition, the Third Amendment provided that LabCorp will assume sole responsibility, at its expense, for all commercial activities related to LabCorp's stool-based DNA testing service. In accordance with the foregoing, LabCorp also agreed to offer at-will employment to certain of our former personnel.

Fourth Amendment to LabCorp License Agreement —On March 17, 2008, we entered into the fourth amendment, or Fourth Amendment, to our exclusive license agreement with LabCorp. Among other things, the Fourth Amendment further clarified certain license rights of the parties, amended LabCorp's termination rights relating to the failure to launch our Version 2 technology and restricted certain of our termination rights in the event the FDA limits LabCorp's ability to market products that

incorporate technology licensed to LabCorp under our amended license agreement. In addition, the Fourth Amendment eliminated certain of our termination rights for a specified period of time during which LabCorp is not marketing any stool-based DNA test for colorectal cancer as a result of preparing for a commercial launch of a stool-based DNA test for colorectal cancer based on our Version 2 technology.

Our Cost Structure

In October 2006 and again in July 2007, we initiated cost reduction plans and reduced our workforce and other operating expenses, which we refer to as the 2006 Restructuring and the 2007 Restructuring, respectively, to help preserve our cash resources. The 2006 Restructuring eliminated 21 positions, or 48% of our staff at that time, across all departments. As part of the 2007 Restructuring, we eliminated our sales and marketing functions, terminated six employees, and subleased a portion of our leased space at our corporate headquarters. Since these restructurings, our efforts have focused on the pursuit of inclusion of stool-based DNA testing in screening guidelines of the major guidelines organizations, including the guidelines of the ACS and MSTF-CRC, Medicare coverage pursuit for stool-based DNA testing, optimization and validation of our Version 2 technology and, most recently, FDA clearance or approval of our stool-based DNA screening technologies. We continue to assess our facility needs and other operating costs and, as a result, could incur additional restructuring charges in the event we undertake additional activities to reduce facility or other operating costs.

Research and development expenses include costs related to scientific and laboratory personnel, research and clinical studies and reagents and supplies used in the development of our technologies and, effective as of January 1, 2006, non-cash stock-based compensation recorded pursuant to SFAS No. 123 (revised 2004), *Share-Based Payment* , or SFAS No. 123(R). While we took steps in 2006 and 2007 to lower research and development costs by focusing primarily on our Version 2 technology, we may need to invest substantial funds in additional research, design and development, or clinical or other studies that may be required for FDA approval or clearance of our stool-based DNA screening technologies, and to successfully commercialize the technology that is the basis for the PreGen-Plus testing service, or any current or future versions of our technologies or products. In this regard, the costs of reproducibility, or other studies, that may be required by the FDA in connection with our proposed *de novo* 510(k) pre-market clearance notice for our Version 1 and any subsequent filings for other versions of our technologies are expected to be material. We therefore expect that our research and development costs in 2008 could be materially higher than 2007 levels, depending on the scope of studies required by the FDA. See discussion of the FDA status of our technology in "Government Regulation" above.

Selling, general and administrative expenses consist primarily of non-research personnel salaries, office expenses, professional fees and, as of January 1, 2006, non-cash stock-based compensation recorded pursuant to SFAS No. 123(R). As a result of the 2007 Restructuring, in which we eliminated our sales and marketing functions effective August 31, 2007, we do not expect to incur material sales and marketing operating expenses in 2008. We expect general and administrative expenses in 2008 to be higher than 2007 levels, primarily as a result of increased professional fees during 2008 as in connection with our ongoing efforts to obtain FDA regulatory clearance or approval of our DNA-based technologies.

Significant Accounting Policies

This management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition and intangible assets. We base our estimates on historical experience and on various other factors that are believed to be appropriate under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in note 2 to our consolidated financial statements included in this report, we believe that that the following accounting policies and judgments are most critical to aid in fully understanding and evaluating our reported financial results.

Revenue Recognition.

License fees —License fees for the licensing of product rights on initiation of strategic agreements are recorded as deferred revenue upon receipt and recognized as revenue on a straight-line basis over the license period. On June 27, 2007, we amended our exclusive license agreement with LabCorp which, among other modifications to the terms of the license, extended the exclusive license period of the license with LabCorp from August 2008 through December 2010. Accordingly, we amortize the remaining deferred revenue balance at the time of the Second Amendment ($4.7 million) on a straight-line basis over the remaining exclusive license period, which ends in December 2010.

Product royalty fees —Prior to the effective date of the Second Amendment, our product royalty fees were based on a specified contractual percentage of LabCorp's cash receipts from performing PreGen-Plus tests. Accordingly, we recorded product royalty fees based on this specified percentage of LabCorp's cash receipts, as reported to us each month by LabCorp.

Subsequent to the effective date of the Second Amendment, our product royalty fees are based on a specified contractual percentage of LabCorp's net revenues from sales of PreGen-Plus. Accordingly, subsequent to the effective date of the Second Amendment, we record product royalty fees based on the specified contractual percentage of LabCorp's net revenues from sales of PreGen-Plus, as reported to us each month by LabCorp. The current royalty rate is 15%, subject to increase to 17% in the event that LabCorp achieves a specified significant threshold of annual net revenues from the sales of PreGen-Plus.

Additionally, pursuant to the Second Amendment, we will potentially be obligated to reimburse LabCorp for certain third-party royalty payments, as described in Note 3 to the consolidated financial statements located elsewhere in this annual report. To the extent we incur liabilities in connection with this provision of the Second Amendment, the accretion of such liabilities will be recorded as a reduction in the product royalty fee line item in our consolidated statements of operations.

Product revenue —Product revenue from the sale of certain components of our Effipure technology to LabCorp is recognized upon transfer of the components provided that title passes, the price is fixed or determinable and collection of the receivable is probable.

Other revenue —Revenue from milestone and other performance-based payments will be recognized as revenue when the milestone or performance is achieved and collection of the receivable is estimable and probable.

Patent Costs. Patent costs are capitalized as incurred and are amortized beginning when patents are issued over an estimated useful life of five years. Capitalized patent costs are expensed upon disallowance of the patent, upon a decision by us to no longer pursue the patent, or when the related intellectual property is deemed to be no longer of value to us.

We apply SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets* , or SFAS No. 144, which requires us to continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and certain identifiable intangibles may warrant revision or that the carrying value of these assets may be impaired. Such events may include whether stool-based DNA screening is included in colorectal cancer screening guidelines or a change in the regulatory requirements for PreGen-Plus. We did not record any impairment charges during the year ended December 31, 2007.

Stock-Based Compensation. We adopted SFAS No. 123(R) effective January 1, 2006 using the modified prospective transition method. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options and shares purchased under an employee stock purchase plan (if certain parameters are not met), to be recognized in the financial statements based on their fair values. SFAS No. 123(R) did not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123, as originally issued and EITF 96-18 *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* . Prior to January 1, 2006, we accounted for stock-based compensation under the provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* .

We believe that full consideration has been given to all relevant circumstances that we may be subject to, and the financial statements accurately reflect our best estimate of the results of operations, financial position and cash flows for the periods presented.

Critical Accounting Estimate

Third Party Royalty Obligation. Under the terms of our amended license agreement with LabCorp, we are potentially liable to reimburse LabCorp for a certain third-party royalty payment made by LabCorp in connection with its sales of PreGen-Plus. Our potential liability is described under the section "Amendments to LabCorp License Agreement" above. In connection with this obligation, we recorded charges of $1.2 million under the caption "Product royalty fees" in our consolidated statements of operations during the year ended December 31, 2007. This obligation is recorded in our consolidated balance sheets under the caption "Third party royalty obligation".

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* , or the Interpretation. The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes* . The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. We adopted the Interpretation effective January 1, 2007 and it did not have a material impact on our consolidated results of operations, financial position or cash flows.

In September 2006, FASB issued Statement No. 157, *Accounting for Fair Value Measurements* , or SFAS No. 157. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, with early adoption permitted. We do not expect the adoption of this standard to have a material impact on our consolidated results of operations, financial position or cash flows.

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* , or SAB No. 108. SAB No. 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB No. 108 establishes an approach that requires quantification of financial statement errors based on the effects on each of the company's balance sheet and statement of operations and the related financial statement disclosures. SAB No. 108 permits existing public companies to record the

cumulative effect of initially applying this approach in the first year ending after November 15, 2006 by recording the necessary correcting adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings. Additionally, the use of the cumulative effect transition method requires detailed disclosure of the nature and amount of each individual error being corrected through the cumulative adjustment and how and when it arose. The adoption of SAB No. 108 in the first quarter of fiscal 2007 did not have any impact on our financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115* , or SFAS No. 159. SFAS No. 159 provides entities with an option to choose to measure eligible items at fair value at specified election dates. If elected, an entity must report unrealized gains and losses on the item in earnings at each subsequent reporting date. The fair value option may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method, is irrevocable (unless a new election date occurs); and is applied only to entire instruments and not to portions of instruments. SFAS No. 159 is effective for the company in 2008. We are currently evaluating if we will elect the fair value option for any of our eligible financial instruments and other items and currently, we do not expect that the adoption of SFAS No. 159 will have a material impact on our financial statements.

In June 2007, the FASB issued EITF Issue No. 07-3, *Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities* , or EITF 07-3. EITF 07-3 requires that nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. The capitalized amounts should be expensed as the related goods are delivered or the services are performed. EITF 07-3 is effective for new contracts entered into during fiscal years beginning after December 15, 2007. We are currently analyzing the effect, if any, EITF 07-3 will have on our financial position and results of operations.

Results of Operations

Comparison of the years ended December 31, 2007 and 2006

Revenue. Total revenue decreased to $1.8 million for the year ended December 31, 2007, from $4.8 million for the year ended December 31, 2006. Total revenue is primarily composed of the amortization of up-front technology license fees associated with our amended license agreement with LabCorp that are being amortized on a straight-line basis over the exclusive license period, which ends in December 2010 and, to a lesser extent, royalties on LabCorp's sales of PreGen-Plus, and sales of Effipure units to LabCorp.

The decrease in total revenue for the year ended December 31, 2007 when compared to the year ended December 31, 2006, was primarily the result of a decrease of approximately $1.5 million in non-cash license fee amortization revenue resulting from the Second Amendment, which extended the exclusive period under our license agreement with LabCorp from August 2008 to December 2010. As a result of this extension, the remaining unamortized up-front license fees that LabCorp previously paid to us ($4.7 million at the time of the Second Amendment) are now being recognized over a longer period of time, resulting in lower non-cash license fee amortization as compared to prior periods.

In addition, product royalty revenues were $1.3 million lower for the year ended December 31, 2007, when compared to the year ended December 31, 2006, due to charges of $1.2 million recorded in the product royalty revenue line item of our consolidated statements of operations in the year ended December 31, 2007 in connection with a certain third-party royalty reimbursement obligation to LabCorp. These charges to product royalty revenue were recorded pursuant to the Second Amendment and resulted in negative product royalty revenue for the year ended December 31, 2007. Our obligation to pay LabCorp under this provision of our amended license agreement is based on LabCorp's sales volumes of PreGen-Plus during three measurement periods over the exclusive license period, which

ends in December 2010. A significant increase in PreGen-Plus test sales volumes during any of the measurement periods described under the heading "Amendments to LabCorp License Agreement" above could reduce our obligation related to that period, while test volumes consistent with historical PreGen-Plus sales levels could result in aggregate payments to LabCorp of up to $3.5 million over the remaining exclusive license period. Based on sales volumes that we anticipate in light of the current regulatory and reimbursement status of our technology, as of December 31, 2007,we have accrued $1.2 million of the total potential $1.5 million obligation related to the first measurement period, which ends in December 2008. Future increases in this obligation, to the extent necessary, will continue to be recorded as charges to the product royalty revenue line item of our consolidated statements of operations.

During 2006, LabCorp informed the FDA that it was working on changes to PreGen-Plus that could eliminate the use of Effipure. We, therefore, do not expect to record material revenues from the sale of Effipure components to LabCorp during 2008 or beyond. The loss of this revenue during 2008 is not expected to have a material impact on our total revenues.

The prospective impact of our amended license agreement with LabCorp on our license fee revenue and our product royalty fee revenue is described above.

Cost of revenue. Total cost of revenue decreased to $49,000 for the year ended December 31, 2007 from $0.8 million for the year ended December 31, 2006. Total cost of revenue includes both the cost of Effipure components sold to LabCorp as well as the cost of product royalty revenue owed to third parties for technology currently incorporated into PreGen-Plus. During 2006, we recorded charges to cost of revenue of approximately $0.7 million as a result of LabCorp's decision to discontinue use of Effipure in the processing of PreGen-Plus tests. These write-offs resulted in the decrease in cost of revenue when comparing the year ended December 31, 2007 to December 31, 2006.

There can be no assurance that LabCorp will be able to identify an alternative process for Effipure in connection with LabCorp's processing of the PreGen-Plus test, which could result in interruption in the PreGen-Plus testing service and could materially harm our business. There can also be no assurance that LabCorp will cease using Effipure in the processing of PreGen-Plus tests if LabCorp does not have a suitable alternative to Effipure in place. As of December 31, 2007 and 2006, the carrying value of our Effipure inventory was $0. Under the terms of the Second Amendment, we may be obligated to pay LabCorp up to a maximum of $0.3 million in connection with certain costs related to Effipure, $45,000 of which was charged to cost of sales in our consolidated statements of operations for the three months ended September 30, 2007.

Research and development expenses. Research and development expenses decreased to $4.9 million for the year ended December 31, 2007 from $6.7 million for the year ended December 31, 2006. This decrease was primarily the result of the cost reduction plan undertaken in connection with the 2006 Restructuring. Pursuant to the 2006 Restructuring, we took actions to reduce our headcount across all departments in order to lower our overall cost structure and focused our research and development organization on the optimization and validation of our Version 2 technology. Included in the decrease in research and development expenses for the year ended December 31, 2007, as compared to the year ended December 31, 2006, were decreases of $0.9 million in personnel-related expenses, $0.7 million in laboratory operating costs, $0.5 million in laboratory supplies, $0.4 million in non-cash stock-based compensation charges related to employee option awards, and $0.2 million in clinical study expenses, all of which resulted from the restructuring activities discussed above. These decreases in operating expenses were partially offset by an increase in licensing costs of $0.9 million, related primarily to licenses for our Version 2 technology. This increase included approximately $0.3 million in non-cash stock-based compensation recorded in connection with the issuance of 100,000 shares of our common stock to Oncomethylome Sciences S.A., or OMS, on June 14, 2007 pursuant to the terms of a Manufacturing and Supply Agreement with OMS.

Sales and marketing expenses. Sales and marketing expenses decreased to $1.0 million for the year ended December 31, 2007 from $3.8 million for the year ended December 31, 2006. This decrease was the result of the elimination of our sales and marketing functions effective August 31, 2007, as described under the heading "2007 Restructuring" below.

General and administrative expenses. General and administrative expenses increased to $7.5 million for the year ended December 31, 2007, compared to $6.9 million for the year ended December 31, 2006. The increase was primarily the result of an increase of $0.5 million in non-cash stock-based compensation expense due to the acceleration of the vesting of 216,251 shares of previously unvested stock options, with a weighted average exercise price of $2.94 per share, held by Don M. Hardison, our former President and Chief Executive Officer, as well as the extension of the expiration date of all of Mr. Hardison's outstanding options, covering an aggregate of 1,025,560 shares, through August 31, 2009. Mr. Hardison resigned from the Company effective August 31, 2007, and, pursuant to a separation agreement between us and Mr. Hardison, Mr. Hardison is prohibited from selling, prior to August 31, 2009, any of the shares of common stock obtained upon the exercise of any accelerated stock options. In connection with these stock option modifications, we recorded one-time stock-based compensation charges of approximately $0.7 million in the quarter ended September 30, 2007 in accordance with the provisions of SFAS No. 123(R). Also contributing to the increase in general and administrative expenses was an increase in professional fees of $0.3 million in connection with our ongoing regulatory efforts. These increases were partially offset by a decrease of $0.2 million in salary, benefit and other costs due to a reduction in general and administrative headcount during the year ended December 31, 2007, as compared to the year ended December 31, 2006.

2007 Restructuring. During the third quarter of 2007, in connection with the Third Amendment, we terminated five employees and one employee effective August 31, 2007 and October 31, 2007, respectively. The 2007 Restructuring was principally designed to eliminate our sales and marketing functions to reduce costs and help preserve our cash resources. In connection with the 2007 Restructuring, we recorded restructuring charges of approximately $0.8 million during the three months ended September 30, 2007 primarily related to one-time termination benefits arising under retention and severance agreements with each of the terminated employees. Since the 2007 Restructuring, our efforts have been focused on:

- the pursuit of inclusion of stool-based DNA testing in screening guidelines of the major guidelines organizations, including the guidelines that resulted from the joint efforts of the ACS and the MSTF-CRC;
- Medicare coverage pursuit for stool-based DNA testing;
- validation and optimization of our Version 2 technology; and
- the pursuit of FDA clearance for our stool-based DNA screening technologies.

Restructuring charges recorded during the third quarter of 2007 of $0.8 million included $0.6 million in severance and related benefit costs expected to be paid in cash through May 2008, and $0.2 million in non-cash stock-based compensation charges. We extended by nine months, to August 31, 2008, the expiration date of stock options to purchase up to 726,052 shares, with a weighted average exercise price of $6.41 per share, held by employees that were terminated as a part of the 2007 Restructuring. Pursuant to the measurement provisions of SFAS No. 123(R), we recorded one-time non-cash stock-based compensation charges of $0.2 million in connection with these stock option modifications in our consolidated statements of operations during the quarter ended September 30, 2007. See Note 9 to our consolidated financials statements included elsewhere in this report for a description of these stock option modifications.

During the fourth quarter of 2007, we entered into a sublease agreement, or the Sublease Agreement, to sublease approximately 11,834 square feet of rentable area in our corporate headquarters. The term of the Sublease Agreement, which commenced on December 15, 2007, is 32 months with a base rent of $266,265 per year. The subtenant has no rights to renew or extend the

Sublease Agreement. Under the terms of the Sublease Agreement, the subtenant was required to provide a security deposit of $35,000 and will be required to pay its pro rata share of any building operating expenses and real estate taxes. We believe that our remaining 25,537 square feet of leased space is adequate for our current requirements.

In connection with the Sublease Agreement, we recorded restructuring charges of approximately $0.4 million during the fourth quarter of 2007 (included opposite the caption "Facility consolidation costs" in the table below), which consist of approximately $0.3 million in future cash payments related to the difference between our committed lease payments and the estimated sublease rental income under the Sublease Agreement and approximately $0.1 million of non-cash charges related to the write-off of leasehold improvements abandoned in connection with the Sublease Agreement. Our decision to enter into the Sublease Agreement was deemed to be an impairment indicator under SFAS No. 144. As a result of performing the impairment evaluations, asset impairment charges of $0.1 million were recorded to adjust the carrying value of the related leasehold improvements to their net realizable value. Facility consolidation costs also include one-time real estate transaction fees in connection with the Sublease Agreement.

Amounts remaining in the 2007 Restructuring accrual at December 31, 2007, which are expected to be paid out through July 2010, are recorded under the caption "Accrued expenses" in our condensed consolidated balance sheets. The right of terminated employees to continue to receive severance payments from us will be dependent upon when, and if, the terminated employees secure employment with another employer during the defined severance period and, therefore, our estimate of the total restructuring charges may be adjusted in future periods.

The following table summarizes the 2007 Restructuring activities during the year ended December 31, 2007. Amounts included in the table are in thousands.

Type of Liability	Balance, December 31, 2006	Charges	Cash Payments	Non-cash Write-offs	Balance, December 31, 2007
Employee separation costs	$ —	$ 588	$ (364)	$ —	$ 224
Facility consolidation costs	—	387	(34)	(85)	268
Total	$ —	$ 975	$ (398)	$ (85)	$ 492

The charges outlined in the table above exclude $0.2 million in non-cash stock-based compensation expense recorded in connection with the stock option modifications discussed above.

We account for restructuring charges in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* , or SFAS No. 146. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at its fair value in the period in which the liability is incurred, except for one-time termination benefits that meet specified requirements.

Interest income. Interest income decreased to $0.9 million for the year ended December 31, 2007 from $1.3 million for the year ended December 31, 2006. The decrease in interest income was due primarily to lower average cash, cash equivalents and marketable securities balances held during the year ended December 31, 2007 as compared to the year ended December 31, 2006.

Comparison of the years ended December 31, 2006 and 2005

Revenue. Total revenue increased to $4.8 million for the year ended December 31, 2006 from $4.3 million for the year ended December 31, 2005. All of our revenues are derived from our license agreement with LabCorp. Revenue is primarily composed of the amortization of up-front technology license fees associated with agreements signed with LabCorp that are being amortized on a straight-line basis over the exclusive license period, which ends in August 2008, and, to a lesser extent, royalties on LabCorp's sales of PreGen-Plus and sales of Effipure units to LabCorp.

The increase in total revenue for the year ended December 31, 2006 as compared to the year ended December 31, 2005 was primarily the result of a one-time, non-cash reduction in revenue of $0.6 million recorded in June 2005 in connection with the amendment of a warrant issued to LabCorp in June 2002 to purchase 1,000,000 shares of our common stock, at an exercise price of $16.09 per share. At the time of issuance, the LabCorp warrant had an expiration date of June 26, 2005. On June 24, 2005, we entered into an amendment to the warrant to extend the expiration date to August 13, 2008, which is the expiration date of the exclusive period under our license agreement with LabCorp. All other terms of the warrant were unaffected. We assigned a value to the warrant extension of $0.6 million using the Black-Scholes option pricing model. In accordance with Emerging Issues Task Force Issue No. 01-09, *Accounting for Consideration Given by a Vendor to a Customer* , we recorded the cost of the warrant extension as a one-time, non-cash reduction in license fee revenue of $0.6 million in the quarter ended June 30, 2005.

During 2006, LabCorp informed the FDA that it was working on changes to PreGen-Plus that could eliminate the use of Effipure. We, therefore, do not expect to record material revenues from the sale of Effipure components to LabCorp during 2007 or beyond. The loss of this revenue beginning in 2007 is not expected to have a material impact on our gross margins because, under our agreement with LabCorp, our Effipure sales to LabCorp resulted in no gross margin as LabCorp reimbursed us only for our costs to provide Effipure to them.

Cost of revenue. Total cost of revenue includes both the cost of Effipure components sold to LabCorp as well as the cost of product royalty revenue owed to third-parties for technology currently incorporated into PreGen-Plus. Total cost of revenue increased to $0.8 million for the year ended December 31, 2006 from $0.6 million for the year ended December 31, 2005. The increase in the cost of product revenue for the year ended December 31, 2006 as compared to the same period of the prior year was primarily the result of higher write-offs of Effipure inventory. We wrote off $0.7 million and $0.4 million in excess Effipure inventory during the years ended December 31, 2006 and 2005, respectively. Specifically, we wrote off approximately $0.5 million in excess Effipure inventory units during the quarter ended March 31, 2006 as a result of LabCorp's decision to discontinue use of Effipure in the processing of PreGen-Plus tests beyond 2006.

During the development of the manufacturing and supply chain processes for Effipure components, we entered into agreements with certain suppliers and contract manufactures to produce components utilized in Effipure. Certain of these supply agreements included minimum purchase commitments to be fulfilled by us over the life of the agreements, the last of which expired in April 2006. As of December 31, 2006, the carrying value of our Effipure inventory was $0.

There can be no assurance that LabCorp will be able to identify an alternative process for Effipure in connection with LabCorp's processing of the PreGen-Plus test, which could result in interruption in the PreGen-Plus testing service and could materially harm our business. There can also be no assurance that LabCorp will cease using Effipure in the processing of PreGen-Plus tests in 2007 if LabCorp does not have a suitable alternative to Effipure in place.

Research and development expenses. Research and development expenses decreased to $6.7 million for the year ended December 31, 2006 from $8.0 million for the year ended December 31, 2005. The decrease in the year ended December 31, 2006 as compared to the same period of 2005 was primarily the result of the completion of the primary clinical study supporting Version 2 of our stool-based DNA technology in late 2005, resulting in lower research and development expenses in the year ended December 31, 2006 as compared to the same period of 2005. In addition, as described under the heading "Restructuring" below, we took actions in October 2006 to reduce our headcount across all departments in order to lower our overall cost structure. This restructuring drove the reduction in research and development costs when comparing the year ended December 31, 2006 to December 31, 2005. Included in the decrease in research and development expenses for the year ended December 31, 2006, as compared to the year ended December 31, 2005, were decreases of $0.5 million in personnel-related expenses, $0.5 million in clinical study expenses, $0.4 million related to laboratory space and

$0.3 million in laboratory supplies. These decreases were partially offset by an increase of $0.5 million in stock-based compensation expense for the year ended December 31, 2006 as compared to the same period of 2005 as a result of the adoption of SFAS No 123(R) on January 1, 2006.

Sales and marketing expenses. Sales and marketing expenses decreased to $3.7 million for the year ended December 31, 2006 from $5.2 million for the year ended December 31, 2005. This decrease was primarily due to a decrease of $1.5 million in personnel related expenses for the year ended December 31, 2006 as compared to the same period of 2005 as a result of a reduction in the size of our sales and marketing force from seventeen employees at December 31, 2005 to five employees at December 31, 2006. We also reduced our external advertising, marketing and promotional spending by $0.7 million during the year ended December 31, 2006 as compared to the year ended December 31, 2005. These reductions reflect a focus on spending primarily on those initiatives that directly or indirectly support guidelines inclusion, as well as a shift away from direct marketing to physicians to third-party payor groups, self-insured employers and technology assessment groups. These decreases were partially offset by an increase of $0.8 million in stock-based compensation expense for the year ended December 31, 2006 as compared to the same period of 2005 as a result of the adoption of SFAS No 123(R) on January 1, 2006.

General and administrative expenses. General and administrative expenses increased to $6.9 million for the year ended December 31, 2006 from $5.5 million for the year ended December 31, 2005. This increase was primarily the result of an increase of $1.1 million in stock-based compensation expense recorded in the year ended December 31, 2006, as compared to the same period of 2005, as a result of the adoption of SFAS No. 123(R) on January 1, 2006. Also included in the increase in general and administrative expenses for the year ended December 31, 2006 as compared to the year ended December 31, 2005 were increases in professional fees of $0.2 million, and personnel related expenses of $0.1 million resulting from the accrual of retention bonuses in the fourth quarter of 2006.

Restructuring

2006 Restructuring. On October 17, 2006, we initiated a plan to reduce our cost structure by eliminating 21 positions, or 48% of our staff, across all departments to reduce expenses. This workforce reduction reflects our intention to reduce employee related costs, as well as our overall research and development and sales and marketing costs, in order to preserve existing cash and cash equivalents.

Pursuant to the restructuring, we accrued charges of $0.7 million in the quarter ended December 31, 2006 in connection with one-time employee termination benefits, including severance and outplacement services.

Amounts remaining in the restructuring accrual at December 31, 2006 are expected to be paid out through September 2007 and are recorded under the caption "Accrued expenses" in the condensed consolidated balance sheets at December 31, 2006. Amounts included in the table are in thousands.

Type of Liability	Balance, September 30, 2006	Charges	Cash Payments	Non-cash Write-downs	Balance, December 31, 2006
Employee separation costs	$ —	$ 671	$ (388)	$ —	$ 283
Total	$ —	$ 671	$ (388)	$ —	$ 283

2005 Restructuring. In February 2005, we took steps to focus our research and development efforts primarily on improving the sensitivity and other performance aspects of our technology and reduced our cost structure accordingly. We discontinued certain research efforts, reduced our workforce by ten employees, principally in the research and development functions, and amended the lease for our corporate headquarters in Marlborough, MA to reduce the total space leased at the facility from approximately 56,000 square feet to approximately 37,000 square feet.

Pursuant to the restructuring plan, we accrued charges of $0.6 million in the quarter ended March 31, 2005. As of June 30, 2005 all liabilities related to the restructuring had been paid. The table below summarizes the restructuring activities during the year ended December 31, 2005. Amounts included in the table are in thousands.

Type of Liability	Balance, December 31, 2004	Charges	Cash Payments	Non-cash Write-downs	Balance, December 31, 2005
Employee separation costs	$ —	$ 246	$ (246)	$ —	$ —
Facility consolidation costs	—	380	(98)	(282)	—
Total	$ —	$ 626	$ (344)	$ (282)	$ —

Employee separation costs in the table above relate to severance packages and out-placement services for employees affected by the restructuring. Our decision to reduce the total space leased and abandon the related leasehold improvements was deemed to be an impairment indicator under SFAS No. 144. As a result of performing the impairment evaluations, asset impairment charges of $0.3 million (included opposite the caption "Facility consolidation costs" in the table above) were recorded to adjust the carrying value of the related leasehold improvements to their net realizable value. Facility consolidation costs also include one time real estate transaction fees in connection with the lease amendment to reduce the space occupied at our corporate headquarters.

Interest income. Interest income increased to $1.3 million for the year ended December 31, 2006 from $1.1 million for the year ended December 31, 2005. This increase was due to an increase in interest rates on investments held during the year ended December 31, 2006 as compared to the same period of 2005, partially offset by lower average cash, cash equivalents and marketable securities balances held during the year ended December 31, 2006 as compared to the year ended December 31, 2005.

Liquidity and Capital Resources

We have financed our operations since inception primarily through private sales of preferred stock, public offerings of common stock in February 2001 and February 2004 and cash received from LabCorp in connection with our license agreement. As of December 31, 2007, we had approximately $12.6 million in unrestricted cash, cash equivalents and marketable securities and $0.7 million in restricted cash, which has been pledged as collateral for an outstanding letter of credit in connection with the lease for our Marlborough, Massachusetts facility.

All of our investments in marketable securities are comprised of fixed income investments and all are deemed available-for-sale. The objectives of this portfolio are to provide liquidity and safety of principal while striving to achieve the highest rate of return, consistent with these two objectives. Our investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Net cash used in operating activities was $8.8 million, $12.2 million and $16.0 million for the years ended December 31, 2007, 2006 and 2005, respectively. The principal use of cash in operating activities for each of the years ended December 31, 2007, 2006 and 2005 was to fund our net loss. The decrease in net cash used in operating activities for the year ended December 31, 2007 as compared to the year ended December 31, 2006, as well as for the year ended December 31, 2006 as compared to the year ended December 31, 2005, was primarily due to decreases in sales and marketing and applied research spending as a result of multiple restructuring and cost reduction actions taken during 2006 and 2007, which are discussed elsewhere in this report. Cash flows from operations can vary significantly due to various factors, including changes in our operations, prepaid expenses, accounts payable and accrued expenses.

Net cash provided by investing activities was $8.0 million, $4.5 million and $15.8 million for the years ended December 31, 2007, 2006 and 2005, respectively. Excluding the impact of purchases and maturities of marketable securities, net cash used in investing activities was $0.1 million for the year ended December 31, 2007 and $0.4 million in each of the years ended December 31, 2006 and 2005.

Purchases of property and equipment of $0.1 million during the year ended December 31, 2007 were materially consistent with purchases of property and equipment for the years ended December 31, 2006 and 2005. Excluding activities that may be required by the FDA, we expect that purchases of property and equipment during 2008 will be consistent with amounts invested during 2007, although studies required by the FDA in connection with our technologies may require that we purchase additional property and equipment in 2008. We reduced the expenditures related to our capitalized patent portfolio for the year ended December 31, 2007 compared to the years ended December 31, 2006 and 2005, and we expect that investments made in our patent portfolio during 2008 will be materially consistent with amounts invested during 2007.

Net cash provided by financing activities was $0.4 million, $0.5 million and $0.1 million for the years ended December 31, 2007, 2006 and 2005, respectively, and was the result of decreases in restricted cash in connection with the lease for our corporate headquarters and proceeds received from the issuance of common stock under our employee stock option and purchase plans.

As discussed elsewhere in this report, we have received a report from our independent registered public accounting firm regarding our consolidated financial statements for the fiscal year ended December 31, 2007 that includes an explanatory paragraph stating that the financial statements have been prepared assuming we will continue as a going concern. The explanatory paragraph states the following condition, which raises substantial doubt about our ability to continue as a going concern: we have incurred recurring operating losses and we do not have enough cash resources to support future operations without obtaining additional financing. As a result of the restructuring actions taken in 2007 and 2006, we expect that cash, cash equivalents and short-term investments on hand at December 31, 2007 will be sufficient to fund our current operations through 2008. This projection is based on our current cost structure and our current expectations regarding the cost and timing of studies and other requirements that we believe are likely to obtain FDA regulatory clearance for our Version 1 technology. We have not yet reached final agreement with the FDA regarding any studies that would be necessary for the clearance or approval of Version 1 of our DNA-based technology, and the costs of any such studies could require us to obtain additional funding or engage in a strategic collaboration with a third party before previously expected. We do not expect that product royalty payments or milestone payments from LabCorp will materially supplement our liquidity position in the next twelve months, if at all. Under the terms of our amended license agreement with LabCorp, we are eligible to receive up to an aggregate of $42.5 million in milestone payments, primarily all of which relates to the achievement of certain significant cumulative LabCorp sales thresholds that depend upon LabCorp's widespread success with respect to its sales of PreGen-Plus. Because these milestone payments are not expected in the foreseeable future, if at all, we do not believe that any payments pursuant to our agreement with LabCorp will be sufficient or timely enough to meet our liquidity needs. Since we have no current sources of material ongoing revenue, we will have to raise additional monies during 2008 through the sale of debt or equity securities, collaborations with third parties or other strategic opportunities, if any, to continue our business operations beyond the end of our 2008 fiscal year. We cannot assure you that any of these alternatives will be successful, or even available, or that our actual cash requirements will not be greater than anticipated. If we are unable to obtain the required funds to enable us to fund our operations through the completion of any financing or other strategic opportunities that may become available to us, we will be required to further reduce the scale of our business operations in which case our business, financial condition, and results of operations would be materially adversely affected and we may be required to seek bankruptcy protection. Even if we successfully raise sufficient funds to continue our operations beyond fiscal 2008, we cannot assure you that our business will ever generate sufficient cash flow from operations.

The table below reflects our estimated fixed obligations and commitments as of December 31, 2007:

Description	Total	Payments Due by Period			
		Less Than One Year	1–3 Years	3–5 Years	More Than 5 Years
			(in Thousands)		
Obligations under license and collaborative agreements	$ 9,164	$ 1,259	$ 3,130	$ 1,630	$ 3,145
Operating lease obligations	2,606	988	1,618	—	—
Purchase obligations	407	407	—	—	—
Total	$ 12,177	$ 2,654	$ 4,748	$ 1,630	$ 3,145

Obligations under license and collaboration agreements represent on-going commitments under various research collaborations and licensing agreements. This category includes a potential obligation to reimburse LabCorp for a certain third-party royalty, up to an aggregate maximum of $3.5 million, during three defined measurement periods between June 28, 2007 and December 31, 2010. Although payment of this potential obligation is dependent upon LabCorp's sales levels of PreGen-Plus during the measurement periods, the total potential $3.5 million obligation has been included in the table above based on historical sales levels of PreGen-Plus. Commitments under license agreements generally expire concurrent with the expiration of the intellectual property licensed from the third party. Operating leases reflect remaining obligations associated with leased facilities in Marlborough, Massachusetts. Purchase obligations primarily represent a potential $0.3 million obligation to reimburse LabCorp for certain costs related to Effipure as well as commitments associated with our research and development activities.

We do not have any special purpose entities or any other off-balance sheet financing arrangements.

Our anticipated future capital requirements include, but are not limited to, continued funding of our development efforts, including product development and FDA submissions, clinical and other studies required for such FDA submissions and resubmission of our CMS application for approval of our technologies, and continued investment in our intellectual property estate. Our future capital requirements may depend on many factors, including the following:

- the regulatory requirements for PreGen-Plus, or other stool-based DNA testing services utilizing our technologies, and the timing of any required regulatory approval process;
- our ability to attract third parties to support the development of an FDA-cleared or approved product based on our technologies;
- acceptance, endorsement and formal policy approval of stool-based DNA screening for reimbursement by Medicare and other third-party payors;
- our ability to achieve milestones under our strategic agreement with LabCorp;
- a determination that additional studies surrounding our technologies are needed;
- a sustained level of interest and commitment by LabCorp in the commercialization of our technologies;
- stool-based DNA screening becoming a standard of care among prescribing physicians;
- the scope of and progress made in our research and development activities;
- threats posed by competing technologies;
- new out-licensing arrangements relating to our technologies; and
- the successful commercialization and sales growth of PreGen-Plus, or other stool-based DNA testing services utilizing our technologies.

Additionally, if our Version 1 technology is not cleared or approved by the FDA in the near term, LabCorp could decide to stop offering the current version of Pre-Gen Plus. Furthermore, LabCorp could decide not to launch Version 2 of its testing service, or could decide to defer any potential future launch of Version 2 of its testing service until that version has been approved or cleared by the FDA, if ever. Alternatively, based on a number of factors, including a finite supply of materials required to process Version 1, LabCorp may decide to discontinue the use of Version 1 of our technologies and convert to the use of Version 2. Such conversion could result in an interruption in service and a delay during which no version of the test utilizing our technologies remains on the market. Either of these situations will limit our revenue and materially adversely affect our business and cash reserves. Moreover, in a proposed decision memo dated January 30, 2008, CMS decided not to provide coverage for Version 1 of our technology because it is not cleared or approved by the FDA. While the CMS proposed decision memo from January 30, 2008 stated that it would reconsider our application for coverage of Version 1 after an FDA approval, if ever, CMS may decide to reject any subsequent application for payment outright, or may provide reimbursement at low rate that would make commercialization of our technology on a broad scale economically impossible. Additionally, if Version 1, Version 2, or any subsequent versions of our technology are not approved by the FDA, such technologies will, we believe, similarly not be approved by CMS, each of which will materially adversely affect our business and we may never be successful. Both the FDA and CMS positions with respect to any of our technologies, at any point in time, could also negatively impact any potential reimbursement of our technologies from third-party payors, which would also have a materially adverse affect on our business.

Net Operating Loss Carryforwards

As of December 31, 2007, we had net operating loss carryforwards of approximately $136.7 million and tax credit carryforwards of approximately $3.2 million. The net operating loss and tax credit carryforwards will expire at various dates through 2027, if not utilized. The Internal Revenue Code and applicable state laws impose substantial restrictions on a corporation's utilization of net operating loss and tax credit carryforwards if an ownership change is deemed to have occurred.

A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before we are able to realize their benefit, or that future deductibility is uncertain. In general, companies that have a history of operating losses are faced with a difficult burden of proof on their ability to generate sufficient future income within the next two years in order to realize the benefit of the deferred tax assets. We have recorded a valuation against our deferred tax assets based on our history of losses. The deferred tax assets are still available for us to use in the future to offset taxable income, which would result in the recognition of tax benefit and a reduction to our effective tax rate.

Off-Balance Sheet Arrangements

As of December 31, 2007, we had no off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is principally confined to our cash, cash equivalents and marketable securities. We invest our cash, cash equivalents and marketable securities in securities of the U.S. governments and its agencies and in investment-grade, highly liquid investments consisting of commercial paper, bank certificates of deposit and corporate bonds, all of which are currently invested in the U.S. and are classified as available-for-sale. We place our cash equivalents and marketable securities with high-quality financial institutions, limit the amount of credit exposure to any one institution and have established investment guidelines relative to diversification and maturities designed to maintain safety and liquidity.

Based on a hypothetical ten percent adverse movement in interest rates, the potential losses in future earnings, fair value of risk-sensitive financial instruments, and cash flows are immaterial, although the actual effects may differ materially from the hypothetical analysis.

Item 8. Financial Statements and Supplementary Data

EXACT SCIENCES CORPORATION

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of EXACT Sciences Corporation:

We have audited the accompanying consolidated balance sheets of EXACT Sciences Corporation as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EXACT Sciences Corporation at December 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that EXACT Sciences Corporation will continue as a going concern. As more fully described in Note 1, the Company's recurring operating losses and limited cash resources raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 1. The 2007 financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

As discussed in Notes 2 and 8 to the consolidated financial statements, on January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R) , *Share-Based Payment* .

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), EXACT Sciences Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 17, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 17, 2008

EXACT SCIENCES CORPORATION

Consolidated Balance Sheets

(Amounts in thousands, except share data)

	December 31, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,486	$ 4,831
Marketable securities	8,101	16,244
Prepaid expenses and other current assets	275	386
Total current assets	12,862	21,461
Property and Equipment, at cost:		
Laboratory equipment	3,730	3,832
Office and computer equipment	1,420	1,413
Leasehold improvements	1,161	1,259
Furniture and fixtures	299	299
	6,610	6,803
Less—Accumulated depreciation and amortization	(6,009)	(5,959)
	601	844
Patent costs, net of accumulated amortization of $3,019 and $2,871 at December 31, 2007 and 2006, respectively	432	763
Restricted cash	700	800
	$ 14,595	$ 23,868
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 245	$ 158
Accrued expenses	2,811	1,844
Deferred license fees, current portion	1,350	4,363
Total current liabilities	4,406	6,365
Third party royalty obligation	1,200	—
Deferred license fees, less current portion	2,701	2,545
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, $0.01 par value		
Authorized—5,000,000 shares		
Issued and outstanding—0 shares at December 31, 2007 and 2006	—	—
Common stock, $0.01 par value		
Authorized—100,000,000 shares		
Issued and outstanding—27,225,541 and 26,863,363 shares at December 31, 2007 and 2006, respectively	273	269
Additional paid-in capital	168,813	165,545
Treasury stock, at cost, 85,550 shares	(97)	(97)
Other comprehensive income	23	6
Accumulated deficit	(162,724)	(150,765)
Total stockholders' equity	6,288	14,958
	$ 14,595	$ 23,868

The accompanying notes are an integral part of these consolidated financial statements.

EXACT SCIENCES CORPORATION

Consolidated Statements of Operations

(Amounts in thousands, except per share data)

	Year Ended December 31,		
	2007	2006	2005
Revenue:			
Product royalty fees	$ (1,137)	$ 179	$ 206
License fees	2,857	4,363	3,828
Product	78	208	216
	1,798	4,750	4,250
Cost of revenue:			
Product royalty fees	4	12	13
Product	45	797	553
	49	809	566
Gross profit	1,749	3,941	3,684
Operating expenses:			
Research and development(1)	4,887	6,735	7,956
Sales and marketing(1)	991	3,792	5,239
General and administrative(1)	7,541	6,910	5,497
Restructuring(1)	1,177	671	626
	14,596	18,108	19,318
Loss from operations	(12,847)	(14,167)	(15,634)
Interest income	888	1,252	1,114
Net loss	$ (11,959)	$ (12,915)	$ (14,520)
Net loss per share—basic and diluted	$ (0.44)	$ (0.49)	$ (0.55)
Weighted average common shares outstanding—basic and diluted	26,945	26,509	26,270

(1) Non-cash stock-based compensation expense included in these amounts are as follows:

Research and development	$ 541	$ 653	$ 113
Sales and marketing	202	956	152
General and administrative	1,889	1,397	240
Restructuring	174	—	—

The accompanying notes are an integral part of these consolidated financial statements.

EXACT SCIENCES CORPORATION
Consolidated Statements of Stockholders' Equity
(Amounts in thousands, except per share data)

	Common Stock			Treasury Stock				
	Number of Shares	$0.01 Par Value	Additional Paid In Capital	Number of Shares	Value	Notes Receivable	Deferred Compensation	Other Comp
Balance, January 1, 2005	26,285,067	$ 263	$ 161,356	85,550	$ (97)	$ (5)	$ (89)	$
Issuance of shares under stock purchase plan	44,923	—	112	—	—	—	—	
Exercise of common stock options	35,190	—	25	—	—	—	—	
Forgiveness of subscription receivable	—	—	—	—	—	5	—	
Compensation expense related to issuance of stock options and restricted stock awards	71,318	1	226	—	—	—	89	
Extension of warrant expiration date (Note 3)	—	—	630	—	—	—	—	
Net loss	—	—	—	—	—	—	—	
Other comprehensive income	—	—	—	—	—	—	—	
Comprehensive loss								
Balance, December 31, 2005	26,436,498	$ 264	$ 162,349	85,550	$ (97)	$ —	$ —	$
Issuance of shares under stock purchase plan	46,520	1	90	—	—	—	—	
Exercise of common stock options	247,500	2	160	—	—	—	—	
Issuance of common stock to fund the Company's 2005 401(k) match	85,800	1	183					
Compensation expense related to issuance of stock options and restricted stock awards	47,045	1	2,763	—	—	—	—	
Net loss	—	—	—	—	—	—	—	
Other comprehensive income	—	—	—	—	—	—	—	
Comprehensive loss								
Balance, December 31, 2006	26,863,363	$ 269	$ 165,545	85,550	$ (97)	$ —	$ —	$
Issuance of shares under stock purchase plan	16,987	—	27	—	—	—	—	
Issuance of restricted common stock to collaborators in lieu of cash	156,675	2	464	—	—	—	—	
Exercise of common stock options	88,237	1	258	—	—	—	—	
Issuance of common stock to fund the Company's 2006 401(k) match	34,030	—	102	—	—	—	—	
Compensation expense related to issuance of stock options and restricted stock awards	66,249	1	1,565	—	—	—	—	
Compensation expense related to stock option modifications (Note 9)	—	—	852	—	—	—	—	
Net loss	—	—	—	—	—	—	—	
Other comprehensive income	—	—	—	—	—	—	—	
Comprehensive loss								
Balance, December 31, 2007	27,225,541	$ 273	$ 168,813	85,550	$ (97)	$ —	$ —	$

The accompanying notes are an integral part of these consolidated financial statements.

EXACT SCIENCES CORPORATION

Consolidated Statements of Cash Flows

(Amounts in thousands)

	Year Ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net loss	$ (11,959)	$ (12,915)	$ (14,520)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and write-offs of fixed assets	228	454	750
Restructuring	85	—	282
Amortization and write-offs of patents	385	901	782
Stock-based compensation	2,806	3,006	505
Amortization of deferred license fees	(2,857)	(4,363)	(4,458)
Non-cash revenue reduction recorded in connection with warrant extension	—	—	630
Changes in assets and liabilities:			
Prepaid expenses and other current assets	111	772	682
Accounts payable	87	(310)	103
Accrued expenses	2,347	301	(738)
Net cash used in operating activities	(8,767)	(12,154)	(15,982)
Cash flows from investing activities:			
Purchases of marketable securities	(20,686)	(31,381)	(24,276)
Maturities of marketable securities	28,846	36,300	40,422
Purchases of property and equipment	(78)	(149)	(227)
Proceeds from sale of fixed assets	8	—	—
Increase in patent costs and other assets	(54)	(245)	(159)
Net cash provided by investing activities	8,036	4,525	15,760
Cash flows from financing activities:			
Proceeds from exercise of common stock options and stock purchase plan	286	253	137
Decrease (increase) in restricted cash	100	220	(5)
Net cash provided by financing activities	386	473	132
Net decrease in cash and cash equivalents	(345)	(7,156)	(90)
Cash and cash equivalents, beginning of year	4,831	11,987	12,077
Cash and cash equivalents, end of year	$ 4,486	$ 4,831	$ 11,987
Supplemental disclosure of non-cash investing and financing activities:			
Issuance of 156,675 shares of restricted common stock to collaborators in lieu of cash payments	$ 466	$ —	$ —
Issuance of 34,030 shares of common stock to fund the Company's 401(k) matching contribution for 2006	$ 102	$ —	$ —
Issuance of 85,800 shares of common stock to fund the Company's 401(k) matching contribution for 2005	$ —	$ 184	$ —
Forgiveness of notes receivable and accumulated interest	$ —	$ —	$ 10

The accompanying notes are an integral part of these consolidated financial statements.

(1) ORGANIZATION AND BASIS OF PRESENTATION

Organization

EXACT Sciences Corporation (the "Company") was incorporated in February 1995. The Company develops proprietary DNA-based technologies for use in the detection of cancer. The Company has selected colorectal cancer as the first application of its technologies. The Company has licensed certain of its technologies, including improvements to such technologies, on an exclusive basis through December 2010 to Laboratory Corporation of America® Holdings ("LabCorp®") for use in a commercial testing service developed by LabCorp and marketed under the name "PreGen-Plus™." PreGen-Plus is a non-invasive stool-based DNA testing service for the detection of colorectal cancer in the average-risk population. The Company has devoted the majority of its efforts to date on research and development and commercialization support of PreGen-Plus.

Basis of Presentation

The accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has generated limited operating revenues since its inception and, as of December 31, 2007, had an accumulated deficit of approximately $162.7 million. The Company's losses have historically resulted from costs incurred in conjunction with research, development, and clinical study initiatives, salaries and benefits associated with the hiring of personnel, the initiation of marketing programs and, prior to August 31, 2007, costs related to its sales function to support the commercialization of its stool-based DNA screening technology.

The Company expects that its cash, cash equivalents and marketable securities balances at December 31, 2007 will be sufficient to fund its operations through 2008, based upon the Company's current cost structure and current assumptions regarding the studies and other requirements that it believes may be necessary to obtain U.S. Food and Drug Administration ("FDA") regulatory clearance for the DNA-based colorectal cancer screening technology described in the October 11, 2007 warning letter from the FDA to the Company (the "Warning Letter"). See note 4 for a description of the Warning Letter. The Company has not yet reached final agreement with the FDA regarding the regulatory path and any studies that would be necessary for the clearance or approval of the DNA-based technology described in the Warning Letter and, accordingly, there can be no assurance that the Company's cash, cash equivalents and marketable securities balances at December 31, 2007 will be sufficient to fund operations through 2008. The Company has no current sources of material ongoing revenue and, accordingly, it will need to raise additional capital in the next twelve months through a debt or equity financing, third-party collaboration or other strategic opportunity, if any, or further reduce the scale of the Company's operations, or some combination of the foregoing to continue operations beyond the end of 2008. Obtaining additional financing or funding through third-party collaboration efforts or other strategic opportunities is dependent upon future events, the outcome of which is presently not determinable. There can be no assurance that the Company will be successful in any future capital raising, third-party collaboration or other strategic opportunity, or that it would be able to raise additional funds at an acceptable price level. An inability to fund the Company's operations would have a material adverse effect on its business, financial condition and results of operations and the Company may be required to seek bankruptcy protection. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and

(1) ORGANIZATION AND BASIS OF PRESENTATION (Continued)

classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, EXACT Sciences Securities Corporation, a Massachusetts securities corporation. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with maturities of 90 days or less at the time of acquisition to be cash equivalents. Cash equivalents primarily consist of money market funds.

Restricted Cash

At December 31, 2007 and 2006, approximately $0.7 million and $0.8 million, respectively, of the Company's cash has been pledged as collateral for an outstanding letter of credit in connection with the lease for the Company's corporate headquarters.

Marketable Securities

The Company accounts for its investments in marketable securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities* . Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Marketable equity securities and debt securities not classified as held-to-maturity are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported in other comprehensive income. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in investment income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income.

All of the Company's investments are comprised of fixed income investments and all are deemed available-for-sale. The objectives of this portfolio are to provide liquidity and safety of principal while

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

striving to achieve the highest rate of return, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer. There were no realized gains or losses on the sales of available-for sale securities during the years ended December 31, 2007, 2006 or 2005.

Investments consist of the following at December 31, 2007 and 2006. Amounts included in the table are in thousands.

	Amortized Cost			Gross Unrealized		
	Due Under One Year	Due After One Year	Amortized Cost	Gains	Losses	Aggregate Fair Value
2007						
Corporate debt securities	$ 8,078	$ —	$ 8,078	$ 23	$ —	$ 8,101
Total	$ 8,078	$ —	$ 8,078	$ 23	$ —	$ 8,101
2006						
Corporate debt securities	$ 16,238	$ —	$ 16,238	$ 6	$ —	$ 16,244
Total	$ 16,238	$ —	$ 16,238	$ 6	$ —	$ 16,244

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the assets' estimated useful lives. Maintenance and repairs are expensed when incurred; additions and improvements are capitalized. The estimated useful lives of fixed assets are as follows:

Asset Classification	Estimated Useful Life
Laboratory equipment	3 years
Office and computer equipment	3 years
Leasehold improvements	Lesser of the remaining lease term or useful life
Furniture and fixtures	3 years

Patent Costs

Patent costs, which have historically consisted of related legal fees, are capitalized as incurred and are amortized beginning when patents are approved over an estimated useful life of five years. Capitalized patent costs are expensed upon disapproval, upon a decision by the Company to no longer pursue the patent or when the related intellectual property is deemed to be no longer of value to the Company.

As of December 31, 2007, the majority of the recorded value of the patent portfolio related to intellectual property licensed to LabCorp in connection with PreGen-Plus. The following table

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

summarizes activity with respect to the Company's capitalized patents for the years ended December 31, 2007, 2006 and 2005. Amounts included in the table are in thousands.

Balance, January 1, 2005	$ 2,037
Patent costs capitalized	164
Amortization of patents	(560)
Write-offs of patents	(222)
Balance, December 31, 2005	1,419
Patent costs capitalized	245
Amortization of patents	(591)
Write-offs of patents	(310)
Balance, December 31, 2006	763
Patent costs capitalized	54
Amortization of patents	(148)
Write-offs of patents	(237)
Balance, December 31, 2007	$ 432

The total recorded patent value at December 31, 2006 included approximately $0.2 million related to patents that had not commenced amortization as of December 31, 2007 because the patents had not yet been issued. The amortization expense related to issued patents as of December 31, 2007 over the next five years is as follows. Amounts included in the table are in thousands

Year	Amount
2008	$ 97
2009	64
2010	43
2011	6
	$ 210

The Company applies SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets* ("SFAS No. 144"), which requires the Company to continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and certain identifiable intangibles and goodwill may warrant revision or that the carrying value of these assets may be impaired.

During the year ended December 31, 2007, the Company evaluated certain events which indicated that the remaining useful life or the carrying value of the Company's patent portfolio might have been impaired. The Company performed an impairment analysis, comparing the carrying amount of the patent assets to their fair value as determined by an estimate of discounted future cash flows related to the these assets. The Company determined that there was no impairment with respect to the net book value of the patents as of December 31, 2007.

(Amounts in thousands, except share and per share data)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Loss Per Share

Basic and diluted net loss per share is presented in conformity with SFAS No. 128, *Earnings per Share* ("SFAS No. 128"), for all periods presented. In accordance with SFAS No. 128, basic net loss per common share was determined by dividing net loss applicable to common stockholders by the weighted average common shares outstanding during the period, less shares subject to repurchase. Basic and diluted net loss per share are the same because all outstanding common stock equivalents have been excluded, as they are anti-dilutive.

The following potentially issuable common shares were not included in the computation of diluted net loss per share for the following years ended December 31 because they had an antidilutive effect due to net losses for such periods:

	2007	2006	2005
Shares issuable upon exercise of stock options	3,996,688	4,125,940	4,499,927
Shares issuable upon exercise of outstanding warrants	1,000,000	1,000,000	1,000,000
	4,996,688	5,125,940	5,499,927

Accounting for Stock-Based Compensation

The Company adopted SFAS No. 123(R) effective January 1, 2006 using the modified prospective transition method. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options and shares purchased under an employee stock purchase plan (if certain parameters are not met), to be recognized in the financial statements based on their fair values. SFAS No. 123(R) did not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123, as originally issued, and EITF 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* . Prior to January 1, 2006, the Company accounted for its stock-based compensation plans under the provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* .

Revenue Recognition

License fees —License fees for the licensing of product rights on initiation of strategic agreements are recorded as deferred revenue upon receipt and recognized as revenue on a straight-line basis over the license period. On June 27, 2007, the Company entered into an amendment to its exclusive license agreement with LabCorp (the "Second Amendment") (See note 3) that, among other modifications to the terms of the license, extended the exclusive license period from August 2008 to December 2010, subject to carve-outs for certain named organizations. Accordingly, the Company amortizes the remaining deferred revenue balance resulting from its license agreement with LabCorp at the time of the Second Amendment ($4.7 million) on a straight-line basis over the remaining exclusive license period, which ends in December 2010.

Product royalty fees —Prior to the effective date of the Second Amendment, the Company's product royalty fees were based on a specified contractual percentage of LabCorp's cash receipts from performing PreGen-Plus tests. Accordingly, the Company recorded product royalty fees based on this specified percentage of LabCorp's cash receipts, as reported to the Company each month by LabCorp.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent to the effective date of the Second Amendment, the Company's product royalty fees are based on a specified contractual percentage of LabCorp's net revenues from sales of PreGen-Plus. Accordingly, subsequent to the effective date of the Second Amendment, the Company records product royalty fees based on the specified contractual percentage of LabCorp's net revenues from sales of PreGen-Plus, as reported to the Company each month by LabCorp. The current royalty rate is 15%, subject to an increase to 17% in the event that LabCorp achieves a specified significant threshold of annual net revenues from the sales of PreGen-Plus.

Additionally, pursuant to the Second Amendment, the Company will potentially be obligated to reimburse LabCorp for certain third-party royalty payments, as described in note 3 below. To the extent the Company incurs liabilities in connection with this provision of the Second Amendment, the accretion of such liabilities will be recorded as a reduction in the product royalty fee line item in the Company's consolidated statements of operations.

Product revenue —Product revenue from the sale of certain components of the Company's Effipure™ technology to LabCorp is recognized upon transfer of the components provided that title passes, the price is fixed or determinable and collection of the receivable is probable.

Other revenue —Revenue from milestone and other performance-based payments will be recognized as revenue when the milestone or performance is achieved and collection of the receivable is estimable and probable.

Advertising Costs

The Company expenses the costs of media advertising at the time the advertising takes place. The Company expensed approximately $0.1 million of media advertising in each of the years ended December 31, 2007, 2006 and 2005, respectively.

Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income* , establishes presentation and disclosure requirements for comprehensive income (loss). For the Company, comprehensive loss consists of net loss and the change in unrealized gains and losses on marketable securities.

Segment Information

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, requires companies to report selected information about operating segments, as well as enterprise-wide disclosures about products, services, geographic areas and major customers. Operating segments are determined based on the way management organizes its business for making operating decisions and assessing performance. The Company has determined that it conducts its operations in one business segment. The Company conducts its business in the United States. As a result, the financial information disclosed herein represents all of the material financial information related to the Company's principal operating segment.

Fair Value of Financial Instruments

SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosures about fair value of financial instruments. Financial instruments consist of cash, cash equivalents, marketable

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

securities and accounts payable. Marketable securities are carried at fair value. The estimated fair value of all other financial instruments approximates their carrying values due to their short-term maturity.

Concentration of Credit Risk

SFAS No. 105, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk* , requires disclosure of any significant off-balance-sheet risk and credit risk concentration. The Company has no significant off-balance-sheet risk, such as foreign exchange contracts or other hedging arrangements. Financial instruments that subject the Company to credit risk consist of cash, cash equivalents and marketable securities. The Company maintains its cash equivalents with financial institutions with high credit ratings.

All of the Company's revenues are derived from its license agreement with LabCorp.

Recent Accounting Pronouncements

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* , and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Additionally, FIN 48 provides guidance on subsequent derecognition of tax positions, financial statement classification, recognition of interest and penalties, accounting in interim periods, and disclosure and transition requirements. The Company adopted the provisions of FIN 48 on January 1, 2007. Previously, the Company had accounted for tax contingencies in accordance with Statement of Financial Accounting Standards 5, *Accounting for Contingencies* . As required by FIN 48, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied FIN 48 to all tax positions for which the statute of limitations remained open. The amount of unrecognized tax benefits as of January 1, 2007 was zero. There have been no changes in unrecognized tax benefits since January 1, 2007, nor are there any tax positions where it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 2007.

In September 2006, the FASB issued Statement No. 157, *Accounting for Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated results of operations, financial position or cash flows.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB No. 108"). SAB No. 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB No. 108 establishes an approach that requires quantification of financial statement errors based on the effects on each of the company's balance sheet and statement of operations and the related financial statement disclosures. SAB No. 108 permits existing public companies to record the cumulative effect of initially applying this approach in the first year ending after November 15, 2006, by recording the necessary correcting adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings. Additionally, the use of the cumulative effect transition method requires detailed disclosure of the nature and amount of each individual error being corrected through the cumulative adjustment and how and when it arose. The adoption of SAB No. 108 in the first quarter of fiscal 2007 did not have any impact on the Company's financial statements.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115* ("SFAS No. 159"). SFAS No. 159 provides entities with an option to choose to measure eligible items at fair value at specified election dates. If elected, an entity must report unrealized gains and losses on the item in earnings at each subsequent reporting date. The fair value option may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method, is irrevocable (unless a new election date occurs); and is applied only to entire instruments and not to portions of instruments. SFAS No. 159 is effective for the company in 2008. The Company is currently evaluating if it will elect the fair value option for any of our eligible financial instruments and other items and currently, the Company does not expect that the adoption of SFAS No. 159 will have a material impact on its financial statements.

In June 2007, the FASB issued EITF Issue No. 07-3, *Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities* ("EITF 07-3"). EITF 07-3 requires that nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. The capitalized amounts should be expensed as the related goods are delivered or the services are performed. EITF 07-3 is effective for new contracts entered into during fiscal years beginning after December 15, 2007. The Company is currently analyzing the effect, if any, EITF 07-3 will have on its financial position and results of operations.

Reclassifications

Prior to 2005, the Company combined sales and marketing expenses and general and administrative expenses as "Selling, general and administrative" expenses in its consolidated statements of operations. Beginning in 2005, the Company began to separately report "Sales and marketing" and "General and administrative" expenses and reclassified the 2004 consolidated statements of operations accordingly. The change had no impact on the Company's net loss or net loss per share as previously reported.

Prior to December 31, 2006, the Company classified cash pledged as collateral for an outstanding letter of credit in connection with the lease for its corporate headquarters under the caption "Cash and cash equivalents" in its consolidated balance sheets. Beginning on December 31, 2006, the Company

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

began to report cash pledged as collateral for an outstanding letter of credit in connection with the lease for its corporate headquarters under the caption "Restricted cash" in its consolidated balance sheets and reclassified the 2005 amount accordingly. In addition, the Company's statement of cash flows for the year ended December 31, 2005 has been revised from its original presentation to reflect these reclassifications. This change had no impact on the Company's net loss or net loss per share as previously reported.

Certain prior year expenses previously included in the "sales and marketing" line item in the Company's consolidated statements of operations have been reclassified as "general and administrative" expenses to conform to the current year presentation. This change had no impact on the Company's net loss or net loss per share as previously reported.

(3) STRATEGIC ALLIANCE AGREEMENT

On June 26, 2002, the Company entered into a license agreement (subsequently amended on January 19, 2004, June 27, 2007, and August 31, 2007) with LabCorp for an exclusive, strategic alliance between the parties to commercialize PreGen-Plus, LabCorp's proprietary, non-invasive DNA-based technology for the early detection of colorectal cancer in the average-risk population. Pursuant to the amended agreement, the Company exclusively licensed to LabCorp all U.S. and Canadian patents and patent applications owned by the Company relating to its technology initially through August 2008, followed by a non-exclusive license for the life of the patents. In return for the license, LabCorp agreed to pay the Company certain up-front, milestone and performance-based payments, and a per-test royalty fee. LabCorp made an initial payment of $15 million upon the signing of the agreement, and a second payment of $15 million was made in August 2003 upon the commercial launch of PreGen-Plus. In addition to certain royalty fees, under the amended license agreement, the Company may also be eligible for certain milestone payments from LabCorp as described below.

In conjunction with the strategic alliance, in June 2002, the Company issued to LabCorp a warrant (the "LabCorp Warrant") to purchase 1,000,000 shares of its common stock, exercisable over a three-year period at an exercise price of $16.09 per share. The Company assigned a value to the warrant of $6.6 million under the Black-Scholes option-pricing model which has been recorded as a reduction in the initial up-front deferred license fee of $15 million. The Company is amortizing the first two payments totaling $30 million, net of the $6.6 million value of the warrant, as license fee revenue over the exclusive license period described below.

At the time of issuance, the LabCorp Warrant had an expiration date of June 26, 2005. On June 24, 2005, the Company entered into an amendment to the LabCorp Warrant to extend the expiration date of the LabCorp Warrant to August 13, 2008, which was the expiration date of the exclusive period at the time of the extension. All other terms of the LabCorp Warrant were unaffected. The Company assigned a value to the LabCorp Warrant extension of $0.6 million using the Black-Scholes option pricing model. In accordance with Emerging Issues Task Force Issue No. 01-09, *Accounting for Consideration Given by a Vendor to a Customer* ("EITF No. 01-09"), the Company recorded the cost of the LabCorp Warrant extension as a one-time, non-cash reduction in license fee revenue of $0.6 million in the quarter ended June 30, 2005.

(3) STRATEGIC ALLIANCE AGREEMENT (Continued)

Second Amendment to LabCorp License Agreement —On June 27, 2007, the Company entered into the Second Amendment with LabCorp. The Second Amendment modified LabCorp's exclusive rights to the Company's DNA technology for colorectal cancer screening to permit the Company to license its technology to select third-party organizations and commercial service laboratories, subject to LabCorp's preferential pricing terms, and to extend LabCorp's modified exclusive period under the Second Amendment until December 31, 2010. Additionally, the Second Amendment clarifies the rights and obligations with respect to the Company's next-generation version of stool-based DNA screening technology for colorectal cancer screening ("Version 2").

The Second Amendment also revised the milestone and royalty obligations of LabCorp. The milestones were revised to eliminate milestone payments aggregating $15 million based upon stool-based colorectal cancer screening being included as standard of care and certain policy-level reimbursement approvals. As revised under the Second Amendment, the Company may be eligible for up to an aggregate of $40 million in milestone payments, all of which relate to the achievement of significant sales thresholds. Royalties due to the Company under the Second Amendment are equal to 15% of LabCorp's net revenues from tests performed using the Company's DNA technology licensed under the Second Amendment, and could increase to 17% if LabCorp achieves a significant annual PreGen-Plus net revenue threshold. LabCorp also retains preferential pricing terms over third-party organizations and commercial service laboratories to whom the Company may license its DNA technology for colorectal cancer screening.

The Second Amendment also eliminated an approximate $3.0 million contingent liability of the Company to LabCorp resulting from a historical third-party royalty obligation of LabCorp. Under the terms of the Second Amendment, the Company will potentially be obligated to reimburse LabCorp for certain third-party royalty payments if LabCorp's third-party royalty rate is greater than a specified royalty rate during the measuring period, as outlined in the table below. The Company's liability to pay LabCorp pursuant to this provision of the Second Amendment is based on LabCorp's sales volumes of PreGen-Plus during three separate measurement periods, as defined below. A significant increase in PreGen-Plus test sales volumes during any measurement period, as compared to historical PreGen-Plus sales volumes, could reduce the Company's potential obligation to zero during any measurement period, while test volumes consistent with historical PreGen-Plus sales levels could result in aggregate payments to LabCorp totaling up to $3.5 million during the measurement periods. Until sales of PreGen-Plus increase to a level that would reduce this potential maximum obligation, if ever, the Company intends to record its estimated obligation under this provision of the Second Amendment as a reduction in the product royalty fee line item in its consolidated statements of operations, in accordance with EITF No. 01-09. Based on PreGen-Plus sales volumes that the Company anticipates prior to any potential FDA approval of its technology, as of December 31, 2007, the Company has accrued $1.2 million of the total potential $1.5 million obligation related to the first measurement period, which ends in December 2008. This charge was recorded under the caption "Product royalty fees" in the Company's consolidated statements of operations for the year ended December 31, 2007.

(Amounts in thousands, except share and per share data)

(3) STRATEGIC ALLIANCE AGREEMENT (Continued)

This obligation is recorded in the Company's consolidated balance sheets under the caption "Third party royalty obligation".

Measurement Period Start Date	Measurement Period End Date	Potential Minimum Third Party Royalty Obligation During Measurement Period	Potential Maximum Third Party Royalty Obligation During Measurement Period
June 28, 2007	December 31, 2008	$ —	$ 1,500,000
January 1, 2009	December 31, 2009	—	1,000,000
January 1, 2010	December 31, 2010	—	1,000,000
		$ —	$ 3,500,000

In addition, as a result of extending the exclusive license period from August 2008 to December 2010, the amortization of the remaining deferred revenue as of the date of the Second Amendment ($4.7 million) related to up-front technology license fees received from LabCorp is amortized on a straight line basis over the extended exclusive license period beginning in the quarter ended September 30, 2007. Additionally, pursuant to the Second Amendment, the Company could be obligated to reimburse LabCorp for certain costs related to Effipure, up to a maximum of $0.3 million during the term of the exclusive period. The Company recorded a liability of $45,000 pursuant to this provision of the Second Amendment during the year ended December 31, 2007 under the caption "Cost of product revenue" in its consolidated statements of operations.

The Second Amendment also provided LabCorp with termination rights if stool-based colorectal cancer screening is not accepted as standard of care in the near term (i.e. included in screening guidelines of the American Cancer Society or the American Gastroenterological Association), if the Company's Version 2 technology is not commercially launched in the near term, or if the Company's Version 2 technology does not attain certain sensitivity and specificity thresholds during technology validation.

Third Amendment to LabCorp License Agreement —On August 31, 2007, the Company entered into a Third Amendment (the "Third Amendment") to its exclusive license agreement with LabCorp that, among other things, added a potential $2.5 million milestone payment for which the Company may be eligible. The milestone obligation is based upon policy-level reimbursement approval from Medicare at a specified minimum reimbursement rate, inclusion of stool-based DNA screening in clinical practice guidelines and the achievement of certain increases in sales levels of PreGen-Plus over a defined measuring period. In addition, the Third Amendment provided that LabCorp will assume sole responsibility, at its expense, for all commercial activities related to LabCorp's stool-based DNA testing service. In accordance with the foregoing, LabCorp also agreed to offer at-will employment to certain former personnel of the Company.

(4) RECEIPT OF FDA WARNING LETTER

FDA History

Laboratories that make and perform certain types of laboratory-developed tests, known in the industry as "homebrew" testing services, have generally not been required to submit premarket submissions to FDA including performance data on the test for FDA review and approval or clearance. Instead the FDA has exercised enforcement discretion, which allowed laboratories that develop their

(4) RECEIPT OF FDA WARNING LETTER (Continued)

own clinical diagnostic test by following the regulations of the Clinical Laboratory Improvement Amendments of 1988, or CLIA. The Company had historically believed, since the commercial launch of PreGen-Plus in 2003, that PreGen-Plus met the requirements to qualify for regulation under CLIA as a homebrew test and that in-house testing utilizing certain of our technologies, and using any analyte specific reagent that it developed, did not require FDA approval or clearance.

Since the commercial launch of PreGen-Plus in August 2003, LabCorp has offered the PreGen-Plus testing service as an in-house developed laboratory test, or homebrew. On January 13, 2006, the FDA sent correspondence to the Company and to LabCorp with respect to the PreGen-Plus testing service, as well as the Effipure component used in processing PreGen-Plus tests, which indicated that PreGen-Plus is subject to FDA regulation as a medical device. The FDA also indicated that the device cannot be commercially distributed without an appropriate pre-market determination from the FDA. Pursuant to the Company and LabCorp's subsequent discussions with the FDA to clarify the regulatory status of PreGen-Plus, the Company and LabCorp agreed, among other things, to revise promotional activities with respect to LabCorp's PreGen-Plus testing service. In addition, LabCorp offered to eliminate its use of Effipure in processing PreGen-Plus tests. Based on the actions outlined above, LabCorp has continued to market, sell and process the PreGen-Plus test as a homebrew testing service. LabCorp's supply of Effipure includes components that have a finite useful life the duration of which, the Company believes, may be nearly exhausted. If LabCorp is unable to extend the useful life of these components, or is unable to otherwise take steps necessary to extend the useful life of Effipure, then LabCorp may be unable to continue to process PreGen-Plus tests in the near term. The Company further believes that certain finite resources required for the ongoing processing of the Version 1 test may also be nearly exhausted as well which may result in an interruption in the Version 1 testing service.

On October 11, 2007 the FDA sent the Warning Letter to the Company with respect to the PreGen-Plus testing service, indicating that PreGen-Plus is a Class III medical device and that it cannot be commercially distributed without an appropriate pre-market approval or clearance from the FDA. The Company is currently in communication with the FDA to specifically address the matters raised in the Warning Letter and to determine the appropriate regulatory approval process to resolve the matters raised in the Warning Letter. In February 2008, the Company met with the FDA to discuss the regulatory filing path for the technology that was the subject of the Warning Letter. Based on these discussions, the Company believes that a *de novo* 510(k) regulatory path remains available to us with respect to the Company's Version 1 technology based on the strategy that the Company presented to the FDA.

Company Interactions with the FDA

On November 2, 2007, in response to the FDA Warning Letter, the Company submitted to the FDA a pre-Investigational Device Exemption request ("pre-IDE"), that described the intended 510(k) filing approach, including the reproducibility studies that the Company proposed to perform in connection therewith. The FDA responded by letter to the Company's pre-IDE submission in December 2007, and, in an in-person meeting with the FDA in February 2008, the Company learned that the most likely regulatory path forward with respect to its Version 1 technology would be a *de novo* 510(k) application, which would likely include a single-site reproducibility study.

The FDA has not yet indicated definitively whether the submission with respect to Version 1 of the Company's technology would be a *de novo* 510(k). Moreover, the FDA may determine that a pre-

(4) RECEIPT OF FDA WARNING LETTER (Continued)

market approval application ("PMA") is the appropriate path forward for us with respect to Version 1 of its stool-based DNA technology. The FDA may also determine that additional clinical studies, which could be costly and time-intensive, are required in connection with the Company's submission, or that the Company's proposal is otherwise inadequate. Accordingly, the costs of any such studies could require that the Company seek additional capital in the near term, which could have an adverse and material impact on the Company's financial position. There can be no assurance that the filing of a *de novo* 510(k) for the Company's Version 1 technology will bring it into compliance with the matters raised by the FDA in the Warning Letter, or that the FDA will not issue a similar letter to LabCorp or otherwise require LabCorp to stop offering its PreGen-Plus testing service during the regulatory clearance process.

The Company also intends to engage in discussions with the FDA to determine the appropriate regulatory approval path for its Version 2 technology. The clearance or approval process for any version of the Company's DNA-based technologies may require, among other things, successfully completing additional clinical and other studies, may require a PMA (rather than a 510(k) or *de novo* 510(k)) and may also necessitate the Company submitting PMAs with the FDA for multiple versions of its technology simultaneously or in sequence, all of which could take substantial time and resources including investment by the Company of substantial additional funds.

The FDA Warning Letter, and the time that it may take for the Company to obtain FDA clearance for any of its products, may also negatively impact any potential third party reimbursement to licensees of the Company's technologies. The Centers for Medicare and Medicaid Services ("CMS") issued a Proposed Decision Memo for Screening DNA Stool Test for Colorectal Cancer (CAG-00144N) on January 30, 2008 that proposed not to provide coverage of the Company's Version 1 technology because the FDA has determined that the Company's Version 1 technology required premarket clearance. The Proposed Decision Memo also indicated that CMS would reconsider our application for coverage once the Company receives FDA clearance or approval for its technology, if ever. The FDA Warning Letter may have a similar impact on private third-party payors in that those payors may defer reimbursement policy decisions with respect to the Company's technology until the Company obtains FDA clearance for its technologies, if ever.

There can be no assurance that any version of the Company's stool-based DNA technology will be cleared or approved by the FDA, that the Company's proposed *de novo* 510(k) approach will satisfy the FDA's regulatory requirements for our Version 1 technology or any subsequent version of its technology, or that such FDA clearance or approval process can be completed without significant delays or material additional expense resulting from additional FDA required clinical or other studies. The Company may not have sufficient funds to complete any FDA regulatory clearance or approval process for its DNA-based technologies. Ongoing compliance with FDA regulations will also increase the cost of conducting the Company's business, subject the Company and LabCorp to inspection by FDA and to the requirements of FDA and penalties for failure to comply with these requirements.

Moreover, the Company cannot assure you that the commercial sales of PreGen-Plus will not be delayed, halted or prevented during the regulatory approval process, or that the FDA will not initiate enforcement action, which could involve criminal or civil penalties and cause material harm to the Company's business. Additionally, LabCorp could decide to stop offering the current version of PreGen-Plus, could decide not to launch the Version 2 technology, or could decide to defer any potential future launch of the Version 2 technology until that version has been approved or cleared by the FDA, if ever, any of which would materially increase the Company's costs, limit the Company's

(4) RECEIPT OF FDA WARNING LETTER (Continued)

revenue and cause material harm to its business and result in impairments of the Company's fixed assets or capitalized patent portfolio ($0.4 million at December 31, 2007) or personnel or facility related restructuring charges.

(5) RESTRUCTURING

The Company accounts for its restructuring charges in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS No. 146"). SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at its fair value in the period in which the liability is incurred, except for one-time termination benefits that meet specified requirements.

2005 Restructuring —In February 2005, the Company took steps to focus its research and development efforts primarily on improving the sensitivity and other performance aspects of its technology and reduced its cost structure accordingly. The Company discontinued certain research efforts, reduced its workforce by ten employees, principally in the research and development functions, and amended the lease for its corporate headquarters in Marlborough, MA to reduce the total space leased at the facility from approximately 56,000 square feet to approximately 37,000 square feet (the "2005 Restructuring").

Pursuant to the 2005 Restructuring plan, the Company recorded restructuring charges of $0.6 million in the year ended December 31, 2005. As of December 31, 2005 all liabilities related to the restructuring had been paid

2006 Restructuring —In October 2006, the Company initiated a plan to reduce its cost structure by eliminating 21 positions, or 48% of its staff at that time, across all departments (the "2006 Restructuring"). This workforce reduction was intended to reduce the Company's expenses and help preserve its existing cash and cash equivalents

Pursuant to the 2006 Restructuring, the Company accrued charges of $0.7 million in the quarter ended December 31, 2006 in connection with one-time employee termination benefits, including severance and outplacement services. The Company recorded changes in estimates to the restructuring accrual as outlined in the table below during the year ended December 31, 2007 in connection with adjustments to estimates of one-time employee termination benefits.

As of December 31, 2007, all liabilities related to the 2006 Restructuring had been paid. The following table summarizes the restructuring activities during the year ended December 31, 2007. Amounts included in the table are in thousands.

Type of Liability	Balance, December 31, 2006	Charges	Cash Payments	Non-cash Write-offs	Balance, December 31, 2007
Employee separation costs	$ 283	$ 26	$ (309)	$ —	$ —
Total	$ 283	$ 26	$ (309)	$ —	$ —

2007 Restructuring —During the third quarter of 2007, in connection with the Third Amendment to the LabCorp agreement, the Company notified six employees of their termination from the Company (the "2007 Restructuring"). The 2007 Restructuring was principally designed to eliminate the Company's sales and marketing functions to reduce costs and help preserve the Company's cash

(5) RESTRUCTURING (Continued)

resources. In connection with the 2007 Restructuring, the Company recorded restructuring charges of approximately $0.8 million during the three months ended September 30, 2007, primarily related to one-time termination benefits arising under retention and severance agreements with each of the terminated employees. Since the 2007 Restructuring, the Company's efforts have been focused on:

- the pursuit of inclusion of stool-based DNA testing in screening guidelines of the major guidelines organizations, including the guidelines that resulted from the joint efforts of the American Cancer Society ("ACS") and the U.S. Multi-Society Task Force on Colorectal Cancer ("MSTF-CRC"), a consortium of several organizations including representatives of the American College of Gastroenterology, American Gastroenterological Association, American Society for Gastrointestinal Endoscopy and the American College of Physicians/Society of Internal Medicine;
- Medicare coverage pursuit for stool-based DNA testing;
- validation and optimization of the Company's Version 2 technology; and
- the pursuit of FDA clearance for its stool-based DNA screening technologies.

Restructuring charges recorded during the third quarter of 2007 of $0.8 million included $0.6 million in severance and related benefit costs expected to be paid in cash through May 2008, and $0.2 million in non-cash stock-based compensation charges associated with extending the period of exercise for vested stock option awards for terminated employees. See note 9 for a description of stock option modifications which occurred in the year ended December 31, 2007.

During the fourth quarter of 2007, the Company entered into a sublease agreement (the "Sublease Agreement") with INTRINSIX Corporation (the "Subtenant") to sublease to the Subtenant approximately 11,834 square feet of rentable area in the Company's corporate headquarters. The term of the Sublease Agreement, which commenced on December 15, 2007, is 32 months with a base rent of $266,265 per year. Pursuant to the Sublease Agreement, the Subtenant has no rights to renew or extend the Sublease Agreement. Under the terms of the Sublease Agreement, the Subtenant was required to provide a security deposit of $35,000 and will be required to pay its pro rata share of any building operating expenses and real estate taxes. The Company believes that its remaining 25,537 square feet of leased space is adequate for its current requirements.

In connection with the Sublease Agreement, the Company recorded restructuring charges of approximately $0.4 million during the fourth quarter of 2007 (included opposite the caption "Facility consolidation costs" in the table below), which consist of approximately $0.3 million in future cash payments related to the difference between the Company's committed lease payments and the estimated sublease rental income under the Sublease Agreement and approximately $0.1 million of non-cash charges related to the write-off of leasehold improvements abandoned by the Company in connection with the Sublease Agreement. The Company's decision to enter into the Sublease Agreement was deemed to be an impairment indicator under SFAS No. 144. As a result of performing the impairment evaluations, asset impairment charges of $0.1 million were recorded to adjust the carrying value of the related leasehold improvements to their net realizable value. Facility consolidation costs also include one time real estate transaction fees in connection with the Sublease Agreement.

Amounts remaining in the 2007 Restructuring accrual at December 31, 2007, which are expected to be paid out through July, 2010, are recorded under the caption "Accrued expenses" in the Company's condensed consolidated balance sheets. The right of terminated employees to receive severance

(5) RESTRUCTURING (Continued)

payments from the Company will be dependent upon when, and if, the terminated employees secure employment with another employer during the defined severance period and, therefore, the Company's estimate of the total restructuring charges may be adjusted in future periods.

The following table summarizes the 2007 Restructuring activities during the year ended December 31, 2007. Amounts included in the table are in thousands.

Type of Liability	Balance, December 31, 2006	Charges	Cash Payments	Non-cash Write-offs	Balance, December 31, 2007
Employee separation costs	$ —	$ 588	$ (364)	$ —	$ 224
Facility consolidation costs	—	387	(34)	(85)	268
Total	$ —	$ 975	$ (398)	$ (85)	$ 492

The charges outlined in the table above exclude $0.2 million in non-cash stock-based compensation expense recorded in connection with the stock option modifications discussed above.

(6) EMPLOYMENT ARRANGEMENTS

In June 2006, the Company entered into an Employment Agreement with Don M. Hardison, the Company's President and Chief Executive Officer at that time. Under the Employment Agreement, Mr. Hardison was paid an annual salary of $0.36 million and was eligible to earn an annual performance bonus on the basis of the achievement of certain Company and personal objectives. Additionally, Mr. Hardison was eligible to earn an annual retention bonus in the amount of $0.2 million, payable on each of January 1, 2007 and January 1, 2008, provided Mr. Hardison continued to be employed by the Company. The Employment Agreement provided that upon the occurrence of certain triggering events, such as a change of control or termination without cause, Mr. Hardison would have been entitled to receive any unpaid retention bonus, and severance payments for a period of twelve months at a rate equal to his base salary at the time of termination of employment. The agreement provided a term of 24 months, subject to automatic twelve month renewals unless either Mr. Hardison or the Company provided sixty days prior written notice to the other of such party's election not to extend the term of the Employment Agreement.

In July 2007, Mr. Hardison announced his resignation from the Company effective August 31, 2007. Pursuant to terms of Mr. Hardison's employment agreement with the Company, Mr. Hardison received a retention bonus payment of $0.2 million in January 2007 and the Company had accrued a proportional amount of the remaining $0.2 million retention bonus which would have been payable on January 1, 2008, if he had continued employment with the Company. As a result of Mr. Hardison's resignation from the Company in July 2007, the remaining potential retention bonus of $0.2 million was not paid out and the expense previously accrued in connection with Mr. Hardison's remaining retention bonus (approximately $0.1 million as of June 30, 2007) was reversed in the statement of operations for the three and six month periods ended June 30, 2007.

In connection with the October 2006 restructuring described in note 5 above, the Company entered into retention agreements ("Retention Agreements") with its then remaining 22 remaining employees ("Remaining Employees"), including Jeffrey R. Luber, the Company's current President and Charles R. Carelli, Jr., the Company's current Senior Vice President, Chief Financial Officer and Treasurer. Under the terms of the Retention Agreements, in addition to their existing salary and

(6) EMPLOYMENT ARRANGEMENTS (Continued)

benefits, Remaining Employees were be eligible to earn a one-time retention bonus in the aggregate amount of approximately $0.9 million payable on December 31, 2007 (subject to acceleration in certain instances), provided that the Remaining Employees continue to be employed by the Company on the payment date. As of December 31, 2007, the Company had paid out all one-time retention bonuses. The Retention Agreements also provide that upon the occurrence of certain triggering events, such as a change of control or termination without cause, Remaining Employees will be entitled to receive severance payments for periods ranging from three to twelve months at a rate equal to their base salary at the time of termination of employment. As of December 31, 2007, the total potential severance obligation upon the occurrence of certain triggering events, such as a change of control or termination without cause was $1.1 million.

(7) NOTES RECEIVABLE

Prior to the initial public offering in February 2001, the Company issued more than 2.2 million restricted common shares to employees, primarily as a result of early exercise of common stock options. The shares were sold at the then fair market value or the exercise price of the common stock options. The Company obtained full recourse notes receivable from employees and executives for the purchase of the restricted stock. Such shares vested over the remaining option vesting period or, generally, three to five years. At December 31, 2005, vesting of such shares was completed, no common shares were subject to restriction and all notes receivable had been either repaid or forgiven.

(8) ISSUANCES OF COMMON STOCK

On March 24, 2003, the Company entered into a license agreement, subsequently amended on November 17, 2004, May 11, 2006 and again on March 19, 2007, with Johns Hopkins University ("JHU") for an exclusive long-term license to certain patents relating to the digital-PCR technology developed by Dr. Bert Vogelstein's laboratory at the Johns Hopkins Kimmel Cancer Center. Pursuant to the terms of this license agreement, the Company has agreed to pay JHU a license fee based on a percentage of the Company's net revenues, including an annual minimum license fee of $0.3 million, over the life of the licensed patents, or 2023.

On March 22, 2007, pursuant to the March 19, 2007 Amendment to the license agreement between the Company and JHU, the Company issued to JHU 56,675 unregistered shares of the Company's common stock, $.01 par value per share (the "Common Stock") as payment for the minimum license fee obligation due for the six month period ended December 31, 2006. The Company recorded a non-recurring non-cash stock-based compensation charge of approximately $0.2 million in its consolidated statements of operations during the quarter ended December 31, 2006 in connection with the Common Stock issuance.

On June 14, 2007, pursuant to the terms of a Manufacturing and Supply Agreement by and between Oncomethylome Sciences S.A. ("OMS") and the Company dated June 8, 2007, the Company issued to OMS 100,000 shares of the Company's Common Stock. The Company recorded a non-recurring non-cash stock-based compensation charge of approximately $0.3 million in its consolidated statements of operations during the quarter ended June 30, 2007 in connection with the Common Stock issuance.

(9) STOCK-BASED COMPENSATION

Stock-Based Compensation Plans

1995 Stock Option Plan —Under the 1995 stock option plan (the "1995 Option Plan"), the Company's board of directors could grant incentive and non-qualified stock options to purchase an aggregate of up to 3,987,500 shares of common stock to employees, directors and consultants of the Company. The exercise price of each option is determined by the board of directors. Incentive stock options may not be less than the fair market value of the stock on the date of grant, as defined by the board of directors. Options granted under the 1995 Option Plan vest over a three-to-five-year period and expire 10 years from the grant date.

The 1995 Option Plan was terminated on January 31, 2001, the effective date of the Company's registration statement in connection with its initial public offering. Options granted prior to the date of termination remain outstanding and may be exercised in accordance with their terms. At December 31, 2007, options to purchase 359,201 shares were outstanding under the 1995 Option Plan.

2000 Stock Option Plan —The Company adopted the 2000 Stock Option and Incentive Plan (the "2000 Option Plan") on October 17, 2000. At December 31, 2007, a total of 7,039,858 shares of common stock have been authorized and reserved for issuance under the 2000 Option Plan. The 2000 Option Plan provides that the number of shares authorized for issuance will automatically increase on each January 1 by (i) the greater of 5% of the outstanding number of shares of common stock on the preceding December 31, or that number of shares underlying option awards issued during the one-year period prior to such January 1, or (ii) such lesser number as may be approved by the board of directors. Under the terms of the 2000 Option Plan, the Company is authorized to grant incentive stock options, as defined under the Internal Revenue Code, non-qualified options, restricted stock awards and other stock awards to employees, officers, directors, consultants and advisors. Options granted under the 2000 Option Plan expire ten years from the date of grant. Grants made from the 2000 Option Plan prior to January 1, 2006 generally vest over a period of three to five years. Grants made from the 2000 Option Plan subsequent to January 1, 2006 generally vest monthly over a period of three to four years.

The 2000 Option Plan is administered by the compensation committee of the Company's board of directors, which selects the individuals to whom equity-based awards will be granted and determines the option exercise price and other terms of each award, subject to the provisions of the 2000 Option Plan. The 2000 Option Plan provides that upon an acquisition of the Company, all options to purchase common stock will accelerate by a period of one year. In addition, upon the termination of an employee without cause or for good reason prior to the first anniversary of the completion of the acquisition, all options then outstanding under the 2000 Option Plan held by that employee will immediately become exercisable. At December 31, 2007, options to purchase 3,637,487 shares were outstanding under the 2000 Option Plan and 3,059,462 shares were available for future grant under the 2000 Option Plan.

2000 Employee Stock Purchase Plan —The 2000 Employee Stock Purchase Plan (the "2000 Purchase Plan") was initially adopted by the Company in October 2000, and subsequently amended and restated. The 2000 Purchase Plan provides participating employees the right to purchase common stock at a discount through a series of offering periods. The 2000 Purchase Plan provides that the number of shares authorized for issuance will automatically increase on each February 1 by (i) the greater of 0.75% of the outstanding number of shares of common stock on the immediately preceding December 31, or that number of shares issued during the one-year period prior to such February 1, or

(Amounts in thousands, except share and per share data)

(9) STOCK-BASED COMPENSATION (Continued)

(ii) such lesser number as may be approved by the Company's board of directors. At December 31, 2007, the 2000 Purchase Plan had available an aggregate of 720,780 shares of common stock for purchase by participating employees.

The compensation committee of the Company's board of directors administers the 2000 Purchase Plan. Generally, all employees whose customary employment is more than 20 hours per week and for more than five months in any calendar year are eligible to participate in the 2000 Purchase Plan. Participating employees authorize an amount, between 1% and 15% of the employee's compensation, to be deducted from the employee's pay during the offering period. On the last day of the offering period, the employee is deemed to have exercised the option, at the option exercise price, to the extent of accumulated payroll deductions. Under the terms of the 2000 Purchase Plan, the option exercise price is an amount equal to 85% of the fair market value, as defined under the 2000 Purchase Plan and no employee can purchase more than $25 of the Company common stock under the 2000 Purchase Plan in any calendar year. Rights granted under the 2000 Purchase Plan terminate upon an employee's voluntary withdrawal from the 2000 Purchase Plan at any time or upon termination of employment. The Company issued the following shares of common stock under the 2000 Purchase Plan.

Offering period ended	Number of Shares	Price per Share
January 31, 2005	20,445	$ 2.82
July 31, 2005	24,478	$ 2.22
January 31, 2006	23,531	$ 2.22
July 31, 2006	22,989	$ 1.66
January 31, 2007	9,055	$ 1.61
July 31, 2007	7,932	$ 1.61

Adoption of SFAS No. 123(R)

The Company adopted SFAS No. 123(R) effective January 1, 2006, using the modified prospective transition method. SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options and shares purchased under an employee stock purchase plan (if certain parameters are not met), to be recognized in the financial statements based on their fair values. SFAS No. 123(R) did not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123, as originally issued and EITF 96-18. Prior to January 1, 2006, the Company accounted for its stock-based compensation plans under the provisions of Accounting Principles Board Opinion No. 25.

Stock-based Compensation Expense

The Company recorded $2.8 million in stock-based compensation during the year ended December 31, 2007 in connection with the amortization of awards of common stock, restricted common stock and stock options granted to employees, non-employee directors and non-employee consultants, as well as restricted common stock issued to collaborators, certain stock option modifications discussed below, and stock-based compensation expense related to the Company's 2007 401(k) match, which will be made in Company common stock in May 2008.

The Company recorded stock-based compensation of $3.0 million during the year ended December 31, 2006 in connection with common stock issued to a collaborator, stock options and

(9) STOCK-BASED COMPENSATION (Continued)

restricted stock awards granted to non-employee consultants and directors as well as stock-based compensation expense related to the Company's 2006 401(k) match. Prior to the adoption of SFAS No. 123(R) on January 1, 2006, the Company, in accordance with APB No. 25, recognized expenses related to non-employee consultant stock option grants and restricted stock awards and the Company's 401(k) match in its consolidated statements of operations.

The Company's annual employee grant of stock options generally occurs in February of each year, subject to board approval. The fair value of stock-based awards for the years ended December 31, 2007, 2006 and 2005 was determined as outlined below.

Pro Forma Information Under SFAS No. 123 for Periods Prior to January 1, 2006

The following table illustrates the effect on net loss and loss per common share as if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation for the year ended December 31, 2005. Note that the pro forma disclosure below is provided for the year ended December 31, 2005 only because employee stock options were not accounted for using the fair value method during that period.

(In thousands, except per share data)	December 31, 2005
Net loss as reported	$ (14,520)
Add: Stock-based compensation included in reported net loss	505
Deduct: Total stock-based employee compensation determined under SFAS 123 for all awards	(7,821)
Pro forma net loss—SFAS No. 123	$ (21,836)
Basic and diluted net loss per share:	
As reported	$ (0.55)
Pro forma net loss—SFAS 123	$ (0.83)

Determining Fair Value

Valuation and Amortization Method —The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the assumptions in the table below. The estimated fair value of employee stock options is amortized to expense using the straight-line method over the vesting period.

Expected Term —The Company uses the simplified calculation of expected life, described in the SEC's Staff Accounting Bulletin 107, as the Company does not currently have sufficient historical exercise data on which to base an estimate of expected term. This method allows the Company to estimate the expected life using the average of the vesting period and the contractual life of the stock options granted.

(Amounts in thousands, except share and per share data)

(9) STOCK-BASED COMPENSATION (Continued)

Expected Volatility —Expected volatility is based on the Company's historical volatility from the time of its initial public offering in January 2001 through the measurement date of the awards. Expected volatility was lower in the year ended December 31, 2006 when compared to prior periods as the Company refined its expectation because, as of January 2006, it had at least five years of historical volatility data on which to base its expectation. Prior to January 1, 2006, sufficient historical volatility data did not exist to reasonably justify a lower expected volatility and the Company determined its expected volatility using peer analysis.

Risk-Free Interest Rate —The Company bases the risk-free interest rate used in the Black-Scholes valuation method on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term.

Forfeitures —As required by SFAS No. 123(R), the Company records share-based compensation expense only for those awards that are expected to vest. The Company does not need to estimate forfeitures because all share based awards vest monthly.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model based on the assumptions in the following table.

	December 31,		
	2007	2006	2005
Option Plan Shares			
Risk-free interest rates	4.04%–4.60%	4.59%–5.03%	3.94%–4.06%
Expected term (in years)	6	6	7
Expected volatility	70%	70%	100%
Dividend yield	0%	0%	0%
Weighted average fair value per share of options granted during the period	$1.87	$1.67	$3.21
ESPP Shares			
Risk-free interest rates	5.10%–5.17%	4.57%–5.22%	3.94%–4.06%
Expected term (in years)	0.5–2	0.5–2	0.5–2
Expected volatility	70%	70%	100%
Dividend yield	0%	0%	0%
Weighted average fair value per share of stock purchase rights granted during the period	$1.08	$0.94	$1.42

(9) STOCK-BASED COMPENSATION (Continued)

Stock Option Activity

A summary of stock option activity under the 1995 Option Plan and the 2000 Option Plan during the years ended 2007, 2006 and 2005 is as follows:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1)
			(Aggregate intrinsic value in thousands)	
Outstanding, January 1, 2005	4,857,484	$6.69		
Granted	758,442	3.54		
Exercised	(106,508)	0.61		
Cancelled	(1,009,491)	8.03		
Outstanding, December 31, 2005	4,499,927	6.10		
Granted	930,921	2.53		
Exercised	(294,545)	0.55		
Cancelled	(1,010,363)	6.09		
Outstanding, December 31, 2006	4,125,940	5.69		
Granted	1,362,000	2.66		
Exercised	(154,486)	1.68		
Cancelled	(1,336,766)	5.48		
Outstanding, December 31, 2007	3,996,688	$4.88	4.8	$1,385
Exercisable, December 31, 2007	3,127,334	$5.45	3.5	$1,020
Vested and expected to vest, December 31, 2006	3,996,688	$4.88	4.8	$1,385

(1) The aggregate intrinsic value of options outstanding at December 31, 2007 is calculated as the difference between the exercise price of the underlying options and the market price of the Company's common stock for the 2,066,295 options that had exercise prices that were lower than the $3.22 market price of our common stock at December 31, 2007. The aggregate intrinsic value of options exercisable at December 31, 2007 is calculated as the difference between the exercise price of the underlying options and the market price of the Company's common stock for the 1,232,091 options that had exercise prices that were lower than the $3.22 market price of our common stock at December 31, 2007. The total intrinsic value of options exercised during the years ended December 31, 2007, 2006 and 2005 was $0.1 million, $0.5 million, and $0.2 million, respectively, determined as of the date of exercise.

As of December 31, 2007, there was $1.6 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under all equity compensation plans. Total unrecognized compensation cost will be adjusted for future changes in forfeitures. The Company expects to recognize that cost over a weighted average period of 1.6 years.

The Company received $0.3 million, $0.2 million and $25,000 from stock option exercises during the years ended December 31, 2007, 2006 and 2005, respectively. During the years ended December 31, 2007, 2006 and 2005, 16,987, 46,520 and 44,923 shares, respectively, of common stock were issued

(Amounts in thousands, except share and per share data)

(9) STOCK-BASED COMPENSATION (Continued)

under the Company's 2000 Purchase Plan resulting in proceeds to the Company of $27,000, $0.1 million and $0.1 million, respectively.

The following table summarizes information relating to currently outstanding and exercisable stock options as of December 31, 2007:

	Outstanding			Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$— –$2.00	66,704	4.5	$0.26	47,953	$0.37
$2.01–$2.50	463,873	3.8	$2.09	462,122	$2.09
$2.51–$3.00	1,479,218	7.1	$2.78	690,629	$2.70
$3.01–$4.00	421,137	4.7	$3.52	391,440	$3.55
$4.01–$5.00	314,743	4.2	$4.40	284,209	$4.42
$5.01–$7.00	235,000	1.7	$6.78	235,000	$6.78
$7.01–$9.00	596,138	2.4	$7.83	596,106	$7.83
$9.01–$14.33	419,875	3.2	$12.56	419,875	$12.56
	3,996,688	4.8	$4.88	3,127,334	$5.45

Stock Option Modifications

2006 Modifications —In connection with the October 2006 Restructuring (See note 5), the Company's board of directors approved an extension of the exercise period of 507,148 stock options through December 31, 2007 for the 21 employees terminated as a part of the restructuring. The stock options that were modified represented only those options which were vested as of the employees' termination date (October 20, 2006). The Company did not continue to vest stock options in connection with this modification beyond the employees' termination date and did not accelerate vesting of any options prior to the termination date. Under the provisions of SFAS No. 123(R), these stock option modifications did not result in significant incremental stock-based compensation expense.

2007 Modifications —In August 2007, in connection with the 2007 Restructuring (See note 5) and the resignation of Don M. Hardison as the Company's President and Chief Executive Officer, the Company's board of directors approved the following stock option modifications:

- On August 31, 2007, the effective date of Mr. Hardison's resignation from the Company, the Company accelerated the vesting of 216,251 shares under Mr. Hardison's previously unvested stock options, with a weighted average exercise price of $2.94 per share, and extended the expiration date of all of Mr. Hardison's outstanding options, covering an aggregate of 1,025,560 shares, through August 31, 2009. Prior to August 31, 2009, Mr. Hardison is prohibited from selling any of the shares of common stock obtained upon the exercise of any accelerated stock options. As a result of these modifications, the Company recorded one-time stock-based compensation charges of approximately $0.7 million in the "General and Administrative" line item of the Company's consolidated statements of operations during the quarter ended September 30, 2007 in accordance with the provisions of SFAS No. 123(R).

(9) STOCK-BASED COMPENSATION (Continued)

- On August 31, 2007, the Company extended by nine months the expiration date of stock options to purchase 726,052 shares, with a weighted average exercise price of $6.41 per share, held by employees that were terminated as a part of the 2007 Restructuring. Stock options subject to the extension now expire on August 31, 2008. The Company did not continue to vest stock options in connection with this modification beyond the employees' termination date and did not accelerate vesting of any options prior to the termination date. In accordance with the measurement provisions of SFAS No. 123(R), the Company recorded one-time non-cash stock-based compensation charges of $0.2 million in the "Restructuring" line item of the Company's consolidated statements of operations during the quarter ended September 30, 2007 in connection with these modifications.

Shares Reserved for Issuance

The Company has reserved the following shares of its authorized common shares to be issued upon exercise or issuance of shares related to its employee stock purchase and stock option plans, including all outstanding stock option grants noted above and outstanding warrants at December 31, 2007:

Shares reserved for issuance	
2000 Option Plan	6,696,974
Outstanding Warrants	1,000,000
2000 Stock Purchase Plan	720,780
1995 Option Plan	359,201
	8,776,955

(10) COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company conducts its operations in a leased facility under a noncancelable operating lease expiring in July 2010. The lease for the Company's headquarters contains one three-year extension option. Future minimum payments under its operating lease as of December 31, 2007 are as follows. Amounts included in the table are in thousands.

Year Ending December 31,	
2008	988
2009	1,016
2010	602
Total lease obligations	$ 2,606

Rent expense included in the accompanying consolidated statements of operations was approximately $1.0 million, $1.0 million and $1.1 million for the years ended December 31, 2007, 2006 and 2005, respectively. As described in note 5, during the fourth quarter of 2007, the Company entered into the Sublease Agreement with Subtenant to sublease approximately 11,834 square feet of rentable area in the Company's corporate headquarters. The term of the Sublease Agreement, which commenced on December 15, 2007, is 32 months. The Company expects to receive approximately

(10) COMMITMENTS AND CONTINGENCIES (Continued)

$0.7 million in sublease payments over the life of the Sublease Agreement. Pursuant to the Sublease Agreement, the Subtenant has no rights to renew or extend the Sublease Agreement. Under the terms of the Sublease Agreement, the Subtenant was required to provide a security deposit of $35,000 and will be required to pay its pro rata share of any building operating expenses and real estate taxes. The Company believes that its remaining 25,537 square feet of leased space is adequate for its current requirements.

Licensing and Research Agreements

The Company licenses, on a non-exclusive basis, certain technologies that are, or may be, incorporated into its technology under several license agreements. Generally, the license agreements require the Company to pay royalties based on net revenues received using the technologies, and may require minimum royalty amounts or maintenance fees. On March 24, 2003, the Company entered into a license agreement, subsequently amended on November 17, 2004, May 11, 2006 and again on March 19, 2007, with JHU for an exclusive long-term license to certain patents relating to the digital-PCR technology developed by Dr. Bert Vogelstein's laboratory at the Johns Hopkins Kimmel Cancer Center. Pursuant to the terms of this license agreement, the Company has agreed to pay JHU a license fee based on a percentage of the Company's net revenues, including an annual minimum license fee of $0.3 million, over the life of the licensed patents, or 2023. The Company has recorded research and development expense associated with license agreements of $1.2 million, $0.3 million and $0.3 million, respectively, for the years ended December 31, 2007, 2006 and 2005.

Future minimum payments due under the Company's technology licenses as of December 31, 2007 are as follows. Amounts included in the table are in thousands.

Year ending December 31,		
2008	$	865
2009		315
2010		315
2011		315
2012		315
Thereafter		3,145
	$	5,270

The Company has also entered into several clinical research agreements, under which it is obligated to fund certain research activities, primarily related to acquiring stool samples sample for purposes of technology development. The Company has recorded research and development expense associated with clinical research agreements of $0.2 million, $0.5 million and $1.0 million, respectively, for the years ended December 31, 2007, 2006 and 2005. As of December 31, 2007, the Company's remaining obligation under these agreements was approximately $0.4 million, which is expected to be paid during 2008.

Third Party Royalty Obligation

Under the terms of the Company's amended license agreement with LabCorp, the Company is potentially liable to reimburse LabCorp for a certain third-party royalty payment made by LabCorp in connection with its sales of PreGen-Plus. Our potential liability of $3.5 million is described in note 3

(10) COMMITMENTS AND CONTINGENCIES (Continued)

above. In connection with this obligation, the Company recorded charges of $1.2 million under the caption "Product royalty fees" in its consolidated statements of operations during the year ended December 31, 2007. This obligation is recorded in the Company's consolidated balance sheets under the caption "Third party royalty obligation".

Employee Severance Commitments

As described in Note 6, the Company entered into Retention Agreements with employees remaining after the Company's 2006 Restructuring. The Retention Agreements provide that upon the occurrence of certain triggering events, such as a change of control or termination without cause, Remaining Employees will be entitled to receive severance payments for periods ranging from three to twelve months at a rate equal to their base salary at the time of termination of employment. As of December 31, 2007, the total potential severance obligation upon the occurrence of certain triggering events, such as a change of control or termination without cause was $1.1 million. As of December 31, 2007, the Company has not recorded any amount related to the potential severance payments because no triggering events had occurred as of that date.

(11) ACCRUED EXPENSES

Accrued expenses at December 31, 2007 and 2006 consisted of the following. Amounts included in the table are in thousands.

	December 31,	
	2007	2006
Research and trial related expenses	$ 538	$ 523
Licenses	525	—
Restructuring	492	283
Professional fees	481	273
Compensation	452	522
Occupancy costs	168	159
Other	154	84
	$ 2,811	$ 1,844

(12) RELATED PARTY TRANSACTIONS

In March 2001, the Company entered into a consulting agreement with a member of its Board of Directors. This consulting agreement was terminated during 2005. The Company paid approximately $0.1 million for services provided under the agreement in the year ended December 31, 2005.

(13) EMPLOYEE BENEFIT PLAN

The Company maintains a qualified 401(k) retirement savings plan (the "401(k) Plan") covering all employees. Under the terms of the 401(k) Plan, participants may elect to defer a portion of their compensation into the 401(k) Plan, subject to certain limitations. Company matching contributions may be made at the discretion of the Board of Directors. There were no discretionary contributions made by the Company to the 401 (k) Plan from its inception through December 31, 2004.

(13) EMPLOYEE BENEFIT PLAN (Continued)

The Company's Board of Directors approved 401(k) Plan matching contributions for each of 2007, 2006 and 2005 in the form of Company common stock equal to 50% of each participant's elective deferrals for those years. The Company recorded stock-based compensation expense of approximately $0.1 million, $0.1 million and $0.2 million, respectively, in the consolidated statements of operations for the years ended December 31, 2007, 2006 and 2005 in connection with 401(k) Plan matching contributions.

(14) INCOME TAXES

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* ("SFAS No. 109"). Under SFAS No. 109, deferred tax assets or liabilities are computed based on the differences between the financial statement and income tax bases of assets and liabilities using the enacted tax rates. Deferred income tax expense or benefit represents the change in the deferred tax assets or liabilities from period to period. At December 31, 2007, the Company had net operating loss and research tax credit carryforwards of approximately $136.7 million and $3.2 million respectively, for financial reporting purposes, which may be used to offset future taxable income. The carryforwards expire through 2027 and are subject to review and possible adjustment by the Internal Revenue Service. The net operating loss and research and development tax credit carryforwards may be subject to annual limitations provided in Internal Revenue Code (IRC) sections 382 and 383.

The components of the net deferred tax asset with the approximate income tax effect of each type of carryforward, credit and temporary differences are as follows. Amounts included in the table are in thousands.

	December 31,	
	2007	2006
Deferred tax assets:		
Operating loss carryforwards	$ 53,926	$ 50,094
Tax credit carryforwards	3,231	3,188
Deferred revenue	1,605	2,736
Other temporary differences	2,649	1,828
Tax assets before valuation allowance	61,411	57,846
Less—Valuation allowance	(61,411)	(57,846)
Net deferred tax asset	$ —	$ —

The Company has recorded a full valuation allowance against its net deferred tax asset because, based on the weight of available evidence, the Company believes it is more likely than not that the deferred tax assets will not be realized in the future. The valuation allowance increased by approximately $3.6 million during 2007 primarily as a result of operating losses incurred in the year ended December 31, 2007.

(Amounts in thousands, except share and per share data)

(14) INCOME TAXES (Continued)

The effective tax rate differs from the statutory tax rate due to the following:

	2007	2006	2005
Federal	34.0%	34.0%	34.0%
State	5.6	5.6	5.6
Research and development tax credit	0.8	1.9	2.0
Revenue reduction recorded in connection with warrant extension	—	—	(1.7)
Stock-based compensation expense	(5.6)	(4.1)	(0.2)
Other adustments	4.4	(10.2)	0.1
Valuation allowance	(39.2)	(27.2)	(39.8)
Effective tax rate	0.0%	0.0%	0.0%

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* , and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Additionally, FIN 48 provides guidance on subsequent derecognition of tax positions, financial statement classification, recognition of interest and penalties, accounting in interim periods, and disclosure and transition requirements. The Company adopted the provisions of FIN 48 on January 1, 2007. Previously, the Company had accounted for tax contingencies in accordance with Statement of Financial Accounting Standards 5, *Accounting for Contingencies* . As required by FIN 48, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied FIN 48 to all tax positions for which the statute of limitations remained open. The amount of unrecognized tax benefits as of January 1, 2007 was zero. There have been no changes in unrecognized tax benefits since January 1, 2007, nor are there any tax positions where it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 2007.

The Company has not, as yet, conducted a study of its research and development credit carryforwards. This study may result in an adjustment to the Company's research and development credit carryforwards, however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position under FIN 48. A full valuation allowance has been provided against the Company's research and development credits and, if an adjustment is required, this adjustment would be offset by an adjustment to the valuation allowance. Thus, there would be no impact to the consolidated balance sheet or statement of operations if an adjustment were required.

As of December 31, 2007, due to the carry forward of unutilized net operating losses and research and development credits, the Company is subject to U.S. Federal income tax examinations for the tax years 2003 through 2007, and to state income tax examinations for the tax years 2003 through 2007. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense and

(14) INCOME TAXES (Continued)

penalties in operating expense. No amounts were accrued for the payment of interest and penalties through December 31, 2007. The Company's adoption of FIN 48 did not have a material effect on the Company's financial condition, results of operations or cash flows.

(15) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table sets forth unaudited quarterly statement of operations data for each of the eight quarters ended December 31, 2007. In the opinion of management, this information has been prepared on the same basis as the audited financial statements appearing elsewhere in this Form 10-K, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results of operations. The quarterly data should be read in conjunction with our audited financial statements and the notes to the financial statements appearing elsewhere in this Form 10-K.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Amounts in thousands, except per share data)			
2007				
Revenue	$ 1,170	$ 1,115	$ 113	$ (600)
Cost of revenue	2	1	46	—
Research and development	1,277	1,332	1,009	1,269
Sales and marketing	389	400	219	(18)
General and administrative	1,648	1,447	2,456	1,991
Restructuring	33	(2)	788	358
Loss from operations	(2,179)	(2,063)	(4,405)	(4,200)
Interest income	259	238	210	181
Net loss	$ (1,920)	$ (1,825)	$ (4,195)	$ (4,019)
Net loss per share—basic and diluted	$ (0.07)	$ (0.07)	$ (0.16)	$ (0.15)
Weighted average common shares outstanding—basic and diluted	26,790	26,880	27,017	27,088
2006				
Revenue	$ 1,194	$ 1,221	$ 1,155	$ 1,180
Cost of revenue	588	93	102	26
Research and development	1,960	1,918	1,705	1,152
Sales and marketing	1,324	1,077	890	500
General and administrative	1,803	1,692	1,861	1,555
Restructuring	—	—	—	671
Loss from operations	(4,481)	(3,559)	(3,403)	(2,724)
Interest income	318	313	320	301
Net loss	$ (4,163)	$ (3,246)	$ (3,083)	$ (2,423)
Net loss per share—basic and diluted	$ (0.16)	$ (0.12)	$ (0.12)	$ (0.09)
Weighted average common shares outstanding—basic and diluted	26,376	26,402	26,562	26,692

(15) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED) (Continued)

Certain expenses reported in the Company's 2007 and 2006 periodic filings with the Securities and Exchange Commission which were previously included in the "sales and marketing" line item in the Company's consolidated statements of operations have been reclassified as "general and administrative" expenses to conform to the current year presentation. This change had no impact on the Company's net loss or net loss per share as previously reported. The following table provides a reconciliation of previously reported amounts to the current year presentation.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Amounts in thousands, except per share data)			
2007				
Sales and marketing expenses—as reported on Form 10-Q	$ 495	$ 510	$ 385	
Less: Amounts reclassified as general and administrative expenses	(106)	(110)	(166)	
Sales and marketing expenses—revised	$ 389	$ 400	$ 219	
General and administrative expenses—as reported on Form 10-Q	$ 1,542	$ 1,337	$ 2,290	
Add: Amounts reclassified as general and administrative expenses	106	110	166	
General and administrative expenses—revised	$ 1,648	$ 1,447	$ 2,456	
2006				
Sales and marketing expenses—as reported on Form 10-Q and Form 10-K	$ 1,486	$ 1,272	$ 1,051	$ 624
Less: Amounts reclassified as general and administrative expenses	(162)	(195)	(161)	(124)
Sales and marketing expenses—revised	$ 1,324	$ 1,077	$ 890	$ 500
General and administrative expenses—as reported on Form 10-Q	$ 1,641	$ 1,497	$ 1,700	$ 1,431
Add: Amounts reclassified as general and administrative expenses	162	195	161	124
General and administrative expenses—revised	$ 1,803	$ 1,692	$ 1,861	$ 1,555

(16) SUBSEQUENT EVENTS

Fourth Amendment to LabCorp License Agreement

On March 17, 2008, the Company entered into the fourth amendment (the "Fourth Amendment") to its exclusive license agreement with LabCorp. Among other things, the Fourth Amendment further clarified certain license rights of the parties, amended LabCorp's termination rights relating to the failure to launch the Company's Version 2 technology and restricted certain of the Company's termination rights in the event the FDA limits LabCorp's ability to market products that incorporate technology licensed to LabCorp under the amended license agreement. In addition, the Fourth Amendment eliminated certain of the Company's termination rights for a specified period of time

(16) SUBSEQUENT EVENTS (Continued)

during which LabCorp is not marketing any stool-based DNA test for colorectal cancer as a result of preparing for a commercial launch of a stool-based DNA test for colorectal cancer based on the Company's Version 2 technology.

Colorectal Cancer Screening Guidelines Inclusion

Professional colorectal cancer screening guidelines in the United States, including those of the ACS, the American College of Gastroenterology, and the American Gastroenterological Association, recommend regular screening by a variety of methods. Historically, such recommendations consisted of colonoscopy, flexible sigmoidoscopy and fecal occult blood testing, or FOBT, as well as combinations of some of these methods. On March 5, 2008, the ACS and the MSTF-CRC announced that non-invasive, stool-based DNA screening technology has been included in the updated national colorectal cancer screening guidelines as a screening option for the detection of colorectal cancer in average risk, asymptomatic individuals age 50 and above. PreGen-Plus is therefore now the first non-invasive, DNA-based colorectal cancer screening test to be included in the colorectal cancer screening guidelines of the ACS and MSTF-CRC in the United States for the average risk population. While the Company views inclusion of its stool-based DNA technology in the ACS and MSTF-CRC guidelines as a critical first step toward building sufficient demand for PreGen-Plus, the Company believes that FDA clearance for its current and future technologies, and reimbursement from CMS and other third-party payors will be necessary in order to achieve significant increases in demand for its technologies.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements with accountants on accounting or financial disclosure matters during our two most recent fiscal years.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company maintains controls and procedures designed to ensure that it is able to collect the information it is required to disclose in the reports it files with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this report conducted by the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures are effective to enable the Company to record, process, summarize and report the information it is required to disclose in the reports it files with the SEC within the required time periods.

Management's Report on Internal Control over Financial Reporting. Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework.* Based on our assessment, we believe that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2007, has been audited by Ernst & Young LLP, our independent registered public accounting firm, who also audited the Company's consolidated financial statements. Ernst & Young LLP's attestation report on management's assessment of the Company's internal control over financial reporting appears on page 88 hereof.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of EXACT Sciences Corporation

We have audited EXACT Sciences Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). EXACT Sciences Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, EXACT Sciences Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2007 consolidated financial statements of EXACT Sciences Corporation and our report dated March 17, 2008 expressed an unqualified opinion with an explanatory paragraph related to going concern uncertainties thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 17, 2008

Item 9B. Other Information

On March 17, 2008, we entered into the fourth amendment, or Fourth Amendment, to our exclusive license agreement with LabCorp. Among other things, the Fourth Amendment further clarified certain license rights of the parties, amended LabCorp's termination rights relating to the failure to launch our Version 2 technology and restricted certain of our termination rights in the event the FDA limits LabCorp's ability to market products that incorporate technology licensed to LabCorp under our amended license agreement. In addition, the Fourth Amendment eliminated certain of our termination rights for a specified period of time during which LabCorp is not marketing any stool-based DNA test for colorectal cancer as a result of preparing for a commercial launch of a stool-based DNA test for colorectal cancer based on our Version 2 technology.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2007.

Our policy governing transactions in our securities by directors, officers and employees permits our officers, directors and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission. However, we undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan, other than in such quarterly and annual reports.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2007.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2007.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2007.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference to the Company's definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company's fiscal year ended December 31, 2007.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements (see "Financial Statements and Supplementary Data" at Item 8 and incorporated herein by reference).

(2) Financial Statement Schedules (Schedules to the Financial Statements have been omitted because the information required to be set forth therein is not applicable or is shown in the accompanying Financial Statements or notes thereto).

(3) Exhibits

The following exhibits are filed as part of and incorporated by reference into this Form 10-K:

Exhibit Number	Description
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant (previously filed as Exhibit 3.3 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
3.2	Amended and Restated By-Laws of the Registrant (previously filed as Exhibit 3.4 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
4.1	Specimen certificate representing the Registrant's Common Stock (previously filed as Exhibit 4.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
4.2+	Warrant between the Registrant and Laboratory Corporation of America Holdings, Inc. dated June 26, 2002
4.3	Amendment No. 1 to Common Stock Purchase Warrant between the Registrant and Laboratory Corporation of America Holdings, Inc. dated June 24, 2005 (previously filed as Exhibit 10.1 to our Report on Form 8-K filed June 27, 2005, which is incorporated herein by reference)
10.1*	1995 Stock Option Plan (previously filed as Exhibit 10.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.2*	2000 Stock Option and Incentive Plan (previously filed as Exhibit 10.2 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.3*	2000 Employee Stock Purchase Plan (previously filed as Exhibit 10.3 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.4*	Sixth Amended and Restated Registration Rights Agreement between the Registrant and the parties named therein dated as of April 7, 2000 (previously filed as Exhibit 10.4 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.5*	Restricted Stock Purchase Agreement between the Registrant and Don M. Hardison dated as of June 23, 2000, as amended (previously filed as Exhibit 10.7 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.6	License Agreement between the Registrant and Genzyme Corporation dated as of March 25,1999 (previously filed as Exhibit 10.6 to our Annual Report on Form 10-K for the period ended December 31, 2006, which is incorporated herein by reference)
10.7	Technology License Contract between the Registrant and the Mayo Foundation for Medical Education and Research dated as of July 7, 1998, as amended (previously filed as Exhibit 10.14 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)

10.8	Letter Agreement by and between The Mayo Foundation for Medical Education and Research and the Registrant dated February 4, 1998 (previously filed as Exhibit 10.15 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.9	Form of Consulting Agreement by and between the Registrant and certain members of the scientific advisory board (previously filed as Exhibit 10.16 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.10+**	Agreement between the Registrant and Laboratory Corporation of America Holdings, Inc. dated June 26, 2002
10.11+	Lease Agreement, dated January 23, 2003, between Marlborough Campus Limited Partnership and the Registrant, as amended
10.12+**	Exclusive License Agreement between Matrix Technologies Corporation, d/b/a Apogent Discoveries, and the Registrant dated as of November 26, 2002
10.13**	First Amendment to License Agreement by and between the Registrant and Laboratory Corporation of America Holdings, Inc. dated January 19, 2004 (previously filed as Exhibit 10.32 to our Annual Report on Form 10-K for the period ended December 31, 2003, which is incorporated herein by reference)
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10.28	Sublease Agreement between EXACT Sciences Corporation and INTRINSIX Corp., dated as of November 20, 2007 (previously filed as Exhibit 10.1 to our Report on Form 8-K filed on November 21, 2007, which is incorporated herein by reference)
10.29+	Form of Restricted Stock Award Agreement
12.1+	Statement Regarding Computation of Ratios
21.1	Subsidiaries of the Registrant (previously filed as Exhibit 21.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
23.1+	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney (included on signature page)
31.1+	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2+	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32+	Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates a management contract or any compensatory plan, contract or arrangement.

** Confidential Treatment requested for certain portions of this Agreement.

\+ Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXACT SCIENCES CORPORATION

Date: March 17, 2008

By: /s/ JEFFREY R. LUBER

Jeffrey R. Luber
President

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of EXACT Sciences Corporation, hereby severally constitute and appoint Patrick J. Zenner, Jeffrey R. Luber and Charles R. Carelli, Jr., and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us and in our names in the capacities indicated below, any amendments to this Annual Report on Form 10-K, and generally to do all things in our names and on our behalf in such capacities to enable EXACT Sciences Corporation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all the requirements of the Securities Exchange Commission.

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ SALLY W. CRAWFORD Sally W. Crawford	Chairperson of the Board and Director	March 17, 2008
/s/ PATRICK J. ZENNER Patrick J. Zenner	Executive Chairman, Interim Chief Executive Officer and Director (Principal Executive Officer)	March 17, 2008
/s/ CHARLES R. CARELLI, JR. Charles R. Carelli, Jr.	Senior Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	March 17, 2008
/s/ EDWIN M. KANIA, JR. Edwin M. Kania, Jr.	Director	March 17, 2008
/s/ CONNIE MACK, III Connie Mack, III	Director	March 17, 2008
/s/ LANCE WILLSEY, MD Lance Willsey, MD	Director	March 17, 2008

Exhibit Index to Annual Report on Form 10-K

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32+	Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates a management contract or any compensatory plan, contract or arrangement.

** Confidential Treatment requested for certain portions of this Agreement.

\+ Filed herewith.

Exhibit 4.2

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED UNLESS SUCH SALE OR TRANSFER IS IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS OR SOME OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND APPLICABLE LAWS IS AVAILABLE WITH RESPECT THERETO.

COMMON STOCK PURCHASE WARRANT

Warrant No. 4 Number of Shares 1,000,000

EXACT Sciences Corporation

Void after June 26, 2005

1. Issuance . This Warrant is issued to Laboratory Corporation of America Holdings by EXACT Sciences Corporation, a Delaware corporation (hereinafter with its successors called the "Company").

2. Purchase Price: Number of Shares . Subject to the terms and conditions hereinafter set forth, the registered holder of this Warrant (the "Holder"), commencing on the date hereof, is entitled upon surrender of this Warrant with the subscription form annexed hereto duly executed, at the office of the Company, 63 Great Road, Maynard, Massachusetts 01754, or such other office as the Company shall notify the Holder of in writing, to purchase from the Company at a price per share (the "Purchase Price") of $16.09, ONE MILLION (1,000,000) fully paid and nonassessable shares of Common Stock, $0.01 par value, of the Company (the "Common Stock"). Until such time as this Warrant is exercised in full or expires, the Purchase Price and the securities issuable upon exercise of this Warrant are subject to adjustment as hereinafter provided.

3. Payment of Purchase Price . The Purchase Price may be paid (i) in cash or by check, (ii) by the surrender by the Holder to the Company of any promissory notes or other obligations issued by the Company, with all such notes and obligations so surrendered being credited against the Purchase Price in an amount equal to the principal amount thereof plus accrued interest to the date of surrender, or (iii) by any combination of the foregoing.

4. Partial Exercise . This Warrant may be exercised in part, and the Holder shall be entitled to receive a new warrant, which shall be dated as of the date of this Warrant and containing the same terms as this Warrant, covering the number of shares in respect of which this Warrant shall not have been exercised.

5. Issuance Date . The person or persons in whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become the holder of record of the shares represented thereby as at the close of business on the date this

Warrant is exercised with respect to such shares, whether or not the transfer books of the Company shall be closed.

6. Expiration Date . This Warrant shall expire at the close of business on June , 2005 and shall be void thereafter.

7. Reserved Shares: Valid Issuance . The Company covenants that it will at all times from and after the date hereof reserve and keep available such number of its authorized shares of Common Stock, free from all preemptive or similar rights therein, as will be sufficient to permit the exercise of this Warrant in full. The Company further covenants that such shares as may be issued pursuant to the exercise of this Warrant will, upon issuance, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

8. Dividends . If after the Original Issue Date (as defined in Section 13 hereof) the Company shall subdivide the Common Stock, by split-up or otherwise, or combine the Common Stock, or issue additional shares of Common Stock in payment of a stock dividend on the Common Stock, the number of shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Purchase Price shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of a combination.

9. Sale of Assets and Mergers . Upon the sale by the Company of all or substantially all of its assets, or the merger or consolidation of the Company with or into another entity in a transaction where the shares of the Company's capital stock outstanding immediately prior to the closing of such merger or consolidation represent or are converted into or exchanged for shares that represent less than a majority of the shares of capital stock of the resulting or surviving entity outstanding immediately after the closing of such merger or consolidation (each, a "Business Event"), this Warrant shall expire and thereafter be void. The Company shall give the Holder of this Warrant thirty (30) days (the "Merger Exercise Period") prior written notice of a Business Event. Holder may exercise this Warrant, in full or in part, during the Merger Exercise Period. Upon the expiration of the ?Merger Exercise Period, this Warrant shall expire and thereafter be void.

10. Fractional Shares . In no event shall any fractional share of Common Stock be issued upon any exercise of this Warrant. If, upon exercise of this Warrant as an entirety, the Holder would, except as provided in this Section 10, be entitled to receive a fractional share of Common Stock, then the Company shall issue the next higher number of full shares of Common Stock, issuing a full share with respect to such fractional share.

11. Certificate of Adjustment . Whenever the Purchase Price is adjusted, as herein provided, the Company shall promptly deliver to the Holder a certificate setting forth the Purchase Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

12. Notices of Record Date. Etc . In the event of

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right,

(b) any reclassification of the capital stock of the Company, capital reorganization of the Company, consolidation or merger involving the Company, or sale or conveyance of all or substantially all of its assets, or

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

then and in each such event the Company will mail or cause to be mailed to the Holder a notice specifying (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which any such reclassification, reorganization, consolidation, merger, sale or conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record in respect of such event are to be determined. Such notice shall be mailed at least 20 days prior to the date specified in such notice on which any such action is to be taken.

13. Issue Date . This Warrant is being issued by the Company on June 26, 2002 (the "Original Issue Date") in connection with that certain Agreement, dated as of June 26, 2002, between the Company and Laboratory Corporation of America Holdings.

14. Amendment . The terms of this Warrant may be amended, modified or waived only with the written consent of the Company and the Holder of this Warrant.

15. Compliance with the Securities Act .

(a) Compliance with Securities Act . The Holder of this Warrant, by acceptance hereof, agrees that this Warrant, and the shares of Common Stock to be issued upon exercise hereof are being acquired for investment and that such Holder will not offer,, sell or otherwise dispose of this Warrant, or any shares of Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Securities Act") or any applicable state securities laws. Upon exercise of this Warrant, unless the Common Stock being acquired is registered under the Securities Act and any applicable state securities laws or an exemption from such registration is available, the holder hereof shall confirm in writing that the shares of Common Stock so purchased (and any shares issued upon conversion thereof) are being acquired for investment and not with a view toward distribution or resale in violation of the Securities Act and shall confirm such other matters related thereto as may be reasonably requested by the Company. This Warrant and all shares of Common Stock issued upon exercise of this Warrant (unless registered under the

Securities Act and any applicable state securities laws) shall be stamped or imprinted with a legend in substantially the following form:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISPOSITION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS.

Said legend shall be removed by the Company, upon the request of a holder, at such time as the restrictions on the transfer of the applicable security shall have terminated.

(b) In addition, in connection with the issuance of this Warrant, the Holder specifically represents to the Company by acceptance of this Warrant as follows:

(i) The Holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. The Holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof in violation of the Securities Act or applicable state securities laws.

(ii) The Holder understands that this Warrant has not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein.

(iii) The Holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Securities Act and qualified under any applicable state securities laws, or unless exemptions from registration and qualification are otherwise available. The holder is aware of the provisions of Rule 144, promulgated under the Securities Act.

16. Warrant Register; Transfers, Etc.

(a) Subject to the provisions of Section 15 hereto, this Warrant and all rights hereunder are transferable (but only with all related obligations) with the prior written consent of the Company, and upon surrender of the Warrant with a properly executed assignment (in the form attached hereto) at the principal office of the Company, or at such other office or agency as the Company may designate.

(b) Each holder of this Warrant acknowledges that this Warrant and the Common Stock of the Company issuable upon exercise hereof have not been registered under the

Securities Act, and agrees not to sell, pledge, distribute, offer for sale, transfer or otherwise dispose of this Warrant or any Common Stock issued upon its exercise in the absence of (i) an effective registration statement under the Securities Act as to this Warrant or such Common Stock and registration or qualification of this Warrant or such Common Stock under any applicable blue sky or state securities law then in effect, or (ii) an opinion of counsel, reasonably satisfactory to the Company, that such registration and qualification are not required.

(c) Until any transfer of this Warrant is made in the warrant register, the Company may treat the Holder of this Warrant as the absolute owner hereof for all purposes; provided , however , that if and when this Warrant is properly assigned in accordance with this Section 16, the Company may (but shall not be required to) treat the bearer hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto, as may be appropriate.

(d) The Company will maintain a register containing the names and addresses of the registered holders of this Warrant. Any registered holder may change such registered holder's address as shown on the warrant register by written notice to the Company requesting such change.

17. No Impairment . The Company will not, by amendment of its Certificate of Incorporation or through any reclassification, capital reorganization, consolidation, merger, sale or conveyance of assets, dissolution, liquidation, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder.

18. Registration Rights .

(a) Whenever the Company proposes to file a registration statement with the Securities and Exchange Commission for a public offering and sale of securities of the Company (other than a registration statement on Form S8 or Form S4, or their successors, or any other form for a limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation) (a "Registration Statement"), it will, prior to such filing, give written notice to the Holder of its intention to do so and, upon the written request of the Holder given within 30 days after the Company provides such notice, the Company shall use commercially reasonable efforts to register under the Securities Act pursuant to the Registration Statement all shares of Common Stock issued or issuable upon conversion of the Warrant ("Registrable Shares") for which the Holder has requested registration; provided that the Company shall have the right to postpone or withdraw any registration effected pursuant to this Section 18 without obligation to the Holder; and provided further that the Company shall have no obligation to register Registrable Shares which have already been registered under the Securities Act pursuant to an effective registration statement or are owned by a Holder who could immediately sell all of such Registrable Shares publicly pursuant to Rule 144 under the Securities Act.

(b) In connection with any offering under Section 18(a) involving an underwriting, the Company shall include in such offering all the Registrable Shares specified in a written request or requests, mailed by the Holder within 30 days of receipt of such written notice from the Company, provided that the Company may limit, to the extent so advised by the underwriters as a result of market conditions, the amount of Registrable Shares to be included in the registration by the Holder to an amount not less than one third of the total number of securities included in the offering. If the number of Registrable Shares to be included in the underwriting in accordance with the foregoing is less than the total number of Registrable Shares which the Holder has requested to be included, then the Company may include all securities proposed to be registered by the Company to be sold for its own account and the Holder shall participate in the underwriting pro rata based upon its total ownership of shares of Common Stock of the Company, together with any additional holders of shares of the Company's capital stock who has requested registration of any or all of such holder's shares pursuant to and in accordance with a grant of registration rights by the Company (a "Selling Securityholder"). If any Selling Securityholder would thus be entitled to include more shares than such Selling Securityholder requested to be registered, the excess shall be allocated among other requesting Selling Securityholders pro rata based upon their total ownership of shares.

(c) If at any time (i) the Holder requests that the, Company file a Registration Statement on Form S3 or any successor thereto for a public offering of all or any portion of the Registrable Shares with an aggregate proposed offering price of at least $500,000, and (ii) the Company is a registrant entitled to use Form S3 or any successor thereto to register such shares, then the Company shall use its reasonable best efforts at its own expense to file a Registration Statement on Form S3 or any successor thereto, for public sale in accordance with the method of disposition specified in such notice, the number of Registrable Shares specified in such notice; provided, however, that the Company shall have no obligation to register Registrable Shares which have already been registered under the Securities Act pursuant to an effective registration statement or are owned by a Holder who could immediately sell all of such Registrable Shares publicly pursuant to Rule 144 under the Securities Act. The Company shall be entitled to include in any Registration Statement referred to in this Section 18(c) shares of Common Stock to be sold by the Company for its own account or for the account of a Selling Securityholder, except as and to the extent that, in the opinion of the managing underwriter, if any, such inclusion would adversely affect the marketing of the Registrable Shares to be sold. Notwithstanding anything to the contrary in this Section 18(c), the Company shall not be required to effect more than one registration pursuant to this Section 18(c) in any 12 month period.

(d) A Holder proposing to distribute its securities in an offering under this Section 18 involving an underwriting shall (together with the Company and other shareholders of securities distributing their shares through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for the underwriting.

(e) The Company shall not be obligated to register, pursuant to this Section 18, the Registrable Shares of any Holder who fails to provide promptly to the Company such information as the Company may reasonable request at any time to enable the Company to

comply with any applicable law or regulation or to facilitate preparation of the Registration Statement.

(f) In connection with any public offering of equity securities of the Company, the Holder agrees not to sell, pledge, hypothecate, hedge, transfer or otherwise dispose of, or grant any option or purchase right with respect to, any shares of capital stock of the Company then owned by the Holder and not otherwise offered in the public offering, or engage in any short sale, hedging transaction or other derivative security transaction involving the Registrable Shares or other shares of Common Stock of the Company held by the Holder, for such period of time commencing ten (10) days prior to the proposed effective date of such public offering and until 180 days following the effective date of such public offering.

(g) All expenses incurred by the Company in complying with this Section 18, including, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for the Company, fees and expenses incurred in connection with complying with state securities or "blue sky" laws, fees of the National Association of Securities Dealers, Inc., transfer taxes, fees of transfer agents and registrars and costs of insurance, but excluding any Selling Expenses, are called "Registration Expenses". All underwriting discounts and selling commissions applicable to the sale of Restricted Stock and fees and disbursements of counsel for the sellers of the Registrable Shares are called "Selling Expenses". The Company will pay all Registration Expenses in connection with each registration statement under this Section 18. All Selling Expenses in connection with each registration statement under this Section 18 shall be borne by the participating sellers in proportion to the number of shares sold by each, or by such participating sellers other than the Company (except to the extent the Company shall be a seller) as they may agree.

19. Rule 144 Reporting . With a view to making available the benefits of certain rules and regulations of the Securities and Exchange Commission which may at any time permit the sale of the Registrable Shares to the public without registration, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) use commercially reasonable efforts to file with the Securities and Exchange Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act of 1934, as amended (the "Exchange Act"); and

(c) furnish to each holder of Registrable Shares forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of such Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as such holder may reasonably request in availing itself of any rule or regulation of the Securities and Exchange Commission allowing such holder to sell any Registrable Shares without registration.

20. Governing Law . The provisions and terms of this Warrant shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts.

21. Successors and Assign . This Warrant shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Holder's successors, legal representatives and permitted assigns.

22. Business Days . If the last or appointed day for the taking of any action required or the expiration of any right granted herein shall be a Saturday or Sunday or a legal holiday in the Commonwealth of Massachusetts, then such action may be taken or right may be exercised on the next succeeding day which is not a Saturday or Sunday or such a legal holiday.

23. Shareholder Rite . Except as set forth herein, no holder of this Warrant, as such, shall be entitled to vote upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or be deemed the holder of Common Stock until this Warrant shall have been exercised and the Shares purchasable upon such exercise shall have become deliverable, as provided herein.

[Remainder of Page Intentionally Left Blank]

Dated: June 26, 2002

EXACT SCIENCES CORPORATION

(Corporate Seal)

By: /s/ Don M. Hardison
Name:
Title:

Attest:

/s/ John A. McCarthy, Jr.

Subscription

To: _____ Date: _____

The undersigned hereby subscribes for the shares of Common Stock covered by this Warrant. The certificates) for such shares shall be issued in the name of the undersigned or as otherwise indicated below:

_____
Signature

_____
Name for Registration

_____
Mailing Address

Assignment

For value received hereby sells,

assigns and transfers unto

Please print or typewrite name and address of Assignee

the within Warrant, and does hereby irrevocably constitute and appoint

its attorney to transfer the within Warrant on the books of the

within named Company with full power of substitution on the premises.

Dated: _____

_____

In the Presence of:

_____

AGREEMENT

THIS AGREEMENT (the "Agreement"), effective this 26th day of June, 2002 (the "Effective Date"), is entered into by and between Laboratory Corporation of America Holdings ("LABCORP"), a Delaware corporation having its principal place of business at 430 South Spring Street, Burlington, NC 27215; and EXACT Sciences Corporation ("EXACT"), a Delaware corporation having its principal place of business at 63 Great Road, Maynard, MA 01754.

EXACT owns certain proprietary technology directed to cancer detection and is producing improvements, enhancements, and inventions related to that technology.

LABCORP has equipment, facilities, knowledge, and know-how that are useful in connection with the performance of commercial and clinical testing relating to EXACT's proprietary technology.

EXACT and LABCORP (the "Parties"), therefore, in consideration of the mutual covenants and conditions contained herein, agree as follows:

Article 1: Definitions

1.1 "Affiliate" shall mean, with respect to either Party or any third party, any Person controlling, controlled by or under the common control of that Party or third party, as the case may be at any time during the Term of this Agreement. For the purpose of this definition, "control" shall mean direct or indirect ownership of fifty percent (50%) or more of the shares entitled to vote for the election of directors.

1.2 "Approved Kit" shall mean an in vitro diagnostic kit for the performance of Assays.

1.3 "ACP", which is an acronym for 'Average Compensated Price', shall mean, for any specified month, the average dollar amount received (as such average is calculated in the manner set forth on Schedule 3) for each Assay performed by LABCORP and its Affiliates and sub-licensees under this Agreement

1.4 "Analytical Process Improvement" shall mean EXACT's protocols and associated Technology which: 1) reduces the [CONFIDENTIAL TREATMENT REQUESTED]/*/ , or reduces the [CONFIDENTIAL TREATMENT REQUESTED]/*/, 2) [CONFIDENTIAL TREATMENT REQUESTED]/*/, 3) results in [CONFIDENTIAL TREATMENT REQUESTED]/*/ using EXACT's cost model as of the Effective Date, and 4) is [CONFIDENTIAL TREATMENT REQUESTED]/*/ (as specified in Section 3.5).

1.5 "Assay" shall mean a test for the detection of colorectal cancer on a patient sample using the Technology in the Field.

1.6 "Capture Process Improvement" shall mean EXACT's protocol and associated Technology that will reduce the [CONFIDENTIAL TREATMENT REQUESTED]/*/, and that will [CONFIDENTIAL TREATMENT REQUESTED]/*/, using EXACT's cost model as of the Effective Date. If there are [CONFIDENTIAL TREATMENT REQUESTED]/*/ in order to implement the Capture Process Improvement for an annual run rate of [CONFIDENTIAL TREATMENT REQUESTED]/*/, then EXACT shall promptly reimburse LABCORP for the amount greater than [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall deliver to LABCORP the Capture Process Improvement on or before [CONFIDENTIAL TREATMENT REQUESTED]/*/. The [CONFIDENTIAL TREATMENT REQUESTED]/*/ shall be reduced by [CONFIDENTIAL TREATMENT REQUESTED]/*/ after [CONFIDENTIAL TREATMENT REQUESTED]/*/ that the delivery of the Capture Process Improvement is delayed.

1.7 "Commercial Launch Date" shall mean the later to occur of (i) completion of the Initial EXACT Obligations, or (ii) [CONFIDENTIAL TREATMENT REQUESTED]/*/.

1.8 "Exclusive Period" shall mean the period beginning on April 1, 2003 and ending on April 1, 2008, unless sooner terminated in accordance with Section 8.1, 11.2, or 11.6.

1.9 "Field" shall mean a screening assay (regardless of other uses to which such assay is put) for colorectal cancer in patient samples, excluding tests solely for staging and/or monitoring of colorectal cancer which do not obsolete or adversely impact such screening assay.

1.10 "First Trigger Date" means the first of: (i) the date on which LABCORP, its Affiliates and sublicensees net collected revenue from performance of Assays (excluding Research Assays) exceeds [CONFIDENTIAL TREATMENT REQUESTED]/*/, or (ii) the date on which LABCORP, its Affiliates and sublicensees have processed and billed for [CONFIDENTIAL TREATMENT REQUESTED]/*/ Assays (excluding Research Assays) regardless of whether the Assays have been reimbursed.

1.11 "Initial EXACT Obligations" shall mean EXACT providing LABCORP with the protocols, SOPs, reagents, and other information and materials reasonably required by LABCORP in order for LABCORP to validate the Assays at EXACT's facilities.

1.12 "Invention" shall mean any (i) ideas, designs, concepts, techniques, discoveries, inventions (whether or not patentable), improvements, modifications, know-how, methods, technology, developments, SOPs, protocols, proprietary information, data, and works of authorship; and (ii) patents, copyrights (including without limitation reproducing and preparing derivative works), trademarks, service marks, trade secret, trade dress, or other intellectual property rights associated with the foregoing.

1.13 "Joint Invention" shall mean any Invention conceived and/or reduced to practice jointly by one or more employees or agents of EXACT and one or more employees or agents of LABCORP or its Affiliates in the course of performing any activities under this Agreement.

1.14 "Locus" or "Loci" shall mean point mutation(s), insertion(s) and/or deletion(s) in (i) genes, such as, but not limited to, [CONFIDENTIAL TREATMENT REQUESTED]/*/, or (ii) microsatellites, such as, but not limited to, [CONFIDENTIAL TREATMENT REQUESTED]/*/, for use with the Technology.

1.15 "Marketing Plan" shall mean a plan to be separately agreed upon by the Parties in writing and which shall specify a joint marketing and sales plan including but not limited to plans for the development and execution of a comprehensive direct and indirect sales plan, medical education programming, advocacy work toward guideline inclusion, in-office and other consumer programming, and managed care activities.

1.16 "Minimum Performance Standards" shall mean the processing by LABCORP (including all of its Affiliates and sub-licensees) and the entities listed on Schedule 2 (including their Affiliates) of at least [CONFIDENTIAL TREATMENT REQUESTED]/*/ Assays (in the aggregate), excluding Research Assays, on or prior to [CONFIDENTIAL TREATMENT REQUESTED]/*/ .

1.17 "Negative Article" shall mean a [CONFIDENTIAL TREATMENT REQUESTED]/*/.

1.18 "Operations Plan" shall mean a plan to be separately agreed upon by the Parties in writing and which shall specify procedures for sample collection, sample distribution, capacity planning, and Assay performance.

1.19 "Person" shall mean an individual, corporation, partnership, joint venture, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

1.20 "Records" shall mean all written records, accounts, and data regarding the activities performed by LABCORP or its Affiliates under this Agreement.

1.21 "Research Assays" shall mean Assays performed by LABCORP or its Affiliates or sub-licensees for research purposes (including without limitation clinical trials) without payment from a third party.

1.22 "Research Purposes" shall mean non-commercial research purposes to support the development of in vitro diagnostic products and assays to be developed by or for EXACT (including clinical trials where testing is not paid for by a third party, but excluding clinical trials where testing is paid for by a third party).

1.23 "Second Trigger Date" means the date on which (whichever comes first): (i) LABCORP's, its Affiliates' and sublicensees' net collected revenue from performance of Assays (excluding Research Assays) exceeds [CONFIDENTIAL TREATMENT REQUESTED]/*/, or (ii) LABCORP, its Affiliates and sublicensees have processed and billed for [CONFIDENTIAL TREATMENT REQUESTED]/*/ Assays (excluding Research Assays) regardless of whether the Assays have been reimbursed.

1.24 "Specified Compensated Assays" shall mean, with respect to any specified month for determination of any payment due by LABCORP to EXACT under Section 6.2 of this Agreement, the total number of Assays that meet each of the following criteria: (a) such Assays were performed by LABCORP or any of its Affiliates or sub-licensees at any time during the twelve (12) month period ending on the last day of the specified month, and (b) LABCORP or any of its Affiliates or sub-licensees received itemized fee-for-services payments for such Assays during the specified month.

1.25 "Standard of Care" shall mean inclusion in publicly reported guidelines of [CONFIDENTIAL TREATMENT REQUESTED]/*/ for screening for colorectal cancer.

1.26 "Technology" shall mean individually or collectively the United States and Canadian patents and United States and Canadian patent applications of EXACT listed in the attached Schedule 1 (including all United States and Canadian patents issued from such applications, continuations, continuations-in-part used in the Field, and divisional applications based upon such applications, and reissues, re-examinations of such patents) and any additional Inventions as set forth in Section 2.3 below. For the avoidance of doubt, Technology shall not include continuations-in-part used solely outside the Field.

1.27 "Territory" shall mean the United States and Canada and their respective territories and possessions, except that it shall mean worldwide with respect to clinical trials.

1.28 "Term" shall have the meaning given to it in Section 11.1 of this Agreement.

Article 2: Licenses

2.1 License . EXACT hereby grants to LABCORP and each of its Affiliates a non-transferable license to make, use, import, offer for sale, sell, and perform services, based on the Technology in the Field in the Territory for the Term. The license granted under this Section 2.1 shall be sub-licensable by LABCORP to commercial reference laboratories only in the Field, subject to the prior approval of EXACT, with such approval not to be unreasonably withheld by EXACT. The license granted under this Section 2.1 shall be exclusive during the Exclusive Period and otherwise non-exclusive. As used in this Section 2.1, "exclusive" shall mean that the rights granted hereunder shall be exclusive to LABCORP and each of its Affiliates and sub-licensees in the Field except for the right of EXACT and each of its Affiliates (i) to use the Technology for any commercial purpose prior to the Commercial Launch Date and thereafter subject to the prior written approval of LABCORP (which approval may be granted or denied at LABCORP's sole discretion); (ii) to license the Technology to other commercial and research organizations for Research Purposes; (iii) to grant a non-transferable, non-sublicensable license to the Technology to the entities and their Affiliates listed on Schedule 2 for commercial or Research Purposes (including clinical trials), provided such license is [CONFIDENTIAL TREATMENT REQUESTED]/*/; (iv) subject to the prior written approval of LABCORP, which approval may be granted or denied at LABCORP's sole discretion, to license the Technology to other commercial and research organizations for commercial purposes; and (v) to perform and have performed research and clinical studies for EXACT's Research Purposes, including working with a Person for the development and testing of an Approved Kit.

2.2 Additional Locus. If at any time during the term of the Agreement, either Party becomes aware of a genetic Locus that would enhance detection of colorectal cancer in an Assay using the Technology, such Party shall inform the other Party of such Locus and provide any supporting documentation known to such Party, and if such Locus is not currently on Schedule 5, then such Locus shall automatically be incorporated in the attached Schedule 5. Incorporation of a locus in Schedule 5 pursuant to this Section 2.2 shall not constitute a representation or warranty by EXACT that such locus can be used by LABCORP free of patent infringement unless EXACT owns patent rights to such locus.

2.3 Additional Technology . Any Invention that is [CONFIDENTIAL TREATMENT REQUESTED]/*/ at any time on or before [CONFIDENTIAL TREATMENT REQUESTED]/*/, shall automatically be included within the definition of "Technology" for purposes of this Agreement (and any patents or patent applications relating to such Inventions shall automatically be added to Schedule 1). EXACT shall promptly notify LABCORP in writing of all such Inventions. In addition, EXACT shall provide notice to LABCORP of any Invention that is [CONFIDENTIAL TREATMENT REQUESTED]/*/ at any time after [CONFIDENTIAL TREATMENT REQUESTED]/*/ during the Term of this Agreement but prior to [CONFIDENTIAL TREATMENT REQUESTED]/*/ (an "Applicable EXACT Invention"). Upon delivery of such notice and for a period of [CONFIDENTIAL TREATMENT REQUESTED]/*/ days thereafter, EXACT agrees to [CONFIDENTIAL TREATMENT REQUESTED]/*/. Notwithstanding the foregoing, EXACT reserves the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/, in its sole discretion.

However, in the event that[CONFIDENTIAL TREATMENT REQUESTED]/*/, and EXACT [CONFIDENTIAL TREATMENT REQUESTED]/*/, then in each such case EXACT shall [CONFIDENTIAL TREATMENT REQUESTED]/*/.

Article 3: Assays

3.1 Performance . LABCORP agrees that each Assay conducted by LABCORP and its Affiliates and sub-licensees under this Agreement shall be performed in accordance with applicable laws and regulations. Following the Effective Date, the Parties shall use good faith efforts to agree on an Operations Plan.

3.2 Supply and Pricing of Assay Kits . In the event that, during the Term of this Agreement, (i) LABCORP is [CONFIDENTIAL TREATMENT REQUESTED]/*/, and (ii) EXACT is [CONFIDENTIAL TREATMENT REQUESTED]/*/, then EXACT shall [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall have the unqualified right to enter into agreements with third-parties for the development or commercialization of in vitro diagnostic kits, provided, however, that such agreements do not [CONFIDENTIAL TREATMENT REQUESTED]/*/, and any such agreements shall [CONFIDENTIAL TREATMENT REQUESTED]/*/. For the avoidance of doubt, EXACT shall not [CONFIDENTIAL TREATMENT REQUESTED]/*/. In addition, during any period of time during the Term of this Agreement in which LABCORP is [CONFIDENTIAL TREATMENT REQUESTED]/*/, EXACT shall not [CONFIDENTIAL TREATMENT REQUESTED]/*/.

3.3 Reporting Requirements .

3.3.1 Assays Performed . Within fifteen (15) days following the end of each calendar month LABCORP will notify EXACT in writing of the total number of Assays performed during the prior month by LABCORP and its Affiliates and sub-licensees, including Research Assays (separately reported).

3.3.2 Specified Compensated Assays and ACP . Within thirty (30) days following the end of each calendar month, LABCORP will notify EXACT in writing of (i) the total number of Assays performed by LABCORP and its Affiliates and sub-licensees for which LABCORP or any of its Affiliates or sub-licensees received an itemized fee-for-service, including the number of Specified Compensated Assays and (ii) the ACP, in each case, with respect to the prior month.

3.3.3 Assays for Capitated Payments . Within thirty (30) days following the end of each calendar quarter, LABCORP will notify EXACT in writing of the total number of Assays performed during the prior quarter by LABCORP or its Affiliates or sub-licensees (excluding Research Assays) for which LABCORP or any of its Affiliates or sub-licensees did not receive an itemized fee-for-service (for example a capitated payment, such as Assays conducted pursuant to a managed care plan which pays LABCORP or any of its Affiliates or sub-licensees for a fee per patient regardless of the number of Assays performed).

3.3.4 Interim Reporting; Records . LABCORP shall make its personnel available, and otherwise use its reasonable efforts, to provide EXACT with such interim reporting information with respect to this Section 3.3 as may be reasonably requested by EXACT. LABCORP shall maintain, and cause its Affiliates to maintain, accurate records relating to the number of Assays performed under this Agreement (including Research Assays, which shall be separately reported) and such books of account shall be subject to the inspection rights of EXACT set forth in Section 6.4 hereof.

3.4 Marketing Support . The Parties shall use good faith efforts to agree on a Marketing Plan within six (6) months following the Effective Date.

3.5 API Committee . Each party shall appoint two (2) scientists to a committee for the purpose of monitoring the progress of development of the Analytical Process Improvements (the "API Committee"). The Analytical Process Improvement milestone payment (i.e., event 3 specified on Schedule 4) shall not be payable under Section 6.1.3 (or otherwise) until all scientists on the API Committee have accepted and approved the Analytical Process Improvements, in each scientist's sole discretion.

Article 4: Ownership and Rights

4.1 Pre-Existing Technology . All Inventions, of any type, owned by LABCORP or EXACT as of the Effective Date shall remain the property of the respective Party.

4.2 Inventions .

4.2.1 As between the Parties, EXACT shall own any Invention conceived and/or reduced to practice solely by employees or authorized agents of EXACT or any of its Affiliates ("EXACT Invention") and LABCORP shall own any Invention conceived and/or reduced to practice solely by employees or authorized agents of LABCORP or any of its Affiliates ("LABCORP Invention").

4.2.2 If EXACT obtains a patent at any time during the Term that (i) would dominate a patent licensed under this Agreement, or (ii) would be infringed by LABCORP as a result of the performance of Assays by LABCORP at the time of issuance of such patent, then, in each case, such patent shall automatically be included in the relevant license(s) granted to LABCORP and its Affiliates under this Agreement. EXACT hereby grants LABCORP an immunity from suit during the Term for any patent obtained by EXACT at any time during the Term that is infringed by LABCORP as a result of its performance of Assays.

4.2.3 Any Joint Invention shall be jointly owned by EXACT and LABCORP, and each Party may use Joint Inventions internally within its organization in any manner and for any reason in its sole discretion, without the approval of the other Party and without any obligation to pay the other Party for any profits earned or other benefits acquired as a result of such internal use. However, neither Party shall sell, license or otherwise provide rights to Joint Inventions to third parties without the prior written approval of the other Party (except as set forth in Section 4.6.2 below).

4.3 No Implied License . Nothing in this Agreement shall be construed as granting any Person any right or license under any intellectual property rights of any other Person by implication, estoppel or otherwise, except as expressly set forth in this Agreement.

4.4 No Attempt to Obtain Rights . Except as set forth in this Agreement, neither Party shall attempt to obtain, during the Term or thereafter, any right, title or interest in or to any Invention of the other Party.

4.5 [CONFIDENTIAL TREATMENT REQUESTED]/*/. During the Term of this Agreement prior to [CONFIDENTIAL TREATMENT REQUESTED]/*/, LABCORP shall provide EXACT notice of any LABCORP Invention that is [CONFIDENTIAL TREATMENT REQUESTED]/*/ (an "Applicable LABCORP Invention"). Upon delivery of such notice and for a period of [CONFIDENTIAL TREATMENT REQUESTED]/*/ days thereafter [CONFIDENTIAL TREATMENT REQUESTED]/*/ LABCORP agrees to [CONFIDENTIAL TREATMENT REQUESTED]/*/. Notwithstanding the foregoing, LABCORP reserves the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/, in its sole discretion. However, in the event that [CONFIDENTIAL TREATMENT REQUESTED]/*/, and LABCORP [CONFIDENTIAL TREATMENT REQUESTED]/*/, then in each such case LABCORP shall [CONFIDENTIAL TREATMENT REQUESTED]/*/.

4.6 Patent Prosecution .

4.6.1 Inventions . Each Party shall be expressly permitted to file and prosecute any patent application covering such Party's own Inventions.

4.6.2 Joint Inventions . The Parties shall jointly agree upon any decisions relating to the preparation, filing, prosecution, maintenance and defense of any patent application on a Joint Invention or any patent issuing therefrom, and the Parties shall share equally in all expenses in connection therewith, including, without limitation, all attorneys' fees incurred in connection therewith. Notwithstanding the prior sentence, in the event of a disagreement regarding the filing of a patent application with respect to a Joint Invention, the Party seeking to file a patent application may file such patent application at its own expense, and the other Party agrees to assign all right, title, and interest in and to such application and any patents issuing therefrom to the Party filing such patent application subject to the retention of a perpetual, royalty-free, non-sublicensable, license to use the subject matter of the patent. Each Party shall provide the other Party with copies of all official correspondence between such Party and U.S. or foreign patent offices in patent applications that the Parties pursue for Joint Inventions.

4.7 Litigation. Each Party shall notify the other Party immediately if it becomes aware of (i) any infringement by a third party of any patent licensed under this Agreement during the Term or (ii) any infringement of any patent of a third party pursuant to the activities contemplated by this Agreement. EXACT shall use [CONFIDENTIAL TREATMENT REQUESTED]/*/, at its own expense, to enforce (including without limitation instituting legal action when necessary) its patent rights and with respect to any infringement by a third party of any patents owned by EXACT and covered by the Technology in the Field. Without limiting the foregoing, and without limiting any other rights or remedies of LABCORP, in the event EXACT does not file suit during the Exclusive Period to enforce its patent rights against a third party infringing on any patent licensed under this Agreement, EXACT shall [CONFIDENTIAL TREATMENT REQUESTED]/*/ in connection with such suit. After the Exclusive Period, LABCORP shall not have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/, except with the prior written consent of EXACT, which consent may be granted or denied in EXACT's sole discretion.

Article 5: Confidential Information

5.1 Confidential Information . "Confidential Information" shall mean any information, in whatever form, designated by the disclosing Party (the "Disclosing Party") in writing as confidential, proprietary or marked with words of like import when provided to the receiving Party (the "Receiving Party"), and information orally conveyed if the Disclosing Party states at the time of oral conveyance or promptly thereafter that such information is confidential, and provides specific written confirmation thereof within thirty (30) business days of the oral conveyance, or such extended period as the Parties may agree in writing. Notwithstanding the foregoing designation requirement (i) all EXACT Inventions, and all information and technology provided by EXACT to LABCORP to enable LABCORP to perform activities hereunder shall be considered Confidential Information of EXACT under this Agreement, (ii) all LABCORP Inventions shall be considered Confidential Information of LABCORP under this Agreement, and (iii) all Joint Inventions shall be considered Confidential Information for both LABCORP and EXACT.

5.2 Exclusions to Confidential Information . Confidential Information will not include information which (a) was in the Receiving Party's possession without a confidentiality restriction prior to the disclosure by the Disclosing Party hereunder, as shown by the Receiving Party with contemporaneous written records; (b) at or after the time of disclosure by the Disclosing Party becomes generally available to the public through no act or omission on the Receiving Party's part; (c) is developed by the Receiving Party independently of and without reference or access to any Confidential Information it receives from the Disclosing Party, as shown by the Receiving Party with contemporaneous written records; (d) has come into the possession of the Receiving Party without a confidentiality restriction from a third party and such third party is under no obligation to the Disclosing Party to maintain the confidentiality of such information; (e) the Disclosing Party has given written permission to the Receiving Party to disclose, or (f) any patent application filed pursuant to Article 4 above.

5.3 Treatment of Confidential Information . The Receiving Party acknowledges the confidential and proprietary nature of the Disclosing Party's Confidential Information and agrees (i) to hold the Disclosing Party's Confidential Information in confidence and to take all reasonable precautions to protect such Confidential Information (including, without limitation, all precautions the Receiving Party employs with respect to its own confidential materials); (ii) not to divulge any such Confidential Information to any third person; and (iii) not to make any use whatsoever of such Confidential Information except as expressly authorized in this Agreement. The Receiving Party shall limit disclosure of Confidential Information received from the Disclosing Party to those employees or agents of the Receiving Party whose use of or access to the Confidential Information is necessary to carry out such Party's obligations under this Agreement, and shall secure from all employees, agents or contractors having access to the Confidential Information agreements, at least as protective of the Confidential Information as the provisions of this Article 5, to maintain such information in confidence.

5.4 Notwithstanding the provisions of Section 5.3 above, LABCORP shall be permitted to disclose the Technology (including without limitation EXACT Inventions and all information and technology provided by EXACT to LABCORP to enable LABCORP to perform activities hereunder) to its Affiliates and sublicensees who, in each case, have agreed to confidentiality restrictions at least as strict as those contained in this Article5.

5.5 Disclosure Required by Judicial or Governmental Request, Requirement or Order . In the event that the Receiving Party is ordered or required to disclose the Disclosing Party's Confidential Information pursuant to a judicial or government request, requirement or order, the Receiving Party shall promptly notify the Disclosing Party and take reasonable steps to assist the Disclosing Party in contesting such request, requirement or order or in otherwise protecting the Disclosing Party's rights prior to disclosure.

5.6 Reproduction of Confidential Information . The Receiving Party agrees not to reproduce or copy by any means Confidential Information, except as reasonably required to accomplish the purposes of this Agreement. Upon termination of this Agreement, except for the rights of each Party to the Records as set forth elsewhere in this Agreement, the Receiving Party's right to use Confidential Information shall immediately terminate. In addition, upon such termination, or upon expiration of this Agreement or demand by the Disclosing Party at any time, Receiving Party shall return promptly to the Disclosing Party or destroy, at the Disclosing Party's option, all tangible materials that disclose or embody Confidential Information, subject to any records required to be retained by either Party in accordance with laws, regulations, rules or orders.

5.7 Relief . The Parties acknowledge and agree that because the violation, breach, or threatened breach of Article 5 of this Agreement would result in immediate and irreparable injury, each Party shall be entitled, without limitation of remedy, to (i) temporary and permanent injunctive and other equitable relief restraining the other Party from activities constituting a violation, breach or threatened breach of Article 5 of this Agreement to the fullest extent allowed by law, and (ii) all such other remedies available at law or in equity, including without limitation the recovery of damages.

Article 6: Payments

6.1 License Fees LABCORP shall pay to EXACT fees in accordance with Sections 6.1.1, 6.1.2, 6.1.3 and 6.1.4.

6.1.1 Effective Date License Fee . LABCORP shall pay EXACT a non-refundable license fee of $15,000,000 one (1) day after the Effective Date of this Agreement (the "Effective Date License Fee"). Payment of the Effective Date License Fee shall be made by LABCORP concurrent with the execution of this Agreement.

6.1.2 Commercial Launch License Fee . LABCORP shall pay EXACT a license fee of $15,000,000 upon the Commercial Launch Date (the "Commercial Launch License Fee"); provided , however , that [CONFIDENTIAL TREATMENT REQUESTED]/*/ in the event [CONFIDENTIAL TREATMENT REQUESTED]/*/ prior to the Commercial Launch Date. EXACT shall invoice LABCORP for the Commercial Launch License Fee upon the Commercial Launch Date (unless [CONFIDENTIAL TREATMENT REQUESTED]/*/ prior to such date), with payment of the invoiced fees due within fifteen (15) days after invoicing.

6.1.3 Milestone License Fees . LABCORP shall pay EXACT each of the license fees set forth on the attached Schedule 4 upon the occurrence of the events set forth next to each such license fee on the attached Schedule 4 (the "Milestone License Fees"); provided , however , that in the event [CONFIDENTIAL TREATMENT REQUESTED]/*/ prior to the Commercial Launch Date, [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall invoice LABCORP for each Milestone License Fee upon the occurrence of the applicable milestone event (unless [CONFIDENTIAL TREATMENT REQUESTED]/*/ prior to the Commercial Launch Date and the Milestone License Fee relates to [CONFIDENTIAL TREATMENT REQUESTED]/*/), with payment of the invoiced fees due within fifteen (15) days after invoicing.

6.1.4 Performance-Based License Fees . If (and only if) the First Trigger Date occurs on or before [CONFIDENTIAL TREATMENT REQUESTED]/*/, then LABCORP shall pay EXACT a non-refundable license fee of [CONFIDENTIAL TREATMENT REQUESTED]/*/ to be paid within 30 days of the First Trigger Date. If (and only if) the Second Trigger Date occurs on or before [CONFIDENTIAL TREATMENT REQUESTED]/*/, then LABCORP shall pay EXACT a non-refundable license fee of [CONFIDENTIAL TREATMENT REQUESTED]/*/ within 30 days of the Second Trigger Date.

6.2 Assay Payments .

6.2.1 Pricing Schedule . Within forty-five (45) days of the end of each month during the Term, LABCORP shall pay to EXACT a fee determined by multiplying the Specified Compensated Assays in such month by a per Assay fee as provided in Schedule 3; provided, however, that the Specified Compensated Assay fee shall in no event (except as provided in Section 6.2.2 (b)), be less than [CONFIDENTIAL TREATMENT REQUESTED]/*/ (the "Specified Compensated Assay Fee Minimum") The Specified Compensated Assay fee shall be determined by calculating the ACP as provided in Section 1.3 of this Agreement, and using the formula in Schedule 3 to determine the per Assay fee based on the ACP. An example of the calculation of the fee under this Section 6.2.1 is provided in Schedule 3. LABCORP shall use efforts consistent with its internal policies and procedures for similar types of assays to obtain compensation for all Assays performed by LABCORP and its Affiliates and sub-licensees hereunder. Notwithstanding any termination of this Agreement, EXACT shall be entitled to payments under this Section 6.2 for all Specified Compensated Assays performed by LABCORP and its Affiliates and sub-licensees prior to such termination.

6.2.2 Alternative Pricing .

a. [CONFIDENTIAL TREATMENT REQUESTED]/*/. Notwithstanding the foregoing, during and after the termination of [CONFIDENTIAL TREATMENT REQUESTED]/*/, in the event that LABCORP (including its Affiliates) [CONFIDENTIAL TREATMENT REQUESTED]/*/. In addition, during any period of time during the Term of this Agreement in which LABCORP [CONFIDENTIAL TREATMENT REQUESTED]/*/ on a future date.

b. Competing Assay . With the exception of the entities listed in Schedule 2, in the event that, during the Term of this Agreement, a third party sells commercially an assay in the Field that satisfies [CONFIDENTIAL TREATMENT REQUESTED]/*/ on Schedule 4 as applied to the third party, the Specified Compensated Assay Fee Minimum provided in Section 6.2.1 shall no longer apply.

c. Royalties On Existing Technology or Markers. If LABCORP is required to pay any third party, other than [CONFIDENTIAL TREATMENT REQUESTED]/*/, a royalty to use any of the protocols transferred by EXACT pursuant to this Agreement (as such protocols are configured at the time of transfer by EXACT to LabCorp), or any of the loci in Schedule 5 (as Schedule 5 existed as of the Effective Date), then the royalty due such third party shall be deducted from the Assay payments due under this Article 6.

d. New Invention or Loci For Which A Third Party Royalty is Due . If either party becomes aware of an Invention or a locus that is useful in performing Assays hereunder and for which a royalty must be paid to a third party, the Parties shall discuss whether such Invention or locus should be used in an Assay. If the parties agree that such an Invention or locus should be used in an Assay, then the parties shall negotiate in good faith an equitable adjustment to the terms of this Agreement, if any. The prior sentence shall not be construed as limiting LABCORP's right to use the Technology in the Field in conjunction with other Inventions or loci, but merely requiring the parties to negotiate in good faith on an equitable adjustment (if any) to the terms of this Agreement if LABCORP and EXACT agree that such new Inventions or loci should be used in performing Assays.

6.2.3 Capitated Payments . For each calendar quarter during the Term in which the number of Assays performed by LABCORP and its Affiliates and sublicensees under this Agreement (excluding Research Assays) for which LABCORP or its Affiliates or sublicensees did not receive an itemized fee-for-service payment (for example, a capitated payment, such as Assays conducted pursuant to a managed care plan which pays LABCORP or its Affiliates or sublicensees a fee per patient regardless of the number of Assays performed) exceeds the Specified Capitated Percentage (defined below) of the total number of Assays performed by LABCORP and its Affiliates and sublicensees under this Agreement (excluding Research Assays), LABCORP shall pay EXACT a fee for such calendar quarter equal to an amount as is determined by multiplying (i) [CONFIDENTIAL TREATMENT REQUESTED]/*/, by (ii) [CONFIDENTIAL TREATMENT REQUESTED]/*/. The "Specified Capitated Percentage" shall mean [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall invoice LABCORP for such fees on a quarterly basis, with payment of the invoiced fees due within 30 days after invoicing.

6.3 Late Payments . Each Party may impose interest compounded at the rate of one and one-half percent (1½%) above the prime rate published in *The Wall Street Journal* , Eastern Edition, under the heading "Money Rates," on the first business day of each calendar quarter in which such payments are overdue, per annum on any overdue amount (or such lesser percentage permitted by law) owed by the other Party hereunder until such other Party is current in payment. In the event that LABCORP is overdue on its payment obligations under (i) Section 6.1.2 and 6.1.3 hereof for more than fifteen (15) days and (ii) under Section 6.2 hereof for more than thirty (30) days, EXACT may provide written notice to LABCORP of such overdue payment obligations and, if such overdue obligations are not paid within thirty (30) days after LABCORP's receipt of such notice, then EXACT may, at EXACT's option and without liability, suspend the license granted to LABCORP under this Agreement until LABCORP's account is current. All applicable federal, state, or local taxes assessed in connection with this Agreement (excluding taxes imposed on the income of EXACT) will be paid by LABCORP.

6.4 Inspection Rights .

a. LABCORP shall retain its Records for a period of three (3) years after the expiration of the Term of this Agreement. LABCORP shall make its Records and books of account relating to EXACT's entitlement to payment hereunder for Assays performed available to EXACT (and its representatives and consultants) for inspection and review at any reasonable time upon thirty (30) days prior written request by EXACT. Any discrepancies in accounting discovered through such review shall be resolved by mutual agreement of the Parties. In the absence of an agreement between the Parties within thirty (30) days of such audit, the Parties agree that the dispute shall be immediately referred to one executive officer of each Party, chosen at the sole discretion of that Party, who shall negotiate in good faith with each other to resolve the dispute during the period ending 30 days after the date of such referral. If the designated officers of the Parties are unable to resolve the dispute within such 30 day period, the dispute shall be referred to arbitration pursuant to Section 12.2 of this Agreement. In the event that it is determined that, as a result of a EXACT inspection or review, EXACT is entitled to additional payments under this Agreement exceeding five percent (5%) of amounts actually paid to EXACT (over the applicable period of review), the reasonable out-of-pocket expenses of EXACT in connection with such inspection and review shall be borne by LABCORP. In the event that it is determined that, as a result of a EXACT inspection or review, EXACT is not entitled to additional payments under this Agreement exceeding five percent (5%) of amounts actually paid to EXACT (over the applicable period of review), the reasonable out-of-pocket expenses of LABCORP in connection with such inspection and review shall be borne by EXACT.

b. EXACT shall retain its records regarding the terms of licenses it has granted within the Field, and regarding the terms of diagnostic kits it has sold for the performance of Assays, for a period of three (3) years after the expiration of the Term of this Agreement. EXACT shall make such records relating to [CONFIDENTIAL TREATMENT REQUESTED]/*/ hereunder available to LABCORP (and its representatives and consultants) for inspection and review at any reasonable time upon thirty (30) days prior written request by LABCORP.

6.5 [CONFIDENTIAL TREATMENT REQUESTED]/*/ for Involvement of a Designated Company . In the event a Designated Company (defined below) [CONFIDENTIAL TREATMENT REQUESTED]/*/, then (a) EXACT shall [CONFIDENTIAL TREATMENT REQUESTED]/*/, as indicated on Schedule 6, and (b) [CONFIDENTIAL TREATMENT REQUESTED]/*/ during the Exclusive Period. In the event any of the events described in the prior sentence occur with respect to the entities or an Affiliate of the entities listed on Schedule 2 (instead of EXACT), then [CONFIDENTIAL TREATMENT REQUESTED]/*/ during the Exclusive Period. A "Designated Company" refers to [CONFIDENTIAL TREATMENT REQUESTED]/*/. Notwithstanding anything to the contrary contained herein, LABCORP shall not be entitled to [CONFIDENTIAL TREATMENT REQUESTED]/*/ as a result of any agreement between EXACT and a third party for the development or commercialization of an Approved Kit.

Article 7: Promotion; Use of Name

7.1 Promotion by LABCORP . LABCORP shall, subject to EXACT's written prior approval, make reasonable efforts to reference "EXACT Sciences" and "PreGen-Plus" in an appropriate manner in the Field in marketing and promotional materials, test directories, and websites; provided, however, that EXACT shall have the right to review and comment on any proposed LABCORP marketing and promotional materials, test directories, and websites (other than materials, test directories and websites that have been previously approved by EXACT and which make no new use of "EXACT Sciences" or "PreGen-Plus") that make reference to "EXACT Sciences" and/or "PreGen-Plus" for a period of fourteen (14) days after receipt thereof.

7.2 Promotion by EXACT . EXACT shall, subject to LABCORP's written prior approval, make reasonable efforts to reference LABCORP's name in an appropriate manner in the Field in marketing and promotional materials, test directories, and websites; provided, however, that LABCORP shall have the right to review and comment on any proposed EXACT marketing and promotional materials, test directories, and websites (other than materials, test directories and websites that have been previously approved by LABCORP and which make no new use of LABCORP) that make reference to LABCORP for a period of fourteen (14) days after receipt thereof.

7.3 Expenses . Each Party shall be responsible for their own sales and marketing expenses.

7.4 Publicity . Except as specifically set forth in this Agreement, no Party shall use any trademark, trade name, or any contraction, abbreviation, simulation, or adaptation thereof of any other Party, or the name of any of another Party's employees in any news, publicity release, policy recommendation, advertising or any commercial communication without the express written approval of the other Party; provided, however, that no Party shall unreasonably withhold its approval to any use of its name which accurately describes the relationship of the Parties under this Agreement and such Party's participation in the activities provided for in this Agreement.

7.5 Trademark Usage . LABCORP shall use the trademarks of EXACT only in connection with the display, advertising, promotion and marketing of Technology and only in accordance with the terms and conditions of this Agreement. LABCORP shall not alter or modify the trademarks of EXACT in any way, and LABCORP shall use reasonable efforts not to use the trademarks of EXACT in a manner so as to cause dilution. LABCORP shall identify each EXACT trademark as a trademark of EXACT and shall place a trademark notice, where appropriate, on each piece of advertising or promotional material containing EXACT trademarks.

Article 8: Technology Exclusivity

8.1 Exclusivity . EXACT may terminate this Agreement immediately upon written notice to LABCORP in the event that LABCORP ceases to use EXACT as its sole licensor of DNA-based molecular diagnostics technology for the detection of colon and rectal cancer in stool at any time during the Exclusive Period; provided, however, that the Term of this Agreement shall continue beyond the date of such notice, but in no event later than twelve (12) months following the date of such notice, solely to the extent necessary for LABCORP to complete services it obligated itself to perform for third parties using the Technology prior to the date of such notice. The Parties acknowledge that such right of termination shall not exist as a result of (i) any procurement, purchasing, marketing, sale or distribution by LABCORP of any commercially available diagnostic product approved by the FDA, or (ii) LABCORP's purchase of any components from any source for use in connection with performance of Assays.

Article 9: Limitation of Liability and Indemnification

9.1 LIMITATION OF LIABILITY . EXCEPT TO THE EXTENT ARISING FROM INDEMNIFICATION FOR THIRD PARTY CLAIMS UNDER SECTION 9.2 BELOW, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES EXCEPT FOR PATENT INFRINGEMENT DAMAGES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9.2 Indemnification .

9.2.1 EXACT agrees to defend and/or handle at its own expense, any third party claim, suit or action against LABCORP and each of its Affiliates and sub-licensees based upon [CONFIDENTIAL TREATMENT REQUESTED]/*/ under this Agreement. EXACT further agrees to indemnify and hold LABCORP and each of its Affiliates and sub-licensees harmless from and against any and all liabilities, losses, costs, obligations, judgments, damages and expenses (including costs of investigation and reasonable attorneys' fees) associated with any such claim, suit or action.

9.2.2 LABCORP agrees to defend and/or handle at its own expense, any third party claim, suit or action against EXACT and each of its Affiliates for [CONFIDENTIAL TREATMENT REQUESTED]/*/. LABCORP further agrees to indemnify and hold EXACT and each of its Affiliates harmless from and against any and all liabilities, losses, costs, obligations, judgments, damages and expenses (including costs of investigation and reasonable attorneys' fees) associated with any such claim, suit or action.

Article 10: Representations and Warranties

10.1 LABCORP Representations and Warranties . LABCORP represents, warrants and covenants to EXACT that:

10.1.1 This Agreement does not contravene or constitute a default under or violation of any provision of applicable law binding upon LABCORP or any agreement, commitment, instrument or other arrangement to which LABCORP is a party;

10.1.2 All necessary consents, approvals and authorizations of all governmental authorities or other third parties required to be obtained in connection with entry into this Agreement have been obtained; and

10.1.3 All consultants of LABCORP who participate in research and development or laboratory or analytical procedures relating to the Technology will execute appropriate instruments of assignment in favor of LABCORP as assignee that convey to LABCORP ownership of all right, title and interest in and to all intellectual property rights or any Invention that may arise from such participation.

10.2 EXACT Representations and Warranties . EXACT represents and warrants to LABCORP that:

10.2.1 EXACT is a corporation duly organized and validly existing under the laws of the State of Delaware, and has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

10.2.2 This Agreement does not contravene or constitute a default or violation of any provision of applicable law binding upon EXACT or any agreement, commitment, or instrument to which EXACT is a party;

10.2.3 EXACT has sufficient title and ownership rights to license the Technology as specified in this Agreement;

10.2.4 LABCORP and its Affiliates and sub-licensees shall be entitled to use and enjoy the benefit of the Technology in the Field to the extent of the license granted hereunder, and, except as otherwise provided in this Agreement, LABCORP's and its Affiliate's and sub-licensee's use thereof shall not be adversely affected, interrupted or disturbed by EXACT or any Person asserting a claim under, through, or on behalf of EXACT;

10.2.5 As of the Effective Date, EXACT is not aware of any material unauthorized use, infringement or misappropriation of the Technology, or any other intellectual property rights of EXACT licensed hereunder;

10.2.6 As of the Effective Date, EXACT is not aware of any pending or threatened litigation which alleges 1) that the Technology infringes on any of the intellectual property rights of any third party or was misappropriated, or 2) that by using the Technology LABCORP and its Affiliates and sub-licensees would be infringing or misappropriating any of the intellectual property rights of any Person;

10.2.7 As of the Effective Date, EXACT is not aware of a patent issued to a third party that would be infringed by LABCORP or its Affiliates' or sub-licensees' performance and commercialization of the Assays using the protocols transferred by EXACT under this Agreement;

10.2.8 Prior to the Effective Date, EXACT has not granted any licenses or covenants-not-to-sue to any third parties with respect to the Technology;

10.2.9 As of the Effective Date, EXACT is not aware of any reason that the patents listed in Schedule 1 are not valid and enforceable patents, and during the Term, EXACT shall submit all filings, make all payments, and take all other actions necessary to maintain such patents as valid, in force and in good standing for the longest possible duration with the U.S. Patent and Trademark Office and corresponding foreign patent authorities (at its own expense) to avoid premature expiration or termination of its patents;

10.2.10 As of the Effective Date, the Technology licensed to LABCORP and its Affiliates and sub-licensees under this Agreement constitutes all of the technology, information and intellectual property necessary for LABCORP and its Affiliates and sub-licensees to perform the Assays as of the Effective Date, except for [CONFIDENTIAL TREATMENT REQUESTED]/*/;

10.2.11 The current assay protocol EXACT uses to prepare stool sample and to extract DNA therefrom results in a population of human DNA that is representative of human DNA in exfoliated colonic epithelial cells; and

10.2.12 The protocol for Assays in use by EXACT as of the Effective Date, and any other protocols to be provided by EXACT to LABCORP at any time (including without limitation the Analytical Process Improvement, Capture Process Improvement, and any Inventions provided by EXACT pursuant to Section 2.3), correctly function to screen patient samples for colorectal cancer for commercial purposes.

10.3 DISCLAIMER. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER LABCORP NOR EXACT MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING ITS PERFORMANCE UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, THE MARKETABILITY, USE, OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE RESULTS OF ANY ASSAY PERFORMED HEREUNDER.

Article 11: Termination

11.1 Term. This Agreement shall continue from the Effective Date until the expiration of the last to expire of the patents and patent applications included now or hereafter on Schedule 1 hereto, unless this Agreement is terminated earlier in accordance with this Article 13 or Section 8.1 (the "Term").

11.2 Termination. Either Party may terminate this Agreement:

11.2.1 If the other Party materially breaches any representation or warranty or fails to perform any material obligation hereunder, and such breach is not remedied within thirty (30) business days after written notice thereof to the Party in default; or

11.2.2 At any time if the other Party becomes insolvent, or makes an assignment for the benefit of creditors, or a receiver or similar officer is appointed to take charge of all or part of such Party's assets and, as a result thereof, such Party is unable or unwilling to perform its obligations under this Agreement.

11.3 Survival. Articles 1, 4, 5 (except Section 5.4), 9, 10 and 12 and Sections 6.1.1, 6.2, 6.3, 6.4, 11.3, 11.5 and shall survive the termination of this Agreement.

11.4 Effective Date of Termination. Termination of this Agreement shall take effect: (a) as to breaches which have cure periods as set forth in Section 11.2 hereof, immediately upon expiration of the cure period if the breach is not cured within the applicable cure period, and (b) as to other termination provisions, immediately upon the date of any termination notice.

11.5 Effect of Termination. Upon the expiration or termination of this Agreement, each Party shall (i) discontinue performance of all activities hereunder; (ii) deliver to the other Party all Confidential Information, intellectual property and other materials that belong to such Party or are otherwise required to be delivered to such Party in accordance with the terms of this Agreement, and (iii) certify to the other Party in writing, within fifteen (15) days from the date of termination, compliance with this Section 11.5; provided that nothing contained in this Article 11 shall preclude any Party's right to payment under Article 6 hereof for activities conducted prior to termination.

11.6 Termination of Exclusive Period by EXACT.

11.6.1 Inability to Handle Volumes. If, during the last three years of the Exclusive Period, EXACT has already met each of the milestone events set forth on Schedule 4 and the average daily volume of specimens received by LABCORP for the Technology in the Field exceeds [CONFIDENTIAL TREATMENT REQUESTED]/*/ specimens per day during any [CONFIDENTIAL TREATMENT REQUESTED]/*/ day period, LABCORP shall, at EXACT's written request (which request may be made no more than twice a year) and within fourteen (14) days of receipt of such written request, provide EXACT with monthly volume projections for the next twelve (12) months and evidence of LABCORP's ability to process at least [CONFIDENTIAL TREATMENT REQUESTED]/*/ of such specimens within [CONFIDENTIAL TREATMENT REQUESTED]/*/ days of their receipt by LABCORP. If, after fourteen (14) days, LABCORP (i) is unable to provide reasonable evidence of its ability to handle the volume projections or (ii) does not provide volume projections and evidence of its ability to handle the volume, the Exclusive Period will automatically terminate; provided, however, that if the Parties do not agree on whether evidence provided by LABCORP is sufficient to indicate its ability to handle volume projections, then the Exclusive Period shall not terminate until such dispute is settled by arbitration in accordance with Section 12.2.

11.6.2 Minimum Performance Standards. If LABCORP fails to meet the Minimum Performance Standards then EXACT shall have the right, upon written notice to LABCORP, to terminate the Exclusive Period and convert the license granted under Section 2.1 to a non-exclusive license for the remainder of Term. Notwithstanding the foregoing, EXACT shall not be permitted to exercise its rights under this Section 11.6.2 if EXACT has not achieved all of the milestones set forth on Schedule 4 hereto by [CONFIDENTIAL TREATMENT REQUESTED]/*/.

11.6.3 Cessation of Offering Assays. In the event that LABCORP on its own accord ceases to offer and promote Assays hereunder after the Commercial Launch Date, then EXACT shall have the right, upon written notice to LABCORP, to terminate the Exclusive Period and convert the license granted under Section 2.1 to a non-exclusive license for the remainder of Term. In the event EXACT exercises its right under this Section 11.6.3 to terminate the Exclusive Period, then [CONFIDENTIAL TREATMENT REQUESTED]/*/.

Article 12: Miscellaneous

12.1 Headings. All headings used in this Agreement and its attachments are intended for convenience of reference only and shall not affect the construction or interpretation of the Agreement.

12.2 Dispute Resolution. If a dispute arises between the Parties relating to (i) the interpretation or performance of the Agreement; or (ii) the grounds for the termination of the Agreement, the Parties agree to convene a Dispute Resolution Committee (the "Committee"), consisting of two EXACT representatives with decision-making authority and two LABCORP representatives with decision-making authority to attempt in good faith to negotiate a resolution of the dispute prior to pursuing other available remedies. Either Party may request the convening of a Committee by written notice to the other Party. A Committee shall convene for an initial meeting within forty-five (45) days of such written notice. If the Parties have not succeeded in negotiating a resolution of the dispute, within thirty (30) days after the initial meeting of the Committee, the dispute shall be submitted for binding arbitration under the then current Commercial Rules of the American Arbitration Association ("AAA"). Such arbitration shall be held in Dover, Delaware. The Parties shall select three (3) arbitrators from a list of seven (7) arbitrators provided by the AAA. The Parties shall bear the costs of the arbitration equally unless the arbitrators, pursuant to their right, but not their obligation, require the non-prevailing Party to bear all or any unequal portion of the prevailing Party's costs. The arbitrators shall make decisions in accordance with applicable Federal and Delaware law and the factual evidence presented. The decision of the arbitrators shall be final and may be sued on or enforced by the Party in whose favor it runs in any court of competent jurisdiction at the option of the successful Party. The arbitrators will be instructed to prepare and deliver a written, reasoned opinion conferring their decision. The rights and obligations of the Parties to arbitrate any dispute relating to the interpretation or performance of this Agreement or the grounds for the termination thereof shall survive the expiration or termination of this Agreement for any reason. Nothing in this Agreement prevents either Party from seeking equitable relief at any time to prevent irreparable harm or for specific enforcement of the terms of this Agreement, except that no equitable relief shall be sought to prevent or avoid arbitration under the terms of this Agreement.

12.3 No Agency; Independent Contractors. The Parties agree that, in the performance of this Agreement, they are and shall be independent contractors. Nothing herein (including without limitation the provisions of Article 4 hereof) shall be construed to constitute a partnership or joint venture between the Parties nor shall any Party be construed as the agent of any other Party for any purpose whatsoever, and no Party shall bind or attempt to bind any other Party to any contract or the performance of any obligation, or represent to any third party that it has any right to enter into any binding obligation on the other Party's behalf.

12.4 Amendments in Writing. No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless made in writing and signed by both of the Parties hereto.

12.5 Failure to Enforce. If either Party fails to enforce any term of this Agreement or fails to exercise any remedy, such failure to enforce or exercise on that occasion shall not prevent enforcement or exercise on any other occasion.

12.6 Exercise of Rights and Remedies. All rights and remedies, whether conferred by this Agreement or by any other instrument or by law shall be cumulative, and may be exercised singularly or concurrently.

12.7 Choice of Law; Venue, Jurisdiction. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws. Venue for any dispute arising under or resulting from this Agreement shall be in Delaware and each of the Parties hereby irrevocably submits to the jurisdiction of the United States Federal Court for the District of Delaware (or, if such court does not have subject matter jurisdiction, a state court sitting in Delaware) in any action, suit or proceeding brought against it by the other Party arising under, resulting from, or related to this Agreement.

12.8 Severability. If any provision of this Agreement is held invalid by any law, rule, order, or regulation of any government or by the final determination of any court of competent jurisdiction, such invalidity shall not affect the enforceability of any other provisions and such provisions shall be interpreted so as to best accomplish the objectives of such invalid provisions within the limits of applicable law or applicable court decision.

12.9 Inability to Perform . Neither Party shall be liable for its failure to perform any of its obligations under this Agreement during any period in which such performance is delayed by circumstances outside such Party's reasonable control, including without limitation fire, flood, earthquake, other natural disaster, war, embargo, riot or the intervention of any government authority, provided that the Party that is unable to perform immediately notifies the other Party of such inability.

12.10 Notice . Notices to be given under this Agreement shall be in writing, and sent by prepaid registered or certified mail, return receipt requested, or by prepaid overnight courier service, or by facsimile, to the addresses set forth on the signature page to this Agreement, or to such other address as a Party may, from time to time, specify to the other Party by written notice.

12.11 Entire Agreement . This Agreement (including all Schedules, attachments and appendices to this Agreement, which are incorporated herein by reference) constitutes the complete and exclusive statement of the agreement between the Parties, and supersedes all prior agreements, proposals, negotiations and communications between the Parties, both oral and written, regarding the subject matter hereof. Without limiting the foregoing, the Agreement between the parties dated July 10, 2001 (the "Prior Agreement"), is hereby superseded by this Agreement, provided that any Confidential Information exchanged under the Prior Agreement shall continue to be treated as Confidential Information under this Agreement, and any liabilities or obligations of either Party arising from any representations, warranties, or indemnities under the Prior Agreement shall survive with respect to any claims arising from or relating to activities performed under the Prior Agreement.

12.12 Counterparts . This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same Agreement.

12.13 No Assignment . Neither Party may assign this Agreement or its rights and obligations hereunder without the prior written consent of the other Party; provided, however, that any merger, reorganization, transfer of substantially all assets of a Party, or other change in control or ownership of such Party shall not be considered an assignment for the purposes of this Agreement.

12.13 Steering Committee . A steering committee consisting of at least two employees of EXACT, one of whom shall be a senior executive and two employees of LABCORP, one of whom shall be a senior executive, shall meet periodically, as mutually agreed upon by the parties, in order to monitor and implement this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Laboratory Corporation of America Holdings

By /s/ Thomas P. MacMahon

Title

Date

Laboratory Corporation of America Holdings
430 South Spring Street
Burlington, North Carolina 27215
Attn: Bradford T. Smith, Esq.
Executive Vice President
Fax: 336-226-3835

With a copy also sent to:

Parker Poe Adams & Bernstein, LLP
P.O. Box 389
150 Fayetteville Street Mall, Suite 1400
Raleigh, North Carolina 27602-0389
Attn: John R. Erwin, Esq.
Fax: 919-834-4564

EXACT Sciences Corporation

By /s/ Don M. Hardison

Title President and CEO

Date 6/26/02

EXACT Sciences Corporation
63 Great Road
Maynard, Massachusetts 01754
Attn: Don Hardison
President and CEO
Fax: 978-897-3481

With a copy also sent to:

Testa, Hurwitz & Thibeault, LLP
125 High Street
Boston, MA 02110
Attn: Thomas C. Meyers
Fax: 617.790.0189

SCHEDULE 1

Technology

United States Patents and Patent Applications	Canadian Patents and Patent Applications
[CONFIDENTIAL TREATMENT REQUESTED]/*/	[CONFIDENTIAL TREATMENT REQUESTED]/*/

SCHEDULE 2

Authorized Licensees

[CONFIDENTIAL TREATMENT REQUESTED]/*/

Per Assay Fee

[CONFIDENTIAL TREATMENT REQUESTED]/*/ of the ACP; provided, however, that the per Assay fee shall in no event be less than [CONFIDENTIAL TREATMENT REQUESTED]/*/ (regardless of ACP).

EXAMPLE: During January of 2003, LABCORP and its Affiliates and sub-licensees collect a total of $800,000 in itemized fee-for-service payments for 2,500 Assays that (i) were performed under this Agreement by LABCORP and its Affiliates and sub-licensees between January 1, 2003 and January 31, 2004 and (ii) for which LABCORP and its Affiliates and sub-licensees were not previously compensated. Additionally 300 Assays were performed in January pursuant to a capitated payment plan for which LABCORP did not receive an itemized fee-for-service payment. The Specified Compensated Assays [CONFIDENTIAL TREATMENT REQUESTED]/*/, and the ACP is equal to [CONFIDENTIAL TREATMENT REQUESTED]/*/. As such, the per-Assay fee is [CONFIDENTIAL TREATMENT REQUESTED]/*/, and the fees due for January 2003 under Section 6.2.1 of this Agreement are [CONFIDENTIAL TREATMENT REQUESTED]/*/.

During February and March of 2003, LABCORP and its Affiliates and sub-licensees performs the same number of Assays including 300 Assays in each of February and March pursuant to a capitated payment plan for which no fee-for-service payment was received and collects the same aggregate itemized fee-for-service payments as in January of 2003. Therefore, in addition to [CONFIDENTIAL TREATMENT REQUESTED]/*/ received in January of 2003 as described above, LABCORP would also owe EXACT fees of for each of February and March. Additionally, EXACT will be entitled to a quarterly fee equal to [CONFIDENTIAL TREATMENT REQUESTED]/*/. This additional quarterly fee is calculated as follows: [CONFIDENTIAL TREATMENT REQUESTED]/*/. That number is [CONFIDENTIAL TREATMENT REQUESTED]/*/. Given that this number is [CONFIDENTIAL TREATMENT REQUESTED]/*/, EXACT would be paid [CONFIDENTIAL TREATMENT REQUESTED]/*/ which equals [CONFIDENTIAL TREATMENT REQUESTED]/*/ payable under Section 6.2.3 of this Agreement.

ACP

For purposes of determining the ACP in accordance with Section 1.3 of the Agreement, the average dollar amount received for each Assay performed by LABCORP and its Affiliates and sub-licensees will be calculated by [CONFIDENTIAL TREATMENT REQUESTED]/*/, as follows: ACP for any month shall be calculated as [CONFIDENTIAL TREATMENT REQUESTED]/*/. The calculation of ACP shall expressly exclude [CONFIDENTIAL TREATMENT REQUESTED]/*/, and shall also expressly exclude [CONFIDENTIAL TREATMENT REQUESTED]/*/. As of the Effective Date, the [CONFIDENTIAL TREATMENT REQUESTED]/*/, and therefore the Parties acknowledge that the payments accounted through [CONFIDENTIAL TREATMENT REQUESTED]/*/ will serve as an acceptable basis for determining the average dollar amount received for each applicable Assay under the Agreement. However, if for any month during the Term of this Agreement [CONFIDENTIAL TREATMENT REQUESTED]/*/, then the Parties will use their best efforts to promptly determine a new system or manner in which to determine the average dollar amount received for each Assay performed by LABCORP and its Affiliates that is acceptable to both Parties.

SCHEDULE 4

License Fee Milestone Payments

Milestone	Payment
[CONFIDENTIAL TREATMENT REQUESTED]/*/	

SCHEDULE 5

Loci

Gene	Codon
[CONFIDENTIAL TREATMENT REQUESTED]/*/	

Gene	Microsatellite
[CONFIDENTIAL TREATMENT REQUESTED]/*/	

Additional Loci will automatically be added to this Schedule as applicable after the Effective Date pursuant to Section 2.2.

SCHEDULE 6

[CONFIDENTIAL TREATMENT REQUESTED]/*/

Commercial Launch License Fee

[CONFIDENTIAL TREATMENT REQUESTED]/*/

Milestone License Fees

[CONFIDENTIAL TREATMENT REQUESTED]/*/

Exhibit 10.11

OFFICE LEASE

MARLBOROUGH CAMPUS

by and between

MARLBOROUGH CAMPUS LIMITED PARTNERSHIP,

as landlord

and

EXACT SCIENCES CORPORATION,
as tenant

MARLBOROUGH CAMPUS

OFFICE LEASE

This Office Lease (the "LEASE"), dated as of the date set forth in SECTION 1 of the Summary of Basic Lease Information (the "SUMMARY"), below, is made by and between MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership ("LANDLORD"), and EXACT Sciences Corporation, a corporation ("TENANT").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE		DESCRIPTION
1.	Date:	January 23, 2003
2.	Premises (Article 1)	
2.1	Building:	That certain six-story building located at 3Com Drive, Marlborough, Massachusetts in the "Project," commonly referred to in the Project as "BUILDING 1."
2.2	Premises:	Approximately 55,740 rentable square feet of space, calculated per BOMA Standard Z65.1-1996 ("BOMA Standard"), located on the fifth and sixth floors of the Building, as further set forth in EXHIBIT A to this Lease ("PREMISES").
2.3	Project:	The Building is part of that certain building complex (the "PROJECT") consisting of four (4) buildings comprising 530,895 rentable square feet of space, and other improvements, as depicted on EXHIBIT B and as further set forth in SECTION 1.2 of this Lease.
2.4	Interim Premises	The portion of the Premises identified in accordance with SECTION 3.2, below.
3.	Lease Term (Article 2)	
3.1	Length of Initial Term:	Approximately seven (7) years and six (6) months.
3.2	Lease Commencement Date:	January 23, 2003.
3.3	Rent Commencement Date:	July 15, 2003
3.4	Lease Expiration Date:	July 31, 2010 at 11:59 p.m. EST, unless sooner terminated pursuant to the provisions hereof.
3.5	Option(s) to Extend	One option to extend for three (3) years.
4.	Base Rent (Article 3):	

4.1 Base Rent During Initial Term:

Period	Annual Base Rent	Monthly Installment of Base Rent	Annual Rental Rate per Rentable Square Foot
7/15/2003-7/31/2004	$ 1,254,150.00	$ 104,512.50*	$ 22.50
8/1/2004-7/31/2005	$ 1,282,020.00	$ 106,835.00*	$ 23.00
8/1/2005-7/31/2006	$ 1,309,890.00	$ 109,157.70*	$ 23.50
8/1/2006-7/31/2007	$ 1,337,760.00	$ 111,480.00*	$ 24.00
8/1/2007-7/31/2008	$ 1,385,630.00	$ 113,802.50*	$ 24.50
8/1/2008-7/31/2009	$ 1,393,500.00	$ 116,125.00*	$ 25.00
8/1/2009-7/31/2010	$ 1,421,370.00	$ 118,447.50*	$ 25.50

*Monthly installments of rent shall be reduced, to the extent applicable, by the credit due in accordance with Section 21.2 of this Lease.

EXAMPLE: Based on an initial letter of credit of $1,000,000, and a cost equal to or in excess of 1% of the letter of credit amount, and if the reductions are effective in accordance with Section 21.3 below, the net Base Rent payable, after such credit, shall be as follows (provided, however, when the Base Rent for the first month of the Lease Term (July, 2003) is paid upon execution of this Lease, Tenant may deduct therefrom, the pro rata share of the credit due in accordance with Section 21.2 (not to exceed $833.33 per month) for the period from the date of issuance of the letter of credit to July 31, 2003):

Period	Estimated Net after L/C Credit: Annual Base Rent	Estimated Net after L/C Credit: Monthly Installment of Base Rent
7/15/2003-7/31/2004	$ 1,244,150.00	TBD
8/1/2003-7/31/2004	$ 1,244,150.00	$ 103,679.17
8/1/2004-7/31/2005	$ 1,272,020.00	$ 106,001.67
8/1/2005-7/31/2006	$ 1,300,890.00	$ 108,407.50
8/1/2006-7/31/2007	$ 1,329,760.00	$ 110,813.33
8/1/2007-7/31/2008	$ 1,358,630.00	$ 113,219.17
8/1/2008-7/31/2009	$ 1,387,500.00	$ 115,625.00
8/1/2009-7/31/2010	$ 1,416,370.00	$ 118,030.83

4.2 Base Rent During Option Term: Fair market value, determined in accordance with SECTION 3.1.1 of this Lease.

4.3 Interim Rent: Interim Rent, as defined in SECTION 3.2, below

5. Base Year (Article 4:) Calendar year 2003; it being understood that in calculating Tax Expenses for the Base Year, Landlord shall use one-half of the taxes for the fiscal

		year from July 1, 2002 to June 30, 2003 and one-half of the taxes for the fiscal year from July 1, 2003 to June 30, 2004.
6.	Tenant's Share (Article 4:)	10.5.%
7.	Permitted Use (Article 5:)	Tenant shall use the Premises for general office, laboratory and research purposes use, including but not limited to research and development, sales, training, biology, clinical and research lab.
8.	Security Deposit (Article 21:)	$1,000,000 letter of credit, adjusted in accordance with SECTION 21.3 of this Lease.
9.	Parking (Article 28:)	Tenant's Share of all parking available at the Project As of the Lease Commencement Date, the Project includes a total of 1,417 parking spaces.
10.	Address of Tenant (Section 29.16:)	See SECTION 29.16 of this Lease.
11.	Address of Landlord (Section 29.16:)	See SECTION 29.16 of this Lease.
12.	Broker(s) (Section 29.22:)	Cushman & Wakefield of MA, Inc.

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 THE PREMISES. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in SECTION 2.2 of the Summary (the "PREMISES") and shown on EXHIBIT A, attached hereto. The Premises consist of substantially all of the fifth and sixth floors of the building designated in SECTION 2.1 of the Summary (the "BUILDING") and shall be deemed to be the number of rentable square feet as set forth in SECTION 2.2 of the Summary. Tenant shall not have the right to remeasure the Premises. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions (the "TCCS") herein set forth, and Landlord and Tenant covenant as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease. Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises except as follows: Prior to the Commencement Date, Landlord shall provide a tenant entry by installing doors on the fifth and sixth floors to demise the Premises (the "Landlord's Work"). Tenant shall at its sole cost and expense make such doors secure by installing an internal card reader system in accordance with SECTION 1.5, below.

1.2 THE BUILDING AND THE PROJECT. The Building is part of a complex of buildings located on the Property consisting of four (4) buildings and other improvements. The term "PROJECT," as used in this Lease, shall mean (i) the Building and the Common Areas (as such term is defined in SECTION 1.3 below), (ii) the land (which is improved with landscaping, parking areas, access roads and other improvements) upon which the Building and the Common Areas are located as shown on the Project Site Plan, and (iii) the three other office buildings (including without limitation, "BUILDING 2", "BUILDING 3" and "BUILDING 4") located adjacent to the Building and the land upon which such adjacent office buildings are located, all substantially as shown on the Project Site Plan attached hereto as EXHIBIT B.

1.3 COMMON AREAS. Tenant shall have the non-exclusive right to use in common with Landlord and other tenants in the Project, and subject to the rules and regulations referred to in ARTICLE 5 of this Lease and attached hereto as EXHIBIT D, as applied uniformly to all tenants, those portions of the Building and the Project which are provided, from time to time, for non-exclusive use in common by Landlord, Tenant and any other tenants of the Project (such areas, including without limitation parking areas, driveways, access roads and sidewalks on the Project, whether or not shown on the Project Site Plan, and common facilities within the Building such as lobbies, corridors, stairwells, elevators, loading docks, and restrooms, the Conference Facilities (as defined in Section 1.31, below), Cafeteria (as defined in Section 1.3.2, below) and Fitness Center (as defined in Section 1.3.3, below), together with such other portions of the Project designated to Tenant in writing by Landlord to be shared by Landlord and certain tenants, are collectively referred to herein as the "COMMON AREAS"). Landlord shall maintain and operate the Common Areas in a manner consistent with Comparable Buildings (as defined in SECTION 6.1).

Tenant shall have the right, in common with other tenants of the Building, to use the Cafeteria, the Conference Facilities, the Fitness Center, so long as the same are available to other tenants of the Project, subject to the other terms and conditions of this Lease and such reasonable rules and regulations as Landlord may adopt with respect thereto. Landlord reserves the right to close temporarily or permanently, make alterations or additions to, or change the location of elements of the Project and the Common Areas, including, without limitation, the right to (a) make changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways (except that under no circumstances shall the total number of parking spaces in the Project be reduced below 1417); (b) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (c) to add additional improvements to the Common Areas; (d) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; (e) to do and perform such other acts and make such other changes in, to or with respect to the Project, Building and Common Areas as Landlord may deem to be appropriate; and (f) to remove temporarily from use as Common Areas any portion of the Common Areas; provided, however, that Landlord's exercise of the foregoing rights shall not materially, adversely interfere with Tenant's access to the Building and the Premises and/or with Tenant's use and occupancy of the Premises or the Common Areas, other than and excluding the Common Areas of Building 4, which may be withdrawn from Common Areas, subject to the provisions set forth below, and provided further that if Landlord permanently removes any portion of the Conference Facilities, Cafeteria and/or Fitness Center from use as Common Areas during the Lease Term (which right to remove shall be subject to the provisions set forth below), the total square footage contained in the Project and the Premises shall be re-calculated in accordance with the BOMA Standard and Tenant's Share shall be adjusted accordingly. If the Conference Facilities, Cafeteria and/or Fitness Center are closed for a temporary period in excess of six months, other than for reasons related to a casualty, the total square footage in the Premises and Tenant's Share shall be adjusted as set forth in the preceding sentence until such time as those areas are restored to use as Common Areas.

1.3.1 CONFERENCE FACILITIES. Subject to availability, and prior reservation in accordance with any reasonable procedures implemented by Landlord and provided in writing to Tenant, Tenant shall have the right to use the meeting and training rooms and the auditorium located in Building 4 (collectively, the "CONFERENCE FACILITIES") in common with Landlord and other tenants of the Project, to the extent otherwise permitted by Landlord. The use of such facilities shall be subject to such reasonable rules and requirements as Landlord may establish and provide in writing to Tenant, and to all other provisions of this SECTION 1.3. In no event shall Tenant's right to use such facilities have precedence over Landlord's use thereof (unless the facilities have been previously reserved by Tenant in accordance with Landlord's reasonably established rules and requirements). Notwithstanding any other provision herein to the contrary, Landlord reserves the right, upon written notice to Tenant, (a) to retain a third party operator to operate the Conference Facilities, or (b) to lease the Conference Facilities to a third party, provided, however, in either such case, Landlord shall provide for the right of Tenant to rent, or otherwise use, the Conference Facilities listed below on substantially the same basis as set forth in this Lease. Tenant shall pay Landlord a fee for usage of the meeting rooms and auditorium in accordance with the then current schedule set by Landlord, in Landlord's sole and

absolute discretion. The current schedule, which Landlord may change upon written notice to Tenant, is as follows:

Meeting/Conference Room	Daily Rate	Half-Day Rate
Charles River (Auditorium)	$ 375	$ 250
Nashua River	$ 250	$ 125
Cornell (Building 4 training area)	$ 250	$ 125

1.3.2 CAFETERIA. Tenant and its employees, contractors, visitors and consultants shall have the right to use the cafeteria (the "CAFETERIA") located in the Project so long as it is operational provided such parties shall be responsible for payment of all charges for meals and other items purchased at the cafeteria. The use of such facilities by Tenant and/or its employees, contractors, visitors and consultants shall be subject to compliance with the other provisions of this SECTION 1.3. A third party provider currently provides food and beverage service in the Cafeteria. Landlord shall use commercially reasonable efforts to continue to operate the Cafeteria in substantially the same manner as it is operated now, provided, however, that Landlord shall not be required to subsidize the Cafeteria in any manner, and Landlord, in its reasonable discretion, may change the size, configuration or location of the Cafeteria area. In the event that Landlord is unable to locate an operator that will operate the Cafeteria on terms acceptable to Landlord, in its reasonable business discretion, Landlord shall have the right and option, in its sole discretion, to take any steps necessary to reduce or eliminate such costs, including, without limitation, modification or reduction of the food service, provided, however, if Landlord discontinues cafeteria service during the Term, Landlord shall provide an alternative fresh food (including breakfast items, sandwiches, and salads, but not hot food) and vending service and a seating area or facility substantially similar to that which currently exists at the Project.

1.3.3 FITNESS CENTER. Tenant and its employees, contractors and consultants shall have access to and the right to use the fitness center (the "FITNESS CENTER") located in the Project so long as it is operational provided such parties shall be responsible for payment of all charges customarily charged by Landlord for the use of the fitness center (currently $25.00 per month). The use of such facilities by Tenant and/or its employees, contractors, visitors and consultants shall be subject to compliance with the other provisions of this SECTION 1.3. Landlord shall have the right to require that Tenant's employees sign customary waivers of claims and comply with all safety and other procedures applicable to use of the fitness center. Notwithstanding any other provision herein to the contrary, Landlord reserves the right, upon written notice to Tenant, (a) to retain a third party operator to operate the Fitness Center, (b) to lease the Fitness Center to a third party who agrees to operate a fitness facility which shall be available to tenants of the Project and their employees upon payment of standard charges, and/or (c) to provide a Fitness Center which is unattended, and does not provide amenities such as towels, provided, however, in any such case, Landlord shall provide for the right of Tenant to

rent, or otherwise use, the Fitness Center on substantially the same basis as set forth in this Lease. Landlord shall use commercially reasonable efforts to continue to make a fitness facility of substantially similar quality as in existence as of the date of this Lease available at the Project during the Term, provided, however, such facility need not be attended nor provide amenities such as towels. Landlord shall have the right to terminate Tenant's use of the Fitness Center upon ten (10) days prior written notice to Tenant if the Fitness Center is closed.

1.4 FURNITURE. For no additional charge, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord those items of furniture and artwork situated in the Premises (the "FURNITURE") and described on the inventory list attached hereto as EXHIBIT C (the "INVENTORY LIST"). Landlord hereby represents to Tenant that Landlord owns the Furniture and has the right to lease the Furniture to Tenant as described herein. Landlord and Tenant acknowledge that prior to the Lease Commencement Date the parties will conduct a "walk-through" inspection of the Premises in order to confirm the completeness and accuracy of the furniture shown on the Inventory List, and to give Tenant the opportunity to confirm that the Furniture is in good condition and repair. Subject to such "walk-through" inspection, Tenant accepts the Furniture in its "as-is" condition, without any representation or warranty by Landlord. LANDLORD SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS AND/OR WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE FURNITURE. During the Term of this Lease, Tenant shall maintain and repair the Furniture as reasonably necessary, and shall insure the same along with its other personal property pursuant to ARTICLE 10 hereof. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Furniture to Landlord in the same condition and repair as on the Lease Commencement Date, reasonable wear and tear and damage by casualty excepted.

1.5 CARD KEY ACCESS. If the Premises or the Building are equipped with a card key access system, Tenant's use of the card key access systems shall be subject to the Rules and Regulations set forth on EXHIBIT D, attached hereto. Tenant shall install and operate its own internal card reader system (including, without limitation, card access to the entrance doors to the Premises), and shall provide Landlord with cards providing Landlord with access to the Premises in accordance with the terms of this Lease. Except as expressly provided herein, Tenant shall not have access to those portions of the Building not comprising the Common Areas or the Premises, which shall remain subject to Landlord's sole and exclusive control. Nothing herein shall preclude Landlord from accessing the Premises, subject to the requirements of ARTICLE 27, for purposes of undertaking maintenance or repairs or as otherwise provided in this Lease. Landlord makes no representations or warranties (and hereby expressly disclaims any representations and warranties, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OF MERCHANTABILITY) regarding the suitability of any key card access system for Tenant's particular purposes. In no event shall Landlord be responsible or liable to Tenant or its employees for any unauthorized entry upon the Premises or for any failure of the access system to prevent such entry. Landlord agrees to continue to keep the Building and Common Areas protected by the current card access monitoring system, or a substantially similar system.

ARTICLE 2

LEASE TERM

2.1 LEASE TERM. The TCCs of this Lease shall be effective as of the date of this Lease as set forth in SECTION 1 of the Summary (the "EFFECTIVE DATE"). The initial term of this Lease (the "INITIAL TERM") shall be as set forth in SECTION 3.1 of the Summary, shall commence on the date set forth in SECTION 3.2 of the Summary (the "LEASE COMMENCEMENT DATE"), and shall terminate on the date set forth in SECTION 3.4 of the Summary (the "LEASE EXPIRATION DATE") unless this Lease is sooner terminated as hereinafter provided.

2.2 OPTION TO EXTEND. Provided Tenant is not in default under the TCC of this Lease beyond any applicable notice and cure periods at the time it exercises the option or at commencement of the Option Term, Tenant shall have the right and option to extend this lease ("Option to Extend") for one additional option period of three years (the "Option Term") upon the same terms and conditions herein set forth except that the Base Rent shall be adjusted in accordance with SECTION 3.1.1, below. To exercise its Option to Extend, Tenant must give Landlord notice in writing sent so as to be received at least nine (9) months but not more than twelve (12) months prior to the expiration of the initial Lease Term. At Landlord's election, Tenant's exercise of its Option shall be void and of no effect if Tenant is in default of this Lease beyond any applicable notice and cure periods on the date it exercises its Option to Extend or on the expiration of the initial Lease Term. Notwithstanding anything to the contrary, in no event shall Tenant be allowed to exercise the Option to Extend when a subtenant or assignee is in possession of more than fifty percent (50%) of the Premises. As used in this Lease, "LEASE TERM" shall mean the Initial Term, and the Option Term, if duly exercised.

ARTICLE 3

BASE RENT AND INTERIM RENT

3.1 BASE RENT. Commencing on the Rent Commencement Date, Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("BASE RENT") as set forth in SECTION 4 of the Summary, payable in equal monthly installments as set forth in SECTION 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever, unless otherwise expressly permitted under this Lease. The Base Rent for the first full month of the Initial Term in which rent is due (i.e. the first month measured from the Rent Commencement Date) shall be paid upon execution of this Lease (minus a pro-rata share of the credit due pursuant to Section 21.2 (not to exceed $833.33 per month) for the period from the date of issuance of the letter of credit to July 31, 2003). If any Rent payment date (including the Rent Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to l/365 of the applicable annual Rent. All other

payments or adjustments required to be made under the TCCs of this Lease that require proration on a time basis shall be prorated on the same basis. The "RENT COMMENCEMENT DATE" shall be July 15, 2003.

3.1.1 BASE RENT DURING OPTION TERM. If Tenant exercises its Option to Extend, the Base Rent for the Premises during the Option Term shall be equal to the then current fair market rent for the Premises based on rents then being charged for space in Comparable Buildings, as reasonably determined by Landlord.

3.2 INTERIM RENT. Tenant may, upon notice to Landlord, occupy all or a portion of the Premises (the "INTERIM PREMISES") prior to the Rent Commencement Date, and in such event, Tenant shall pay to Landlord "INTERIM RENT" for such portion of the Premises equal to the actual Direct Expenses allocable to the Interim Premises plus Tenant's Electricity Cost for the Interim Premises (at the same rate set forth in SECTION 4.7, below) plus any other Additional Rent payable under this Lease with respect to the Interim Premises, based on Landlord's reasonable estimate of the total of such amounts, payable in monthly installments, commencing on the date that Tenant first occupies any portion of the Interim Premises and thereafter on the first day of each month until the Rent Commencement Date. At least thirty (30) days prior to Tenant's occupying any portion of the Interim Premises, Landlord and Tenant shall agree in writing on the amount and location of such space.

ARTICLE 4

ADDITIONAL RENT

4.1 GENERAL TERMS. In addition to paying the Base Rent specified in ARTICLE 3 of this Lease, Tenant shall pay "TENANT'S SHARE" of the annual "DIRECT EXPENSES," as those terms are defined in SECTIONS 4.2.6 and 4.2.2 of this Lease, respectively, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in SECTION 4.2.1, below; provided, however, that in no event shall any decrease in Direct Expenses for any Expense Year below Direct Expenses for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. In addition to the foregoing obligations, Tenant shall also pay "TENANT'S ELECTRICITY COST," as defined in Section 4.7 of this Lease, separately from any increases in Direct Expenses. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the TCCs of this Lease, are hereinafter collectively referred to as the "ADDITIONAL RENT," and the Base Rent and the Additional Rent are herein collectively referred to as "RENT." All amounts due under this ARTICLE 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. The obligations of Tenant to pay the Additional Rent provided for in this ARTICLE 4 shall survive the expiration or earlier termination of the Lease Term for such period of time as is required to reconcile the Estimated Excess and Overpayment Amount of Direct Expenses pursuant to SECTION 4.4.1 hereof; provided, however, that any other contingent or unliquidated contractual claims of Landlord or Tenant (e.g., indemnity) shall survive the expiration or earlier termination of this Lease only for so long as any applicable statute of limitations would permit such actions under Massachusetts law.

4.2 DEFINITIONS OF KEY TERMS RELATING TO ADDITIONAL RENT. As used in this ARTICLE 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 "BASE YEAR" shall mean the period set forth in SECTION 5 of the Summary.

4.2.2 "DIRECT EXPENSES" shall mean "Operating Expenses" and "Tax Expenses".

4.2.3 "EXPENSE YEAR" shall apply only to Operating Expenses and shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

4.2.4 "OPERATING EXPENSES" shall mean, except as otherwise provided in this SECTION 4.2.4 or otherwise in this Lease, all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof, subject to the allocation thereof as set forth in SECTION 4.3, below. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying utilities (excepting Tenant's Electricity Cost and costs payable by Tenant pursuant to Section 4.7.2), operating, repairing, maintaining, and renovating the utility, telephone, and all other systems and equipment and components thereof of the Buildings and the Project, and the cost of maintenance and service contracts in connection therewith and payments under any equipment rental agreements; (ii) the cost of all insurance carried by Landlord in connection with the Project and any deductibles; (iii) the cost of landscaping the Project, or any portion thereof; (iv) costs incurred in connection with the parking areas servicing the Project; (v) fees and other costs, including management fees (not to exceed three percent (3%) of gross receipts), consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vi) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; provided, however, that wages and/or benefits attributable to personnel above the level of property manager for the Project or property engineer for the Project shall not be included in Operating Expenses; (vii) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (viii) excepting the items that are at Landlord's sole cost under SECTION 7.1, repairs or replacements and other costs incurred in connection with the Project that are capital in nature under generally accepted accounting principles; provided, however, that any such capital expenditure shall be amortized (with interest at a commercially reasonable rate) over its useful life (determined in accordance with Treasury Regulations) and the amortized portion and interest applicable to the respective Expense Year shall be included in Operating Expenses; and (ix) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, commonwealth, state or local government for fire and police protection, trash removal, community services, or other services which are not duplicative of "Tax Expenses" as that term is defined in SECTION 4.2.5, below.

Notwithstanding anything in this SECTION 4.2.4 to the contrary, for purposes of this Lease, Operating Expenses shall not, however, include the following:

(A) marketing costs, costs of leasing commissions, renovations, brokerage fees, attorneys' fees and other costs and expenses incurred in connection with Landlord's preparation, negotiation, dispute resolution and/or enforcement of leases, including court costs and attorneys' fees and disbursements in connection with any summary proceeding to dispossess any tenant, or incurred in connection with disputes with prospective tenants, employees, purchasers or mortgagees;

(B) financing and refinancing costs, interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building or the Project and any commissions in connection therewith;

(C) the original costs of constructing the Building and the Project, or any additions to or expansions of the Property or the Building and all other capital additions thereto;

(D) expenses to the extent Landlord will be reimbursed by another source (excluding Operating Expense reimbursements by tenants), including without limitation replacement of any items covered by warranties;

(E) costs incurred to benefit (or resulting from) a specific tenant or items and services selectively supplied to any tenant other than Tenant (e.g., excess utilities);

(F) expenses for the defense of Landlord's title to the Project;

(G) expenses incurred in the maintenance, repair and replacement of the Building Structure (as defined in SECTION 7.1);

(H) charitable or political contributions;

(I) expenses incurred to comply with governmental regulations (including without limitation all environmental laws and the Americans with Disabilities Act), court order, decree or judgment in effect prior to the Effective Date, except to the extent any noncompliance results from Tenant's use and occupancy of the Premises;

(J) costs of repairs, restoration or replacement occasioned by fire or other casualty or caused by the exercise of the right of eminent domain, whether or not insurance proceeds or condemnation award proceeds are recovered or adequate for such purposes (except to the extent of the amount of the deductible, which shall be included in Operating Expenses);

(K) rental on ground leases or other underlying leases and costs of defending any lawsuits with mortgagees or ground landlords;

(L) costs associated with maintaining Landlord's existence as a corporation or other legal entity; and

(M) All electrical charges included in Tenant's Electricity Cost;

(N) leasehold improvements, alterations and decorations which are made in connection with the preparation of any portion of the Project for occupancy of that portion of the Project by a new tenant,

(O) costs incurred in connection with the making of repairs or replacements which are the obligation of another tenant or occupant of the Property;

(P) costs (including, without limitation, attorneys' fees and disbursements) incurred in connection with any judgment, settlement or arbitration award resulting from any tort liability;

(Q) federal and state income taxes, excess profits taxes, franchise taxes, gift taxes, capital stock tax, inheritance and succession taxes, profit, use, occupancy, gross receipts, rental, capital gains, capital stocks income and transfer taxes imposed upon Landlord or the Property, estate taxes and any other taxes to the extent applicable to Landlord's general or net income;

(R) any rent, additional rent or other charges under any lease or sublease to or assumed by Landlord;

(S) legal and other professional fees for matters not relating to the normal administration and operation of the Property or relating to matters which are excluded from Operating Expenses for the Project;

(T) any costs or expense related to vacant space intended for occupancy by tenants which would not be included in Operating Expenses is the space were occupied;

(U) sculpture, paintings and other works of art;

(V) the cost of environmental monitoring, compliance, testing and remediation performed in, on, and around the Project as a result of the violation of any Environmental Law as defined in Section 29.31, but not including ordinary environmental monitoring and testing related to, for example, items such as air quality monitoring and filtration in the Building; provided, however, nothing in this subsection (V) shall limit Tenant's liability for violations of Environmental Law caused by, or contributed to by Tenant; and (W) any fees, fines or penalties arising from Landlord's violation of Applicable Laws, as defined in Article 24, including costs of litigation and attorneys' fees related thereto.

4.2.5 TAXES.

4.2.5.1 "TAX EXPENSES" shall mean all federal, state, commonwealth, county, or local governmental or municipal taxes, fees, charges or

kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, measured as if the Project were the only property owned by Landlord, including gross receipts, service tax, value added tax or sales taxes applicable to the receipt of rent or services provided herein, and unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Tax Year (as defined in SECTION 4.2.5.4) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof (measured as if the Project were the only property owned by Landlord); (ii) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof (measured as if the Project were the only property owned by Landlord); (iii) any assessment, tax, fee, levy or charge, upon this transaction; and (iv) the amount of any payments, payments in lieu of taxes, or other consideration (in cash or otherwise) that Landlord is required to make to any taxing authority in connection with any tax abatement or tax exemption agreements benefiting the Project. Notwithstanding the foregoing, Tax Expenses shall expressly exclude any tax penalties incurred by, or assessed against, Landlord relating to Landlord's failure to pay Tax Expenses when due.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Tax Year such expenses are paid. Tenant's Share of any refunds of Tax Expenses in excess of the Base Year Tax Expenses shall be credited against Tenant's Tax Expenses and any excess shall be refunded to Tenant regardless of when received, based on the Tax Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Tax Year exceed the total amount paid by Tenant as Additional Rent under this ARTICLE 4 for such Tax Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within fifteen (15) business days after receipt of Landlord's written demand Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the TCCs of this Lease. Notwithstanding anything to the contrary contained in this SECTION 4.2.5 (except as set forth in SECTION 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and commonwealth/state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under SECTION 4.5 of this Lease.

4.2.5.4 Landlord and Tenant agree that the Base Year for the purposes of calculating Tenant's Additional Rent liability for Tax Expenses shall be the calendar year 2003 (which shall be the sum of one-half of the Tax Expenses for the period from July 1, 2002 through June 30, 2003 and one-half of the Tax Expenses for the period from July 1, 2003 through June 30, 2004). Each subsequent twelve (12) month calendar year during the Lease Term shall be referred to as a "TAX YEAR", prorated for any partial Tax Year at the end of the Lease Term. At Landlord's election, Tenant shall pay Tenant's Share of any Excess (as defined in SECTION 4.4) of Tax Expenses pursuant to SECTIONS 4.4.1 and 4.4.2, or within fifteen (15) business days after receipt of Landlord's written demand following the expiration or earlier termination of the Lease Term. Landlord shall provide copies of any invoices or other notices from the taxing authorities evidencing the Tax Expenses to Tenant after receipt of Tenant's written request for such documentation.

4.2.6 "TENANT'S SHARE" of Operating Expenses and Tax Expenses shall mean the percentage set forth in SECTION 6 of the Summary.

4.3 ALLOCATION OF DIRECT EXPENSES. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e. the Direct Expenses) will be shared between the tenants and occupants of the Building and the tenants and occupants of the other buildings in the Project. Accordingly, as set forth in SECTION 4.2 above, Direct Expenses shall be determined for the Project as a whole, and Tenant shall be responsible for paying Tenant's Share of the Direct Expenses, provided, however, Landlord in its sole discretion, may determine and allocate some or all Direct Expenses which are incurred for the benefit of only one building to that building individually, in which case, if said expenses are allocated to the Building, Tenant's Share of such Direct Expenses shall be based on the percentage determined by dividing the rentable square footage of the Premises by the rentable square footage of the Building. To the extent the entire Project is not at least 95% occupied in any year, Landlord shall adjust the variable components of Operating Expenses for the Base Year, and for any such Expense Year, based on Landlord's reasonable, good faith estimate and reasonable data available to Landlord, to reflect the expenses that would have been incurred had the Project been 95% occupied, so that the Operating Expenses shall be equitably allocate among the tenants of the Project; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year attributable to the Project. In no event shall Landlord be entitled to collect from tenants more than 100% of Direct Expenses.

4.4 CALCULATION AND PAYMENT OF ADDITIONAL RENT. With respect to Operating Expenses, if for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Operating Expenses for such Expense Year exceeds the annualized amount of Tenant's Share of Operating Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in SECTIONS 4.4.1 AND 4.4.2, below, and as Additional Rent, an amount equal to the excess (the "OE EXCESS"). With respect to Tax Expenses, if for any Tax Year ending or commencing within the Lease Term, Tenant's Share of Tax Expenses for such Tax Year exceeds the annualized amount of Tenant's Share of Tax Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in SECTIONS 4.4.1 AND 4.4.2, below, and as Additional Rent, an amount equal to the excess (the "TAX EXCESS"). The OE Excess plus the Tax Excess are sometimes referred to herein collectively as the "EXCESS".

4.4.1 STATEMENT OF ACTUAL DIRECT EXPENSES AND PAYMENT BY TENANT. Within one hundred twenty (120) days after the end of each applicable Expense Year, Landlord will deliver to Tenant a statement (the "STATEMENT"), which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess, if any. Upon receipt of the Statement for each applicable Expense Year, if an Excess is present, Tenant shall pay, with its next installment of Base Rent due, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "ESTIMATED EXCESS," as that term is defined in SECTION 4.4.2, below. In the event the Statement shows that the amount paid by Tenant under Section 4.4.2, below, exceeded Tenant's Share of Direct Expenses for the Expense Year in question (the "OVERPAYMENT AMOUNT"), then Landlord shall credit the Overpayment Amount against the next due installments of Base Rent and Additional Rent; provided, however, that with respect to the final Expense Year of the Lease Term, Landlord shall pay to Tenant the Overpayment Amount, if any, within thirty (30) days after Tenant's receipt of such Statement. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this ARTICLE 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess if present, Tenant shall pay such amount to Landlord within fifteen (15) business days after Tenant's receipt of such final determination. If Tenant provides a written request to Landlord within thirty (30) days after receipt of the Statement provided in this SECTION 4.4.1, Tenant shall be entitled, during reasonable business hours, to review Landlord's books and records on which Landlord has calculated Direct Expenses and shall promptly thereafter provide its written analysis of Direct Expenses to Landlord. If Tenant's review discloses any overpayment by Tenant, Landlord shall either, at Landlord's option, credit such amount to Tenant's next payment of Rent, or refund such amounts within thirty (30) days after receipt of Tenant's calculations; if Tenant's review discloses any underpayment by Tenant, Tenant shall provide such calculations to Landlord and pay such amounts within thirty (30) days from the time it calculates, or receives the calculation of such amounts. Tenant's audit shall be conducted by either Tenant or a certified public accountant. Tenant's audit may not be conducted by an individual or entity that is retained by Tenant primarily on a contingent fee basis. Landlord shall keep copies of all records relating to the calculation of, and the costs included in, Direct Expenses (and Estimated Direct Expenses described in Section 4.4.2 below) for a period of at least two (2) years (or such longer period as required by law). In the event the Tenant's review establishes that Landlord's calculation of Tenant's Share of the increase in Direct Expenses for any year is overstated by more than ten percent (10%), Landlord shall also reimburse Tenant for the reasonable cost of its out of pocket costs in conducting said review, up to a maximum of $1,000.00. This section 4.4.1 shall survive the expiration or early termination of the Lease. The results of the audit shall be kept confidential by Tenant (except as disclosed to Tenant's attorneys and accountants (who shall also be bound by said confidentiality provision) or as required to be disclosed by Tenant under federal securities laws) and shall remain a private matter between Landlord and Tenant, except as may be required by law. Any dispute between Landlord and Tenant concerning any item of Direct Expenses shall not relieve Tenant of liability for payment of all other Excess amounts of Direct Expenses. The provisions of this SECTION 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 STATEMENT OF ESTIMATED DIRECT EXPENSES. In addition, Landlord shall have the right to deliver from time to time an expense estimate statement (the

"ESTIMATE STATEMENT") which shall set forth Landlord's reasonable estimate (the "ESTIMATE") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Excess (the "ESTIMATED EXCESS") as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to furnish an Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this ARTICLE 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Upon receipt of any Estimate Statement, Tenant shall pay, with its next installment of Base Rent due, the monthly amount of the Estimated Excess for the then-current Expense Year indicated on the Estimate Statement. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall continue to pay monthly, with the monthly Base Rent installments, the monthly amount of the Estimated Excess set forth in any previous Estimate Statement delivered by Landlord to Tenant. Tenant shall be entitled, upon five (5) business day notice to Landlord given within sixty days after receipt of the Estimate Statement, to review Landlord's books and records to evaluate the accuracy of the Estimate Statements, subject to the same provisions applicable to audits as stated in SECTION 4.4.1, above.

4.5 TAXES AND OTHER CHARGES FOR WHICH TENANT IS DIRECTLY RESPONSIBLE.

4.5.1 Tenant shall be liable for and shall pay before delinquency taxes levied against Tenant's equipment, furniture, fixtures and any other personal properly located in or about the Premises (including without limitation taxes levied against the Furniture, if any). If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays any properly assessed taxes based upon such increased assessment, which Landlord shall have the right to do upon fifteen (15) business days prior written notice to Tenant, including reasonably satisfactory backup documentation evidencing such expenses, Tenant shall upon fifteen (15) business days notice to Tenant repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the Alterations in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's standard tenant improvements in other space in the Building leased to or offered to lease to other tenants, which improvements are substantially similar to those in the Premises as of the Lease Commencement Date (the "BUILDING STANDARD"), are assessed (as reasonably determined by Landlord), then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of SECTION 4.5.1, above. Landlord shall reciprocally enforce this provision against other tenants in the Project.

4.6 LANDLORD'S BOOKS AND RECORDS. Subject to Tenant's right to review as provided in SECTION 4.4.1, Landlord's books and records evidencing Operating Expenses will be conclusive absent manifest error.

4.7 TENANT'S ELECTRICITY COST. The Premises are currently not separately metered and, to account for Tenant's electrical use in the Premises, Tenant shall pay to Landlord as Additional Rent an initial flat monthly fee of Four Thousand Six Hundred Forty-five Dollars ($4,645.00), which amount is calculated based on the rate of One Dollar ($1.00) per year per rentable square foot of the Premises ("TENANT'S ELECTRICITY COST"), and is subject to adjustment based on Landlord's reasonable estimate of Tenant's electrical usage.

4.7.1 Notwithstanding the preceding sentence, Landlord or Tenant (at the requesting party's sole cost and expense) shall have the right to separately meter (or install a sub-meter or check meter for) the Premises at any time during the Lease Term and, thereafter, all charges for Tenant's electrical use shall be as reflected by the meter.

4.7.2 In the event that Landlord or Tenant installs meters (direct, submeters, checkmeters or flowmeters) which enable Landlord to measure the electricity usage for the air handlers and chillers which service the Lab Areas (as defined in SECTION 6.2, below) of the Premises, then, in addition to Tenant's Electricity Cost, Tenant shall pay to Landlord, as Additional Rent, the electrical expenses attributable to the chillers and air handlers which service the labs within the Premises (including, without limitation, the "freezer farm"). In the event that such usage is not separately metered, then Landlord may give Tenant written notice of Landlord's estimate of Tenant's share of such expenses, along with the information utilized by Landlord in reaching such determination, and Tenant shall reimburse Landlord, as Additional Rent for such electrical expenses (in addition to Tenant's Electricity Cost).

ARTICLE 5

USE OF PREMISES

5.1 PERMITTED USE. Tenant shall use the Premises solely for the Permitted Use set forth in SECTION 7 of the Summary, and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 PROHIBITED USES. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any commonwealth or state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or service organization (operation of a biological research and testing lab as currently performed by Tenant excepted); (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses; (vi) commercial broadcast radio or television stations; (vii) telemarketing or call center; or (viii) collection agency. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in EXHIBIT D, attached hereto, or

in violation of the laws of the United States of America, the Commonwealth of Massachusetts, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Materials as defined in SUBSECTION 29.31.1 below. Tenant shall not do or permit anything to be done in or about the Premises which will in any material way interfere with the rights, safety and quiet enjoyment of other tenants or occupants of the Building and the Project, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or the Project.

5.3 CC&Rs. Tenant shall comply with all recorded covenants, conditions, and restrictions ("CC&R's") affecting the Project (including any future CC&R's which Landlord in its reasonable discretion may deem reasonably necessary or appropriate) to the extent they apply to the Premises or the Common Areas provided they do not materially interfere with Tenant's use and occupancy of the Premises and, subject to the TCC of this lease, the Common Areas, and this Lease shall be subordinate to any CC&Rs provided that such CC&Rs do not materially interfere with Tenant's use and occupancy of the Premises and, subject to the TCC of this Lease, the Common Areas.

5.4 CONDITION OF PREMISES. Landlord shall deliver the Premises (including, but not limited to HVAC (as hereinafter defined), electrical, plumbing, sewer and other Building systems, and the exterior walls, roof, parking area, landscaping and walkways) to Tenant on the Lease Commencement Date and Tenant shall accept the Premises in their "AS IS" condition. To Landlord's knowledge, as of the date of this lease, all electrical, plumbing, sewer and other Building Systems servicing the Premises and exterior walls are in good operating condition. In the event that any electrical, plumbing, sewer or other Building Systems servicing the Premises are not in good operating condition on the Lease Commencement Date, provided that Tenant gives Landlord written notice of the nature of the problem prior to the earlier of: (i) Tenant's commencing any changes, alterations or construction in the Premises, or (ii) thirty (30) days after the Lease Commencement Date, time being of the essence, Landlord shall cause such systems to be placed into good operating condition. Other than as expressly set forth in this Lease, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or with respect to the present or future suitability of any part of the Premises for the conduct of Tenant's business or the uses proposed by Tenant. Tenant hereby accepts the Premises, the Building, and all improvements thereon, in their existing condition, subject to all applicable zoning, municipal, county and state (commonwealth) laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject to all of the foregoing and to all matters disclosed in this Lease.

5.5 DEMISING PLAN. The Premises are shown on the space plan attached hereto as EXHIBIT A and hereby made a part hereof. Tenant shall pay its costs associated with the installation of Tenant's network and other cabling, telecommunications infrastructure, and all of its moving costs incurred in connection with Tenant's occupancy of the Premises.

5.6 RULES AND REGULATIONS. Tenant shall comply with Landlord's rules and regulations respecting the management, care, use and safety of the Premises, Building and

Project, including without limitation, parking areas, landscaped areas, walkways, elevators, loading docks, hallways and other Common Areas and facilities provided for the common use and convenience of tenants. Such rules and regulations are attached hereto as EXHIBIT D and may be amended from time to time at Landlord's reasonable discretion, upon written notice to Tenant (as amended from time to time, the "RULES AND REGULATIONS"), so long as such modifications do not materially diminish or interfere with Tenant's use and occupancy of the Premises for the Permitted Use. At no time shall Landlord modify the Rules and Regulations to prohibit or materially interfere with Tenant's use of the Premises for the Permitted Use. Landlord agrees that any enforcement of the Rules and Regulations shall be done in a reasonable, uniform and non-discriminatory manner. Tenant's use of the Premises for the conduct of Tenant's business and research activities, as currently conducted by Tenant as of the date of this Lease, and otherwise in accordance with the Permitted Use and the TCC of this Lease, shall not be deemed to be "injurious to the reputation of the Building" under Section A. 20 of Schedule D.

ARTICLE 6

SERVICES AND UTILITIES

6.1 STANDARD TENANT SERVICES. Landlord shall maintain and operate the Building in a manner consistent with other Comparable Buildings (as defined below), and provide ingress and egress control services to the Building in a first-class manner consistent with the Comparable Buildings, shall keep the Building Structure and Building Systems in first-class condition and repair consistent with the Comparable Buildings, and all of such expenses shall be included in Operating Expenses, except to the extent such expenses are specifically excluded from Operating Expenses in accordance with Section 4.2.4. (As used in this Lease, the term "COMPARABLE BUILDINGS" means buildings which are comparable to the Building in terms of age, quality of construction, level of service and amenities, size and appearance and located in a comparable geographical area, as reasonably determined by Landlord.) During the Lease Term, Landlord shall provide the following services (and shall include the costs thereof in Operating Expenses, except as otherwise expressly set forth in this Lease):

6.1.1 Subject to limitations imposed by all governmental rules, regulations guidelines applicable thereto, from Monday through Friday from 8 a.m. to 6 p.m. (but excluding Holidays, as defined below) (such dates and times herein called "BUILDING HOURS"), Landlord shall provide heating and air conditioning ("HVAC") to the office portions of the Premises. Tenant may request and Landlord shall provide HVAC service at times other than during Building Hours to the Premises (other than the Lab Areas, as defined in SECTION 6.2, below) at the rate of $50.00 per hour, with a minimum charge of $100.00 (two hours); provided, however, that Tenant shall only be charged for after hours HVAC actually requested by Tenant. Landlord reserves the right reasonably to increase the cost for after hours air conditioning.

6.1.2 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Common Areas within the Building.

6.1.3 On weekdays during the Lease Term, Landlord shall provide janitorial services to the Premises (unless Tenant notifies Landlord that Tenant will be privately contracting for janitorial services within its labs), except the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with Comparable Buildings.

6.1.4 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service for all elevators in the Building during Building Hours and, subject to closures for routine maintenance or repair, shall have one (1) elevator available at all other times to provide service to the Premises; provided, however, Landlord shall use reasonable efforts to schedule the timing of such routine maintenance or repair, and shall otherwise use commercially reasonable efforts to minimize any interference with Tenant's Permitted Use and enjoyment of the Premises.

6.1.5 Landlord shall provide electricity for lights and electrical outlets within the Premises, and Tenant shall pay for such electricity pursuant to Tenant's obligation to pay Tenant's Electricity Charge.

6.1.6 Landlord shall provide a security guard to patrol the Project between the hours of 6 p.m. and 8 a.m., and shall maintain the existing current card access monitoring system, or a substantially similar system.

6.1.7 Landlord shall provide exterior and interior window washing with frequency as reasonably determined by Landlord.

6.1.8 Landlord shall provide disposal of garbage, trash and refuse from the Premises (other than and excluding Tenant's laboratories) and the Property, excluding the disposal of Hazardous Materials (as defined in Section 29.31) and other hazardous wastes or substances and medical wastes or substances used, stored or generated by Tenant or in connection with Tenant's use of the Premises, which materials shall be disposed of in accordance with all Applicable Laws by Tenant at its sole cost and expense.

6.1.9 Landlord shall provide for routine clearance and removal of snow and ice from the parking areas, driveways and walkways of the Property.

6.1.10 Landlord shall provide a monument sign near the entrance to the Project with tenants' names listed on it.

6.1.11 Such other services as are specifically identified in this Lease.

For the purposes of this Lease the term "HOLIDAY" shall mean and refer to New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, day after Thanksgiving Day and Christmas Day.

6.2 SPECIAL HVAC SERVICES. Subject to the provisions of SECTIONS 4.7.2 AND 7.1, and provided that Tenant designs and modifies the HVAC system ductwork and controls for the sixth floor of the Premises to the "freezer farm" area of the Premises and any other lab areas within the Premises (collectively, the "LAB AREAS") designated on EXHIBIT A, so that the Lab Areas can be cooled separately from the remainder of the Building (e.g. while other areas of the Building are being heated, or not being cooled), Landlord shall provide continuous air conditioning to the Lab Areas, provided however, Landlord shall not be liable to Tenant for any unexpected outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Notwithstanding the foregoing, in the event that Landlord must shut down HVAC or electrical power to the Premises or any portion thereof for maintenance or repairs, Landlord shall give Tenant at least twenty-four hours (24) advance notice of the estimated time and date for such work, and the length of time service is expected to be interrupted and provided that Landlord has given Tenant such notice, Landlord shall not be liable to Tenant for any such scheduled outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Tenant shall be solely responsible for providing back-up power for air conditioning for the Lab Areas and back-up air conditioning for the Lab Areas should Tenant deem it necessary (for scheduled as well as unscheduled outages or reductions).

6.3 REQUIREMENTS OF TENANT. At all times during the Lease Term, Tenant shall cooperate with Landlord and abide by all regulations and requirements that Landlord may reasonably prescribe and provide to Tenant in writing for the proper functioning and protection of the Building HVAC, electrical, mechanical and plumbing systems.

6.4 INTERRUPTION OF USE. Except as expressly provided herein, Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease (provided, however, nothing in the foregoing sentence is intended to relieve Landlord from its obligations under this Lease, and/or to excuse Landlord from curing any default by Landlord under this Lease). Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this ARTICLE 6. Under all circumstances, to the extent there is an interruption in any service relating to the Premises for which Landlord maintains repair responsibility under this Lease, Landlord shall use commercially reasonable efforts to remedy

the problem within twenty-four (24) hours of receipt of notice from Tenant. Landlord may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that (i) the Premises are not thereby rendered untenantable, and (ii) the same does not materially adversely interfere with Tenant's Permitted Use of the Premises.

ARTICLE 7

REPAIRS

7.1 LANDLORD'S OBLIGATIONS. Landlord shall maintain, repair and replace as necessary the structural portions of the Building, including the foundation, floor/ceiling slabs, roof structure, exterior walls, columns, beams and shafts (including elevator shafts) (collectively, "BUILDING STRUCTURE") at its sole cost and expense. Landlord shall also maintain, repair and replace as necessary the parking areas, sidewalks and access roads (including snow and ice removal), landscaping, fountains, water falls, exterior Project signage, exterior glass and mullions, stairs and stairwells, elevator cabs and equipment, plazas, art work, sculptures, men's and women's washrooms, Building mechanical, electrical and telephone closets, and all common and public areas and the Building security, mechanical, electrical, life safety, plumbing, sprinkler systems and HVAC systems (collectively, the "BUILDING SYSTEMS") and all other Common Areas within the Project, and the cost of such maintenance and repair (or the amortized portion of the capital expenses of such maintenance and repairs, as applicable), shall be included in Operating Expenses. Landlord shall undertake reasonable efforts to perform all maintenance, repairs and replacements pursuant to this SECTION 7.1 promptly after Landlord learns of the need for such maintenance, repairs and replacements, but in any event within thirty (30) days after Tenant provides written notice to Landlord of the need for such maintenance, repairs and replacements; provided, however, that in cases of emergency (i.e., circumstances which, if not addressed promptly, could result in material damage to persons and property), Landlord shall perform any maintenance, repairs and replacements as soon as reasonably practicable after it learns of the need for such maintenance, repairs and replacements. In the event that any maintenance, repair and/or replacement is required of the air handlers and chillers servicing the Lab Areas, and Tenant expects that Tenant will suffer monetary loss or damages if such work is not completed immediately, Tenant shall give notice of such situation to Landlord and Landlord's property manager, clearly stating the emergency nature of the situation, and if Landlord is unable to proceed to effect such maintenance, repairs or replacements immediately, Tenant may do so, and the cost of such work shall be allocated and paid for as provided in the next paragraph of this Section 7.1.

Notwithstanding anything herein to the contrary, Tenant shall reimburse Landlord as Additional Rent, within thirty (30) days after receipt of Landlord's invoice, for all costs paid to third parties associated with the repair, maintenance and replacement of the air handlers and chillers which service the Lab Areas (as defined in SECTION 6.2, above) of the Premises and such costs shall thereafter not be included in the calculation of Operating Expenses. Notwithstanding the foregoing, with respect to all costs for replacements of the air handlers and chillers (or components thereof) which service the Lab Areas that are capital in nature under generally accepted accounting principles, at Tenant's option, to be exercised within thirty days after receipt

of Landlord's first invoice for such costs, in lieu of reimbursing Landlord within thirty days, such costs shall be amortized (with interest at a twelve percent (12%) per annum) over the lesser of (i) the remaining Term of the Lease, or (ii) the useful life of the item being replaced, and Tenant shall pay Landlord, as Additional Rent, on a monthly basis, the amortized portion and interest applicable thereto.

7.2 TENANT'S OBLIGATIONS. Notwithstanding anything in this Lease to the contrary, Tenant shall be required to repair any damage to the Building Structure and/or the Building Systems to the extent caused due to Tenant's use of the Premises for other than its Permitted Use, unless and to the extent such damage is covered by insurance carried (or required to be carried) by Landlord pursuant to ARTICLE 10 and to which the waiver of subrogation is applicable. Tenant shall, at Tenant's own expense, pursuant to the TCCs of this Lease, including without limitation ARTICLE 8 hereof, maintain all Alterations, Furniture and other personal property of Tenant within the Premises in good order, repair and condition at all times during the Lease Term. Tenant hereby waives any and all rights to terminate this Lease, complete repairs, and off-set the rent as may be provided under the laws of the Commonwealth of Massachusetts, now or hereafter in effect (provided, however, nothing in this sentence is intended to waive any contractual rights Tenant may have under the specific terms and conditions of this Lease).

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 LANDLORD'S CONSENT TO ALTERATIONS. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises which affect the Building Structure, Building Systems or exterior appearance of the Building (collectively, the "ALTERATIONS") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than twenty (20) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which materially or adversely affects the Building Structure, Building Systems or exterior appearance of the Building. Tenant shall use Landlord's mechanical, electrical and plumbing engineer(s) for all mechanical, electrical and plumbing design(s) for the Premises, so long as such fees are reasonable and consistent with market rates and so long as Landlord does not charge Tenant an administrative fee as part of the work orders for such contractors. Tenant shall not need the consent of Landlord for decorative changes to the Premises costing less than $10,000. Tenant agrees that Landlord has no obligation to upgrade the electrical service for the Building to meet Tenant's needs, and Tenant agrees that Tenant shall be responsible for the distribution or redistribution of electrical service from the subpanels on the fifth and sixth floors of the Building in connection with the improvements to the Premises to be performed by Tenant. Tenant shall provide Landlord with electric load calculations in connection with the construction of any Alterations, and Tenant shall not exceed the total amperage available from the subpanels located on the fifth and sixth floors of the Building. Notwithstanding the foregoing, subject to Landlord's review and approval of the proposed plans and specifications (which approval shall not be unreasonably withheld, conditioned or delayed), Landlord shall permit Tenant, at Tenant's sole cost and expenses, to increase electrical service to the Building or otherwise to modify the

electrical system in the Building to the extent necessary to provide electrical service required for the Lab Areas (including, without limitation, the "freezer farm"), provided that such modifications do not reduce the power available or interrupt the power service to the other tenants of the Building, and/or to the Common Areas of the Building. Tenant shall not exceed the load bearing capacity of the floors within the Building as currently designed, and any modifications required for Tenant's use shall be at Tenant's sole cost and expense, and subject to Landlord's review and approval in accordance with this Lease.

8.2 MANNER OF CONSTRUCTION. Tenant shall utilize only competent contractors, subcontractors, materials, mechanics and materialmen reasonably approved by Landlord for the construction of any Alterations, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant shall be entitled to use its employees to make Alterations which do not affect the mechanical or structural portions of the Premises or the Building Structure so long as Tenant complies with all other provisions of this ARTICLE 8. Upon Landlord's request (unless Landlord waived, at the time of Landlord's approval of any Alterations pursuant to the provisions of SECTION 8.5, below, its right to make such request), Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. If such Alterations will involve the use of or disturb Hazardous Materials or substances existing in the Premises, Tenant shall comply with Landlord's rules and regulations concerning, and all Applicable Laws pertaining to, Hazardous Materials or substances with respect to such Alterations. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, commonwealth, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of Marlborough, and in conformance with Landlord's construction rules and regulations, if any, provided to Tenant in writing prior to construction of such Alterations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "BASE BUILDING" shall include the Building Structure, and the public restrooms and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and promptly after notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under ARTICLE 9 of this Lease, upon completion of any Alterations which affect the Building Systems and Building Structures, Tenant agrees to cause such notices as may be necessary to evidence completion of any work undertaken by Tenant to be recorded in the office of the Recorder of the County of Middlesex in accordance with the laws of the Commonwealth of Massachusetts or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 PAYMENT FOR IMPROVEMENTS. If payment is made directly to contractors, Tenant shall comply with all Applicable Laws relating to final lien releases and waivers in connection with Tenant's payment for work to contractors. Whether or not Tenant orders any work directly from Landlord, Tenant shall reimburse Landlord for Landlord's reasonable out-of-pocket costs and expenses reasonably incurred in connection with Landlord's review of any Alterations.

8.4 CONSTRUCTION INSURANCE. In addition to the requirements of ARTICLE 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "BUILDER'S ALL RISK" insurance in an amount reasonably related to the value of such Alterations, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to ARTICLE 10 of this Lease immediately upon completion thereof.

8.5 LANDLORD'S PROPERTY. All Alterations, improvements, fixtures, equipment and/or appurtenances other than Tenant's trade fixtures and equipment (which shall expressly include all of Tenant's laboratory equipment, testing devices, and ancillary equipment, whether affixed to the Premises or not) which may be installed or placed in or about the Premises, from time to time, shall be and become the property of Landlord upon the expiration or earlier termination of this Lease, subject to the requirements of SECTION 8.2 and Landlord's right to require Tenant to remove such items as provided in this SECTION 8.5. Under no circumstances shall Tenant be required to remove standard office finishes from the Premises (i.e. those office materials and fixtures that are commercially reasonable, appropriate and common in Comparable Buildings). Upon the expiration or earlier termination of this Lease, Tenant may remove any equipment or fixtures installed by Tenant, provided Tenant repairs any damage to the Premises and Building caused by such removal and returns the affected portion of the Premises to Building Standard condition. Furthermore, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Alterations in the Premises and to repair any damage to the Premises and Building caused by such removal (reasonable wear and tear excepted) and return the affected portion of the Premises to Building Standard condition; provided, however, if, in connection with its request for Landlord's approval for particular Alterations, (1) Tenant requests Landlord's decision with regard to the removal of such Alterations, and (2) Landlord thereafter agrees in writing to waive the removal requirement when approving such Alterations, then Tenant shall not be required to so remove such Alterations; provided further, however, that if Tenant requests such a determination from Landlord and Landlord, in its approval of any Alterations, fails to address the removal requirement with regard to such Alterations, Landlord shall be deemed to have agreed to waive the removal requirement with regard to such Alterations. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations in the Premises and return the affected portion of the Premises to Building Standard condition, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the TCCs of ARTICLE 16, below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant, and Tenant shall reimburse Landlord for such costs within ten (10) days after receipt of Landlord's invoice therefore. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the Tenant's installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive

the expiration or earlier termination of this Lease for one (1) year following such expiration or earlier termination. At all times during the Term of this Lease, Tenant shall be entitled to remove, and Landlord shall have no interest in, Tenant's trade fixtures and equipment.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least ten (10) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under Applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract.

ARTICLE 10

INSURANCE

10.1 INDEMNIFICATION AND WAIVER. Except as otherwise expressly provided herein, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "LANDLORD PARTIES") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent such damage results from the negligent acts or omissions or willful misconduct of

Landlord, or from Landlord's failure to perform its obligations under this Lease, and in such event, only to the extent not covered by Tenant's insurance required to be carried hereunder. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in the Premises, and to the extent arising from the negligent act or omission of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the TCCs of this Lease, either prior to, during, or after the expiration or earlier termination of the Lease Term, except to the extent such damage results from the negligent acts or omissions or willful misconduct of Landlord, or from Landlord's failure to perform its obligations under this Lease, and in such event, only to the extent not covered by Landlord's insurance required to be carried hereunder. Landlord shall indemnify, defend, protect, and hold harmless Tenant and its officers, agents, employees and contractors from any and all loss, cost damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) to the extent arising from the negligent acts or omissions or willful misconduct of Landlord, its agents, employees and contractors in, on or about the Project, except to the extent such damage results from the negligent acts or omissions or willful misconduct of Tenant, its agents, employees and contractors or from Tenant's failure to perform its obligations under this Lease, but only to the extent covered by Landlord's insurance required to be carried hereunder. Further, Landlord's and Tenant's agreements to indemnify pursuant to this SECTION 10.1 are not intended and shall not relieve any insurance carrier of its obligations, to the extent such policies cover the matters subject to the foregoing indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this SECTION 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 TENANT'S COMPLIANCE WITH LANDLORD'S FIRE AND CASUALTY INSURANCE. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises to the extent such requirements are provided by Landlord to Tenant in writing. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase within fifteen (15) business days after receipt of Landlord's written demand; provided, however, that Landlord shall provide reasonably sufficient documentation or other evidence to Tenant that its use and occupancy of the Premises caused such increase in connection with any demand for payment. Landlord represents that as of the date of this Lease Landlord has reviewed with its insurance carrier Tenant's Permitted Use under this Lease and Landlord has been advised that the Permitted Use does not currently subject Landlord to increased insurance premiums. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 TENANT'S INSURANCE. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including the equivalent of the coverage provided by a Broad Form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in SECTION 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and	$4,000,000 each occurrence
Property Damage Liability	$4,000,000 annual aggregate

Personal Injury Liability	$4,000,000 each occurrence $4,000,000 annual aggregate

10.3.2 Physical Damage Insurance covering any Alterations made to the Premises in accordance with ARTICLE 8 of this Lease and property insurance covering the Furniture and Tenant's personal property, trade fixtures and equipment in the Premises at 100% replacement cost. Such insurance shall be written on an "all risks" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable commonwealth, state and local statutes and regulations.

10.4 FORM OF POLICIES. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Tenant's liability insurance shall (i) name Landlord, Landlord's lender and Landlord's managing agent, if any, as an additional insured; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under SECTION 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-VII in Best's Insurance Guide and licensed to do business in the Commonwealth of Massachusetts; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; and (v) provide that said insurance shall not be canceled or coverage reduced unless ten (10) days' prior written notice shall have been given to Landlord. Tenant shall deliver evidence of such coverage to Landlord on or before the Lease Commencement Date and at the time of any renewal thereof. In the event Tenant shall fail to procure such insurance, or to deliver such evidence, including a certificate of insurance, Landlord may, at its option, if Tenant fails to provide evidence of such insurance within five (5) business days after notice from Landlord, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) business days after delivery to Tenant of bills therefor.

10.5 SUBROGATION. Landlord and Tenant shall cause their insurers to waive, and Landlord and Tenant hereby expressly waive, all rights of subrogation in their respective insurance policies during the Lease Term.

10.6 LANDLORD'S INSURANCE. Landlord shall insure the Building (including the Building Structure and Building Systems) and the Project during the Lease Term against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage at the full replacement cost of the Buildings and other improvements which constitute the Project (excluding footings and foundations). Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the sole option of Landlord, such insurance coverage may include the risk of flood damage and additional hazards, a rental loss endorsement and one

or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. Landlord shall maintain a Commercial General Liability Insurance policy covering the insured against claims of bodily injury and personal injury, for limits of liability not initially less than $5,000,000 each occurrence and $5,000,000 annual aggregate for each of bodily injury and personal injury.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 REPAIR OF DAMAGE BY LANDLORD. Tenant shall promptly notify Landlord of any damage to, or affecting, the Premises resulting from fire or any other casualty. If the Premises, the Building or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other delays due to Force Majeure, and subject to all other TCCs of this ARTICLE 11, restore the Premises, the Building and such Common Areas. Such restoration shall be to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other laws, provided that access to the Premises and any common restrooms serving the Premises and Tenant's use of the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "LANDLORD REPAIR NOTICE") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under SECTION 10.3.2 of this Lease to the extent of the value of the Furniture, and Landlord shall replace the Furniture to the extent of such insurance proceeds or, if this Lease is terminated as a result of such casualty, Landlord shall retain such proceeds. Upon receipt of any Landlord Repair Notice, and provided this Lease has not terminated as provided in this ARTICLE 11, Tenant shall proceed to restore and repair any injury or damage to the Alterations, trade fixtures and equipment (to the extent the Building Structure and the Premises are in commercially acceptable condition to proceed with restoration of Alterations, trade fixtures and equipment), which have been completed or installed by or on behalf of Tenant, in accordance with ARTICLE 8 of this Lease, in the Premises and shall return such Alterations, trade fixtures and equipment to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other Applicable Laws. Following delivery of a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall review and approve such plans and specifications and Tenant's contractors to be used for such work pursuant to the provisions of ARTICLE 8. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent (and, to the extent applicable, an adjustment to Tenant's Share), to the extent Tenant is unable to operate its business in the Premises (measured by the proportion of square feet of the Premises in which Tenant is unable to operate as compared to the total size of the Premises, and continuing until such time as such areas and access thereto are restored substantially to their condition prior to the casualty), regardless of whether Landlord is

reimbursed from the proceeds of rental interruption insurance purchased or required to be purchased by Landlord as part of Operating Expenses, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or intentional misconduct of Tenant, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand).

11.2 LANDLORD'S OPTION TO REPAIR. Notwithstanding the TCCs of SECTION 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease (or the applicable portion thereof), by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Premises, Building or Project shall be damaged by fire or other casualty or cause, if one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within nine (9) months after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the damage is not fully covered by Landlord's insurance policies required under this Lease; (iii) the damage occurs during the last twelve (12) months of the Lease Term; or (iv) Landlord's mortgagee does not permit adequate insurance proceeds to be applied to the rebuilding or repair of the Building or Project. Within sixty (60) days after the date of discovery of the damage, if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, Landlord shall give Tenant written notice of the estimated time required to repair the Premises, Building and/or Project (the "Repair Estimate"). If the estimated time to repair the Premises exceeds twelve (12) months (measured from the date of discovery of the damage), then Tenant shall have the right to terminate this Lease upon written notice given within thirty (30) days after receipt of Landlord's Repair Estimate, time being of the essence. If neither Landlord nor Tenant elects to terminate this Lease pursuant to the termination right as provided above, and if the repairs to be made by Landlord are not actually completed within twelve (12) months of the date of discovery of the damage, as extended for Force Majeure delays and/or delays in insurance adjustment as reasonably demonstrated by Landlord to Tenant, Tenant shall have the right to terminate this Lease by providing written notice to Landlord (the "DAMAGE TERMINATION NOTICE"), such termination to be effective five (5) business days after Landlord's receipt of the Damage Termination Notice (the "DAMAGE TERMINATION DATE"); provided, however, that Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period of thirty (30) days after the Damage Termination Date by delivering to Tenant, on or before the Damage Termination Date, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs to be made by Landlord shall be completed within thirty (30) days after the Damage Termination Date. If such repairs shall be completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if such repairs shall not be completed within such thirty (30) day period, then this Lease shall terminate upon the expiration of such thirty (30) day period.

11.3 WAIVER OF STATUTORY PROVISIONS. The provisions of this Lease, including this ARTICLE 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the Commonwealth of Massachusetts, with respect to any rights

or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NON-WAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

13.1 CONDEMNATION. If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, and if as a result thereof Tenant cannot conduct its business operations in substantially the same manner such business operations were conducted prior to such taking while still retaining substantially the same material rights and benefits it bargained to receive under this Lease, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation as a result thereof, Landlord and Tenant shall each have the option to terminate this Lease on ninety (90) days notice (or such shorter amount of time as is reasonable based on when Landlord and Tenant learned of the effective date of the taking) to the other party effective as of the date possession is required to be surrendered to the authority. Subject to SECTION 13.2 below, Tenant shall not because of such taking assert any claim against Landlord or the authority for any

compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the TCCs of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord or its ground lessor, if any, with respect to the Building or Project, or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Notwithstanding anything to the contrary contained in this ARTICLE 13, in the event of a temporary taking of all or any portion of the Premises for a period of sixty (60) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Subject to SECTION 13.2 below, Landlord shall be entitled to receive the entire award made in connection with any such temporary taking. Landlord and Tenant hereby waive the provisions of any statutes or other laws relating to the termination of leases in the event of condemnation, and agrees that the rights and obligations of the parties in such event shall be governed by the terms of this Lease.

13.2 TENANT'S RIGHT TO AWARD. Subject to the provisions of SECTION 13.1 above, Tenant shall have the right to claim and recover (i) the fair market value of the Alterations to the extent paid for solely by Tenant, (ii) any sum awarded to Tenant for damages to or loss of Tenant's business, and (iii) such compensation as may be separately awarded or recoverable by Tenant on account of any and all costs or losses related to removing Tenant's merchandise, furniture, fixtures, leasehold improvements, and equipment to a new location.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 TRANSFERS. Tenant shall not: (A) mortgage, pledge, hypothecate, encumber, or permit any lien to attach to this Lease or any interest hereunder without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion; nor (B) without the prior written consent (except as otherwise provided in SECTION 14.7 below) of Landlord, which consent will not be unreasonably withheld, conditioned or delayed, assign, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors; (all of the foregoing (in Clauses (A) and (B)) are hereinafter sometimes referred to collectively as "TRANSFERS" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "TRANSFEREE"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "TRANSFER NOTICE") shall include (i) the proposed effective date of the Transfer, which shall not be less than twenty (20) days nor more than ninety (90) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "SUBJECT SPACE"), (iii) all of the TCCs of the proposed Transfer and the consideration therefor, including calculation of the "TRANSFER

PREMIUM," as that term is defined in SECTION 14.3 below, in connection with such Transfer, (iv) the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer (excluding confidential information and documents (other than financial information required pursuant to subsection (v) below) as determined by Tenant in its reasonable business judgment), (v) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (vi) an executed estoppel certificate from Tenant in the form attached hereto as EXHIBIT E. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall, within thirty (30) days after written request by Landlord, reimburse Landlord for all reasonable and actual out-of-pocket third-party costs and expenses incurred by Landlord in connection with its review of a proposed Transfer; provided that such costs and expenses shall not exceed One Thousand and No/100 Dollars ($1,000.00) for a Transfer in the ordinary course of business.

14.2 LANDLORD'S CONSENT. Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer under clause 14.1(B) of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any Applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 Tenant is or has been in default beyond any applicable notice and cure period under this Lease prior to the date of the Transfer;

14.2.5 The Transferee's financial worth and/or financial stability is insufficient to meet the proposed financial obligations on the date consent is requested;

14.2.6 The Transferee is an existing tenant of the Project and Landlord has other comparable space available in the Project;

14.2.7 The parking requirements of the Transferee are in excess of the proportionate share of parking which would be allocable to the Subject Space based on the

rentable square footage of the Subject Space compared to the total rentable square footage of the Project;

14.2.8 The Transfer would entail any alterations which would lessen the value of the leasehold improvements in the Premises; or

14.2.9 There is an uncured event of default under the Lease or Tenant has defaulted in the payment of rent (beyond applicable notice and grace provisions) more than two times in the prior twelve month period.

If Landlord consents to any Transfer pursuant to the TCCs of this SECTION 14.2 (and does not exercise any recapture rights Landlord may have under SECTION 14.4 of this Lease), Tenant may within one (1) month after Landlord's consent, but not later than the expiration of said one-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set form in the Transfer Notice furnished by Tenant to Landlord pursuant to SECTION 14.1 of this Lease, provided that if there are any material changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this SECTION 14.2, or (ii) which would cause the proposed Transfer to be materially more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this ARTICLE 14 (including Landlord's right of recapture, if any, under SECTION 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under SECTION 14.2 or otherwise has breached or acted unreasonably under this ARTICLE 14, their remedies shall be restricted to a declaratory judgment and an injunction for the relief sought, and shall exclude money damages. Tenant shall indemnify, defend and hold harmless Landlord from any and all liability, losses, claims, damages, costs, expenses, causes of action and proceedings involving any third party or parties (including without limitation Tenant's proposed subtenant or assignee) who claim they were damaged by Landlord's wrongful withholding or conditioning of Landlord's consent.

14.3 TRANSFER PREMIUM. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this SECTION 14.3, received by Tenant from such Transferee. "TRANSFER PREMIUM" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting all expenses incurred by Tenant (i) in making any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent provided to the Transferee, (iii) any brokerage commissions or legal fees paid to third parties in connection with the Transfer, and (iv) any architectural or engineering expenses incurred by Tenant. "Transfer Premium" shall also include, but not be limited to, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. In the calculations of the Rent (as it relates to the Transfer Premium calculated under this SECTION 14.3),

and the Transferee's Rent, the Rent paid during each annual period for the Subject Space, and the Transferee's Rent shall be computed after adjusting such rent to the actual effective rent to be paid, taking into consideration any and all leasehold concessions granted in connection therewith, including, but not limited to, any rent credit and tenant improvement allowance. For purposes of calculating any such effective rent all such concessions shall be amortized on a straight-line basis over the relevant term.

14.4 LANDLORD'S OPTION AS TO SUBJECT SPACE. In the event that a proposed Transfer, if consented to, would cause fifty percent (50%) or more of the Premises to be assigned or subleased to a party other than Original Tenant (that is, EXACT Sciences Corporation) and/or its Affiliates, then notwithstanding anything to the contrary contained in this ARTICLE 14, Landlord shall have the option, by giving written notice (the "LANDLORD RECAPTURE NOTICE") to Tenant within thirty (30) days after receipt of any Transfer Notice, to recapture the Subject Space. Within five (5) business days of its receipt of the Landlord Recapture Notice, Tenant may, by written notice to Landlord, withdraw its Transfer Notice (the "TENANT SUBLEASE WITHDRAWAL NOTICE"). Provided Tenant does not deliver a Tenant Sublease Withdrawal Notice pursuant to the preceding sentence, the Landlord Recapture Notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer until the last day of the term of the Transfer as set forth in the Transfer Notice (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter). In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this SECTION 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this ARTICLE 14.

14.5 EFFECT OF TRANSFER. If Landlord consents to a Transfer, (i) the TCCs of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer, and (iv) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times and upon reasonable prior notice to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's costs of such audit.

14.6 OCCURRENCE OF DEFAULT. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any

Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease beyond any applicable notice and cure periods, Landlord is hereby authorized to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this ARTICLE 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

14.7 NON-TRANSFERS. Notwithstanding anything to the contrary contained in this ARTICLE 14, an assignment or subletting of all or a portion of the Premises to any entity which is controlled directly or indirectly by Tenant, or which entity controls, directly or indirectly, Tenant (in each such case, an "AFFILIATE"), or any entity which owns or is owned by an Affiliate, or any assignment by operation of law or otherwise resulting from any merger or consolidation of Tenant or to any entity which purchases all or substantially all the stock or assets of Tenant, shall not be deemed a Transfer under this ARTICLE 14, provided that at least ten (10) business days prior to such assignment or sublease (or, if precluded by applicable securities laws from giving advance notice, within ten (10) business days after such assignment or sublease, or, if later, promptly after Tenant is legally permitted to inform Landlord): (i) Tenant notifies Landlord of any such assignment or sublease and certifies that the applicable Transfer is to an Affiliate; and (iii) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. In the event an assignment or sublease to an Affiliate is made pursuant to the TCCs of this SECTION 14.7, Tenant shall not be relieved of its obligations under this Lease. "CONTROL," as used in this SECTION 14.7, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether by ownership of voting securities, by contract or otherwise.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 SURRENDER OF PREMISES. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord or its management company. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The

voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 REMOVAL OF TENANT PROPERTY BY TENANT. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this ARTICLE 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage due to casualty or condemnation, or repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture (excepting the Furniture), equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises (excluding, however, Tenant's Alterations), and Tenant shall repair at its own expense all damage to the Premises and Building to the extent resulting from such removal.

ARTICLE 16

HOLDING OVER

16.1 AFTER EXPIRATION OR EARLIER TERMINATION OF LEASE TERM. If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not, except as set forth below, constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of (i) the Rent applicable during the last rental period of the Lease Term under this Lease, and (ii) one hundred fifty percent (150%). Such month-to-month tenancy shall be subject to every other applicable TCCs contained herein. For purposes of this ARTICLE 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term, as required pursuant to the TCCs of SECTION 8.5, above, to remove any Alterations located within the Premises and complete Tenant's restoration obligations. Nothing contained in this ARTICLE 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this ARTICLE 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) business days following a request in writing by Landlord, Tenant, shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of EXHIBIT E or EXHIBIT E-1, attached hereto, or such other substantially similar form containing such other information as shall be reasonably requested by any prospective mortgagee or purchaser of the Project, or any portion thereof, indicating therein any exceptions thereto that may exist at that time. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances (collectively, "LIENHOLDERS"), or the lessors under such ground lease or underlying leases require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn (so long as lienholder provides Tenant with its standard form of Nondisturbance Agreement), without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease. Landlord's interest herein may be assigned as security at any time to any lienholder. Landlord shall obtain a non-disturbance agreement(s) between Tenant and all current and future lienholders (the "NONDISTURBANCE Agreement"). The Nondisturbance Agreement from Landlord's current mortgagee shall be in the form attached hereto as EXHIBIT I; otherwise, the form shall be reasonably satisfactory to both Tenant and the applicable lienholder. Provided that Tenant has received such Nondisturbance Agreement, Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases in accordance with the TCCs of this ARTICLE 18. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS: REMEDIES

19.1 EVENTS OF DEFAULT. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days, provided, however, Landlord shall be required to give written notice to Tenant of such failure not more than two times in any twelve month period, after which Tenant shall be in default without the requirement of notice if Tenant fails to make such payments on or before the due date; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default within sixty (60) days after such written notice; or

19.1.3 (a) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (b) Tenant becomes a "debtor" as defined in 11 U.S.C. ss. 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c), the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days or the date of any sooner sale of any of such assets; or (e) Tenant shall become subject to any proceeding in bankruptcy or insolvency.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 REMEDIES UPON DEFAULT. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, use any lawful means to expel or remove Tenant and any other person who may be occupying the Premises or any part

thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "RENT" as used in this SECTION 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the TCCs of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in ARTICLE 25 of this Lease through the date of any judgment against Tenant, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.l(iii) above, the "worth at the time of award" shall be computed by discounting future liabilities after the date of any judgment against Tenant at the discount rate of the Federal Reserve Bank of New York.

19.2.2 Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. No action by Landlord shall be deemed a termination of this Lease except written notice by Landlord delivered to Tenant expressly declaring a termination of this Lease. If Landlord maintains Tenant's right to possession, Landlord may thereafter elect to terminate this Lease.

19.2.3 Terminate this Lease and, in addition to any recoveries Landlord may seek under SECTION 19.2.1, bring an action to reenter and regain possession of the Premises in the manner provided by the laws of the Commonwealth of Massachusetts then in effect.

19.2.4 Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the Commonwealth of Massachusetts.

19.2.5 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under SECTIONS 19.2.1 through 19.2.4, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any

declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof; provided, however, that Landlord shall use commercially reasonable efforts to mitigate damages.

19.3 SUBLEASES OF TENANT. If Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this ARTICLE 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. If Landlord has terminated this Lease and elected to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 NO RELIEF FROM FORFEITURE AFTER DEFAULT. Tenant waives all rights of redemption or relief from forfeiture under any present or future laws or statutes, in the event Tenant is evicted or Landlord otherwise lawfully takes possession of the Premises by reason of any default by Tenant under this Lease.

19.5 EFFORTS TO RELET. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.6 LANDLORD DEFAULT. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease if Landlord fails to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Tenant shall provide a copy of any notice of default given to Landlord to Landlord's mortgagee and Landlord's mortgagee shall have the right to cure any such default on behalf of the Landlord within thirty days after the receipt of such notice, provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if Landlord's mortgagee shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such default by Landlord (following such notice and opportunity to cure) under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity, provided, however, except as expressly provided in SECTIONS 11.1, and 13.1, Tenant shall have no right to offset or withhold the payment of Rent or to terminate this Lease as the result of Landlord's default.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that subject to Tenant's performance of its obligations under this Lease Tenant shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

21.1 SECURITY DEPOSIT. Upon execution and delivery of this Lease, Tenant shall provide a security deposit in the amount set forth in the Summary (the "Security Deposit"), to be held by Landlord without liability for interest (unless required by State laws) as security for the performance of Tenant's obligations hereunder. The Security Deposit is not an advance payment of Rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due Rent or to cure any uncured default by Tenant. If Landlord uses all or a portion of the Security Deposit, Tenant shall on demand restore the Security Deposit to its original amount. Landlord shall return any unapplied cash portion of the Security Deposit (plus accrued interest, if Landlord is required by State law to pay interest on the Security Deposit) to Tenant within forty five (45) days after the later to occur of: (1) the date Tenant surrenders possession of the Premises in accordance with this Lease; or (2) the Lease Expiration Date. Unless required by State law, Landlord shall not be required to keep the Security Deposit separate from its other accounts.

21.2 LETTER OF CREDIT. The Security Deposit may be in the form of an irrevocable standby letter of credit in favor of Landlord as beneficiary. Upon Landlord's sole but reasonable determination that an event of default has occurred under the Lease, Landlord, in addition to all other rights and remedies provided under the Lease, shall have the right to draw from the letter of credit and apply the proceeds, or any part thereof, to amounts owing under the Lease; but Tenant's liability under the Lease shall thereby be discharged but only to the extent that such draws cover the amount in default and Tenant shall remain liable for any amounts that such draws shall be insufficient to pay. Landlord is not required to exhaust any or all rights and remedies available at law or equity against Tenant before resorting to the letter of credit. In the event the letter of credit shall not be utilized for any purposes herein permitted, then such letter of credit shall be returned by Landlord to Tenant within forty-five (45) days after the expiration of the Term of this Lease. Landlord shall reimburse Tenant for the annual cost of such letter of credit, by means of a rent credit, up to, but not to exceed a credit equal to 1% of the required amount of the letter of credit, per year, which credit shall be pro-rated annually against Base Rent due for the entire year. The following terms and conditions shall govern the letter of credit:

(i) The letter of credit shall be in favor of Landlord, or, at Landlord's election, the Landlord's mortgagee, shall be issued by a commercial bank reasonably acceptable

to Landlord and be in the form substantially similar to the form of letter of credit attached hereto as EXHIBIT H (the form of which shall be deemed "reasonably acceptable" to Landlord), provided, however, that the final maturity date, if any, set forth in any letter of credit acceptable to Landlord shall not, in any event, diminish the obligation of Tenant to maintain such an irrevocable letter of credit in favor of Landlord through the date set forth in subsection 21.2 (ii) below. The issuing bank shall have a Standard & Poors rating of "A" or better (and Tenant shall provide evidence annually that the issuer continues to meet this standard, and if it does not, Tenant shall replace the letter or credit within twenty (20) days after Landlord's request with a letter of credit meeting all the requirements of this Section 21.2, and Tenant's failure to do so shall be deemed to be an event of default entitling the beneficiary of the letter of credit to draw thereon), shall comply with all of the terms and conditions of this Lease and shall otherwise be in form reasonably acceptable to Landlord. The initial letter of credit shall have an expiration date not earlier than August 15, 2004.

(ii) The letter of credit or any replacement letter of credit shall be irrevocable for the term thereof and shall automatically renew on a year to year basis until a period ending not earlier than forty-five (45) days after the then current Expiration Date of this Lease without any action whatsoever on the part of Landlord; provided that the issuing bank shall have the right not to renew the letter of credit by giving written notice to Landlord not less than sixty (60) days prior to the expiration of the then current term of the letter of credit that it does not intend to renew the letter of credit. Tenant understands that the election by the issuing bank not to renew the letter of credit shall not, in any event, diminish the obligation of Tenant to maintain such an irrevocable letter of credit in favor of Landlord through such date.

(iii) Landlord, or the beneficiary of the letter of credit, shall have the right from time to time to make one or more draws on the letter of credit at any time that Landlord has determined that an event of default has occurred under this Lease, or that Landlord is entitled to draw on the letter of credit pursuant to subsection (vi) below. Funds may be drawn down on the letter of credit upon presentation to the issuing bank of Landlord's (or Landlord's then managing agent's) certificate stating as follows:

"The undersigned is entitled to draw on this letter of credit pursuant to that certain Lease dated January , 2003 between , Landlord, and EXACT Sciences Corporation, Tenant, as amended from time to time"

(iv) Tenant acknowledges and agrees (and the letter of credit shall so state) that the letter of credit shall be honored by the issuing bank without inquiry as to the truth of the statements set forth in such draw request and regardless of whether the Tenant disputes the content of such statement.

(v) Landlord shall have the right to transfer the letter of credit to Landlord's mortgagee, without cost to landlord or its mortgagee. In the event of a transfer of Landlord's interest in the Premises, Landlord shall have the right to transfer the letter of credit to the transferee without cost to Landlord or its transferee, and thereupon the Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and

it is agreed that the provisions hereof shall apply to every transfer or assignment of said letter of credit to a new landlord.

(vi) Without limiting the generality of the foregoing, if the letter of credit expires earlier than forty-five days after the Expiration Date, or the issuing bank notifies Landlord that it shall not renew the letter of credit, Landlord shall accept a renewal thereof or substitute letter of credit (such renewal or substitute letter of credit to be in effect not later than thirty (30) days prior to the expiration thereof), irrevocable and automatically renewable as above provided to the date which is forty-five days after the Expiration Date upon the same terms as the expiring letter of credit or upon such other terms as may be acceptable to Landlord. However, if (i) the letter of credit is not timely renewed, or (ii) a substitute letter of credit, complying with all of the terms and conditions of this Article 21 is not timely received, the beneficiary may present such letter of credit to the issuing bank, and the entire sum so obtained shall be paid to the beneficiary, to be held until Tenant would otherwise be entitled to the return of the letter of credit, subject to Landlord's right to apply such sums as permitted under this Lease.

21.3 REDUCTION IN SECURITY DEPOSIT. Provided that there is not then existing an uncured event of default under this Lease, and provided further that Tenant has not defaulted in the payment of Rent (after notice and opportunity to cure, if applicable) more than twice during the term of this Lease, the Security Deposit shall decline by $100,000 per year on the second, third, fourth, fifth and sixth anniversaries of the Rent Commencement Date. In no event shall the Security Deposit total less than $500,000.00.

ARTICLE 22

BACK-UP GENERATOR

22.1 EXISTING SYSTEM. Electrical service for the Building is supplied by National Grid. The existing generator at the Bulding supports life-safety systems within the Building, and may also be used by other tenants of the Project. Subject to system capacity, Tenant shall have the right to install two 60-AMP circuits on the UPS system and back-up generator currently existing at the Building at Tenant's sole cost and expense. Landlord makes no representation or warranty concerning the said UPS system and/or back-up generator and SPECIFICALLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTIBILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT'S USE OF, INTENDED USE OF, AND/OR RELIANCE ON SAID UPS SYSTEM AND/OR BACK-UP GENERATOR SHALL BE AT TENANT'S SOLE RISK. The UPS system and back-up generator shall be separately metered and Tenant shall be responsible for a pro-rata share of electrical and maintenance costs and expenses. Landlord shall have no obligation to maintain, repair, service or replace said UPS System and/or back-up generator.

22.2 TENANT'S GENERATOR. In the event that Tenant requires its own emergency back up generator, subject to there being an adequate space in Landlord's sole judgment where such generator could be located without diminishing the aesthetics of the Project, and subject to

Tenant's obtaining all governmental permits and approvals required in connection therewith at the sole cost and expense of Tenant, and Landlord's approval (which shall not be unreasonably withheld or delayed) of plans and specifications indicating, without limitation, sizes, profiles, screening and proposed location, Tenant shall be permitted to install, use and maintain, at Tenant's sole cost and expense: (a) one exterior pad mounted emergency back-up generator to service its needs at the Project consisting of a exterior concrete pad, together with appurtenant items of equipment including fittings, switches, and cabling, and such perimeter wooden fencing and landscaping to shield the generator from view, and acoustical insulation as may be reasonably required by Landlord (such equipment and appurtenances, collectively, the "Generator"). The plans submitted to Landlord for approval shall show any access Tenant may require outside the Premise for vertical and horizontal access paths from Tenant's Generator to the Building's data closet. Tenant shall be responsible for providing all additional support required to the structure of the Building. Tenant shall insure that any penetrations into the Building related to the Generator are properly sealed. Tenant represents and warrants the Generator is for the sole purpose of storing diesel fuel and generating emergency power in the event of a power outage in the Premises. No changes in the specifications or location of the Generator shall be permitted without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned, or delayed. Notwithstanding anything to the contrary, the Generator shall be located on grade, and shall not include any underground storage tank, or piping other than for electrical transmission.

22.3 Tenant represents and warrants to Landlord that it is (and upon installation, shall be) the sole owner of the Generator, free and clear of all liens and encumbrances and that the Project shall not ever be subject to any liens, claims or encumbrances, including construction/ mechanic's lien claims arising by reason of the presence of the Generator at the Project, or its installation, maintenance or removal. Landlord expressly disclaims any interest or ownership to any portion of the Generator, including any fuel, lubricant or component.

22.4 Tenant shall use the Generator solely for its business in the Premises and not for other purposes or by unrelated third parties. Tenant's installation, use, maintenance and removal of the Generator shall be undertaken by Tenant in full compliance with all applicable rules, regulations and legal requirements and shall be subject to all governmental permits and approvals applicable thereto, including municipal, Town of Marlborough and other governmental approvals, which Tenant shall secure and maintain at its sole cost and expense, holding Landlord harmless from any violation thereof.

22.5 Tenant shall be solely responsible for all costs related to the Generator including, without limitation, the purchase, installation, maintenance, insurance, and repair of the Generator, the relocation and /or replacement of any existing landscaping to accommodate placement of the Generator, and the repair of any damage to the Building and/or the Project related thereto. The Generator shall be installed and maintained in a good and workmanlike manner by professional contractors, and in compliance with the provisions of Article 8. Tenant's installation, operation, maintenance and removal of the Generator shall be subject to Landlord's inspection and technical review, the reasonable cost of which shall be borne by Tenant.

22.6 Tenant agrees to remove the Generator including the concrete pad and appurtenant electrical conduits, and to restore the area of the Project and Building affected by the installation, use and operation of the Generator to its condition prior to such installation prior to the expiration or earlier termination of the Lease Term and to provide Landlord at least fifteen days advance written notice of its intent to undertake such removal, and an opportunity to be present during such removal and restoration. If Tenant fails to complete such removal and restoration prior to the expiration of the Lease Term, then Landlord shall have the right (but not the obligation) to complete such removal and restoration at Tenant's cost and expense, and Tenant shall reimburse Landlord for such cost and expense upon demand.

22.7 Tenant represents and warrants the Generator and its use and operation shall comply with all environmental laws, rules and regulations. Tenant shall provide Landlord with copies of all inspection reports for the Generator (which shall be conducted at least annually) and copies of any correspondence, notices or other communications from any governmental authority concerning the Generator. Subject to the foregoing, Landlord hereby consents to Tenant's storing diesel fuel in the fuel tank comprising part of the Generator, such storage being in strict compliance with all applicable laws, rules and regulations.

22.8 Tenant shall be responsible for and shall maintain any license, permit or registration requirements relating to the installation or use of the Generator or the storage of fuel at the Generator in the above ground storage tank. Tenant shall, at Landlord's request, provide a letter representing that no leaks have occurred and the same shall be subject to Landlord's inspection. In connection with any expiration or sooner termination of the Lease, Landlord shall have the right to cause the Generator to be inspected by an environmental consultant to determine whether any spills or discharges have occurred which require remediation. In the event such inspection discloses no need for remediation, then Landlord shall bear the cost of the inspection. If such inspection discloses necessary remediation, then Tenant shall bear the cost of the inspection and shall remediate any identified areas of concern to applicable standards at its sole cost and expense. In either event, Landlord shall, upon receipt of the environmental inspection report, deliver a copy of it to Tenant.

22.9 Tenant agrees to indemnify, defend and hold harmless Landlord and its partners, employees, contractors, agents and representatives from and against any claims, loss or damage arising or asserted against Landlord, directly or indirectly, by reason of the installation, presence, use or removal of the Generator at the Project. Tenant releases Landlord from all liability for damage to or loss of all or any portion of the Generator or injury to any third party which may result from the presence, use or removal of the Generator. Tenant agrees that the liability insurance policy required to be maintained by Tenant under Article 10 of this Lease shall contain contractual liability and indemnification insurance coverage, but Tenant's liability shall not be limited to such coverage.

ARTICLE 23

SIGNS

Landlord shall provide directory signage for Tenant in the lobby of the Building. Under no circumstances shall Tenant place a sign on the exterior or any roof of the Building. Tenant shall also have the right to be included, along with other tenants, on the monument signage owned by Landlord located near the entrance to the Project.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance, decrees, codes (including without limitation building, zoning and accessibility codes), common law, judgments, orders, rulings, awards or other governmental or quasi-governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated including any "Environmental Laws" as that term is defined in SECTION 29.31 of this Lease ("APPLICABLE LAWS"). Tenant shall promptly provide to Landlord a copy of any written notice received by Tenant of violation of any federal, state, county or municipal laws, regulations, ordinances, orders or directives relating to the use or condition of the Premises. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures to the extent that such governmental measures relate to Tenant's particular use of the Premises or any Alterations located in the Premises. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a commonwealth, state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations to the extent such standards or regulations relate to Tenant's particular use of the Premises or any Alterations located in the Premises; provided that Landlord shall comply in all material respects with any standards or regulations which relate to the Base Building or the Building Systems, unless such compliance obligations are triggered by the Alterations in the Premises, in which event such compliance obligations shall be at Tenant's sole cost and expense; provided further, and notwithstanding the foregoing, that Tenant shall not be required to make any repair to, modification of, or addition to the Base Building or the Building Systems except and to the extent required because of Tenant's particular use of the Premises. The judgment of any court of competent jurisdiction or the admission by either party hereto in any judicial action, regardless of whether this other party is a party thereto, that such party has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Project, Base Building and Building Systems, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's Parties or create a significant health hazard for Tenant's Parties or otherwise materially interfere with or materially affect Tenant's Permitted Use and enjoyment of the Premises. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this ARTICLE 24 to the

extent consistent with, and amortized to the extent required by, the TCCs of SECTION 4.2.4 of this Lease.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, unless such failure is cured within five (5) business days after receipt of notice from Landlord provided, however, Landlord shall not be required to give written notice more than two times in any twelve month period (after which the late charge shall be due without the requirement of notice if Tenant fails to make such payments on or before the due date), then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within five (5) business days following the due date for Base Rent, or within five (5) business days following written notice that such amount was not paid when due for Additional Rent and other sums which may become due under this Lease shall bear interest from the date when due until paid at an annual interest rate equal to the Prime Rate (as stated under the column "Money Rates" in THE WALL STREET JOURNAL) plus four percent (4%); provided, however, in no event shall such annual interest rate exceed the highest annual interest rate permitted by Applicable Law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT: PAYMENTS BY TENANT

26.1 LANDLORD'S CURE. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under SECTION 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 TENANT'S REIMBURSEMENT. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within ten (10) days following delivery by Landlord to Tenant of receipts therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of SECTION 26.1; and (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in ARTICLE 10 of this Lease. All of such sums shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as

limiting Landlord's remedies in any manner. Tenant's obligations under this SECTION 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right during normal business hours, upon no less than 24 hours prior notice to Tenant (except in the case of an emergency), and in compliance with Tenant's reasonable security measures, to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, current or prospective mortgagees, ground or underlying lessors or insurers or, during the last nine (9) months of the Lease Term, tenants, or prospective tenants; (iii) post notices of nonresponsibility; or (iv) improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this ARTICLE 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service (unless Tenant has given Landlord written notice that it does not want janitorial service provided in a particular area); (B) take possession, in compliance with law, due to any breach of this Lease in the manner provided herein; and (C) during normal business hours, upon forty-eight (48) hours prior notice, perform any covenants of Tenant which Tenant fails to perform (after notice, and an opportunity to cure, if expressly provided in this Lease). Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. In connection with any entry into the Premises, Landlord agrees to make reasonable efforts to minimize interference with Tenant's operations in the Premises caused by such entry and to minimize the duration of any such interference. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby, except with respect to damage to Tenant's personal property or the amount of any physical injury, but only to the extent such damage is caused by the negligent acts or omissions or willful misconduct of Landlord, its agents, employees and contractors, and in such event, only the extent not covered by Tenant's insurance required to be carried hereunder. For each of the above purposes, Landlord shall at all times have a key or card key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant (the "SECURITY Areas"). Notwithstanding anything set forth in this ARTICLE 27 to the contrary, Landlord shall have no access or inspection rights as to the Security Areas, except in the event of an emergency where such entry is reasonably required. In an emergency, Landlord and its agents, employees and contractors shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises, provided Landlord has reasonably attempted, but to no avail, to obtain Tenant's immediate cooperation in connection therewith. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

Tenant and the Tenant's parties (including Tenant's visitors) shall be entitled to utilize, without charge, and on a non-exclusive basis, commencing on the Lease Commencement Date, the amount of unreserved and unassigned parking spaces set forth in SECTION 9 of the Summary. Tenant shall cooperate with Landlord to ensure that Tenant's agents, servants, employees, and contractors (collectively, "TENANT PARTIES") comply with the Rules and Regulations which are prescribed from time to time by Landlord for the orderly operation and use of the parking areas where the parking spaces are located, including Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such Rules and Regulations. Landlord specifically reserves the right to make reasonable changes to the size, configuration, design, layout and all other aspects of the Project parking areas and improvements at any time upon thirty (30) days' prior written notice to Tenant and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to portions of the Project parking areas for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, that Landlord will undertake reasonable efforts to minimize the number of parking spaces affected by and the duration of any such temporary restrictions on use of the parking areas and provided further that Tenant is provided commercially reasonable access to the Building at all times. In no event shall Tenant's Share of parking on the Project be permanently reduced below any minimum parking ratio required under Applicable Laws or Tenant's parking allocation set forth in Section 9 of the Lease Summary, or in any manner which would materially, adversely interfere with Tenant's use and occupancy of the Premises. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of parking area control attributed hereby to the Landlord. The parking spaces available to Tenant pursuant to this ARTICLE 28 are provided to Tenant solely for use by the Tenant Parties and such spaces may not be transferred, assigned, subleased or otherwise alienated by Tenant, except on a pro-rata basis in connection with an assignment or subletting of the Premises permitted or approved in accordance with the TCCs of ARTICLE 14. Tenant shall not utilize any of the Project parking areas for the overnight storage of vehicles owned by Tenant or its employees, agents or contractors, although Tenant may permit its employees to occasionally leave their personal automobiles in the parking areas when traveling on business for periods under one week at a time, provided that Tenant does not exceed its parking allocation as set forth in Section 9 of the Summary.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 TERMS; CAPTIONS. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 BINDING EFFECT. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of ARTICLE 14 of this Lease.

29.3 NO AIR RIGHTS. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 TRANSFER OF LANDLORD'S INTEREST. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease not accrued on or prior to the date of the transfer so long as the transferee has agreed to assume Landlord's future obligations under the Lease, and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder for events occurring after the date of transfer and to attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security. Landlord acknowledges that to the extent any Landlord obligation or liability under this Lease is accrued prior to the date of such transfer or assignment which is not assumed by the transferee or assignee, the same shall remain an obligation of Landlord.

29.5 PROHIBITION AGAINST RECORDING. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant, without Landlord's written consent thereto. Notwithstanding the foregoing, at Tenant's request, Landlord shall execute a Notice of Lease in recordable form.

29.6 LANDLORD'S TITLE. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.7 RELATIONSHIP OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.8 APPLICATION OF PAYMENTS. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.9 TIME OF ESSENCE. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.10 PARTIAL INVALIDITY. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.11 NO WARRANTY. In executing and delivering this Lease, Tenant has not relied on any representations (except as specifically set forth in this Lease), including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.12 LANDLORD EXCULPATION. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in the Project or to insurance proceeds received by Landlord. Neither Landlord, nor any of the Landlord Parties shall have any personal liability relating to the Premises, the Project, the Building or this Lease, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this SECTION 29.12 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), or member (if Landlord is a limited liability company) have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.13 ENTIRE AGREEMENT. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the TCCs of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.14 RIGHT TO LEASE. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.15 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God (including inclement weather), inability to obtain utilities (subject to the provisions of SECTION 6.3), labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "FORCE MAJEURE"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure; provided, however, such extension shall not exceed sixty (60) consecutive days.

29.16 NOTICES. All notices, demands, statements, designations, approvals or other communications (collectively, "NOTICES") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("MAIL"), (B) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Mail or recognized overnight courier, (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in SECTION 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the telecopy is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is required under any separate written agreement between Tenant and a mortgagee or ground lessor to notify such party of any default by Landlord under this Lease, then Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the TCCs of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. As of the date of this Lease, any Notices to Landlord and Tenant must be sent, transmitted, or delivered, as the case may be, to the following addresses:

LANDLORD:

770 Township Line Road
Suite 150
Yardley, PA 19067
Attn: John L. Brogan

with copies to:
Berwind Property Group, Ltd.
1500 Market Street
3000 Centre Square West
Philadelphia, PA 19102
Attention: Loretta M. Kelly
General Counsel

TENANT:

Prior to July 1, 2003
EXACT Sciences Corporation
63 Great Road
Maynard, MA 01754
Attn: John McCarthy

From and After July 1 to the Premises:
Attn: John McCarthy

With copies to:

Testa, Hurwitz & Thibeault, LLP
125 High Street - Oliver Street Tower
Boston, MA 02110
Attn: Real Estate Department

29.17 JOINT AND SEVERAL. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.18 AUTHORITY. Each individual executing this Lease hereby represents and warrants that Landlord or Tenant, as applicable, is a duly formed and existing entity qualified to do business in the Commonwealth of Massachusetts and has full right and authority to execute and deliver this Lease and that each person signing on behalf of Landlord or Tenant is authorized to do so.

29.19 ATTORNEYS' FEES. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or the action is prosecuted to judgment or disposed of through settlement or otherwise.

29.20 GOVERNING LAW. This Lease shall be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts. Except as otherwise provided herein, all disputes arising hereunder, and all legal actions and proceedings related thereto, shall be solely and exclusively initiated and maintained in the court with the appropriate jurisdiction located in the City of Marlborough, County of Middlesex, Commonwealth of Massachusetts. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE COMMONWEALTH OF MASSACHUSETTS, AND (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY MASSACHUSETTS LAW. IN THE EVENT LANDLORD

COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.21 SUBMISSION OF LEASE. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.22 BROKERS. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in SECTION 12 of the Summary (the "BROKERS"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay a commission or brokerage fee to the Brokers pursuant to a separate written agreement between Landlord and Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.23 INDEPENDENT COVENANTS. As a material inducement for Landlord and Tenant to enter into this Lease, both Landlord and Tenant acknowledge and agree that this Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any currently existing or hereinafter enacted statute or caselaw to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, except as otherwise expressly set forth in this Lease, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord or terminate this Lease as a result of Landlord's failure to perform or refraining from performing any covenant or obligation of Landlord hereunder.

29.24 PROJECT OR BUILDING NAME AND SIGNAGE. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.25 COUNTERPARTS. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease. Signatures may be made by facsimile provided the original is promptly delivered to the other party by overnight courier.

29.26 CONFIDENTIALITY. Tenant hereby acknowledges that the contents of this Lease and any related documents are confidential information, and Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's partners, administrators, consultants, financial, legal, and space planning consultants, a prospective Transferee, and except as required by Applicable Law or in connection with a dispute or litigation hereunder or as required by subpoena, or as required to be disclosed publicly by Tenant through filings with the Securities and Exchange Commission.

29.27 TRANSPORTATION MANAGEMENT. Tenant shall comply with all present or future programs required by Applicable Law (provided Landlord provides Tenant with sufficient prior notice of such program's requirements) which are intended to manage parking, transportation or traffic in and around the Project, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.28 BUILDING RENOVATIONS. Except as expressly set forth in SECTION 1.1 and in any other provisions of this Lease expressly setting forth a maintenance obligation of Landlord, Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and Tenant acknowledges that, except as expressly set forth in SECTION 5.4, no representations or warranties respecting the condition of the Premises or the Building have been made by Landlord to Tenant. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "RENOVATIONS") the Project, the Building and/or the Premises including without limitation the parking structure, Common Areas, systems and equipment, roof, and structural portions of the same. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions provided the performance of such Renovations does not materially adversely interfere with Tenant's use or occupancy of the Premises, the Project or the Common Areas for the Permitted Use.

29.29 NO VIOLATION. Landlord and Tenant hereby warrant and represent that neither its execution of nor performance under this Lease shall cause either party to be in violation of any agreement, instrument, contract, law, rule or regulation by which it is bound, and each party shall protect, defend, indemnify and hold the other harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from the other party's breach of this warranty and representation.

29.30 COMMUNICATIONS AND COMPUTER LINES. Landlord has provided certain data, voice, and telecommunications infrastructure to the boundary of the Premises, which Tenant

accepts on an "as-is" basis, and Tenant shall be responsible for expansion and maintenance of such infrastructure within the Premises. Tenant shall have the use of any existing communications or computer wires and cables (collectively, the "LINES") located on the fifth and sixth floor of the Building at Tenant's sole risk, cost and expense, and, subject to the provisions of ARTICLE 8 (including, without limitation, Landlord's conditioning its approval upon the restoration of any portion of the Project disturbed by such installation) shall have the right at its sole cost and expense to install its own wires, cables, conduits, auxiliary equipment and other related equipment and facilities within the Premises.

29.31 HAZARDOUS MATERIALS. Landlord and Tenant agree as follows with respect to the existence or use of "Hazardous Material" in or on the Premises and/or the Project.

29.31.1 Tenant, at its sole cost and expense, shall comply with all laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority (including, without limitation, the Fire Department of the City of Marlborough, and the Local Emergency Planning Committee, if any) having jurisdiction concerning environmental, health and safety matters (collectively, "ENVIRONMENTAL LAWS"), including, but not limited to, any discharge into the air, surface, water, sewers, soil or groundwater of any Hazardous Material (as defined in SUBSECTION 29.31.3, below), whether within or outside the Premises, within the Project. Notwithstanding the foregoing, nothing contained in this Lease requires, or shall be construed to require, Tenant to incur any liability related to or arising from environmental conditions (except to the extent set forth in SUBSECTION 4.2.4 (V)): (i) for which the Landlord is responsible pursuant to the express terms of this Lease, (ii) which existed within the Premises or the Project prior to the date Tenant takes possession of the Premises, (iii) which are unrelated to the acts or omissions of Tenant, its employees, officers, contractors, representatives or agents (individually and/or collectively, "Tenant Party"),or (iv) which were caused solely by a third party which is not a Tenant Party.

29.31.2 Tenant shall not cause or permit any Hazardous Material to be brought upon, handled, kept, stored or used in or about the Premises or otherwise in the Project by Tenant, its agents, employees, contractors or invitees, except for Hazardous Materials which are typically used in the operation of offices, and except for Hazardous Material which are used by Tenant in connection with the Permitted Use and which are specifically listed on EXHIBIT G attached hereto, provided that all such materials are stored, used and disposed of in strict compliance with all applicable Environmental Laws and with good scientific and medical practice, and provided further that all such materials shall be removed from the Premises and the Project prior to the expiration or earlier termination of this Lease in accordance with all applicable laws at the sole cost and expense of Tenant. Subject to the provisions of this SECTION 29.31, Tenant shall update Landlord in writing, monthly, or more often upon Landlord's request, with increases, changes and/or additions to EXHIBIT G (the "New Materials") made after the date of this Lease, and subject to the provisions of this SECTION 29.31, the update shall be deemed to be incorporated into EXHIBIT G unless Landlord subsequently objects thereto. If, upon Landlord's receipt of notification from Tenant regarding Tenant's use of New Materials, Landlord objects to Tenant's use of any of the New Materials, Landlord and Tenant shall meet to determine what protocols Tenant may institute in order to satisfy any concerns raised by Landlord, and Tenant shall either (i) implement any such protocols reasonably suggested by Landlord and/or Landlord's consultants, or (ii) cease utilizing the particular New Material(s) to

which Landlord objected and promptly remove same from the Premises and the Project upon written notice from Landlord. Notwithstanding anything to the contrary, Tenant shall not cause or permit any radioactive materials or radioactive isotopes to be brought upon, handled, kept, stored or used in or about the Premises or otherwise in the Project by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed, in light of the Permitted Use and the safety protocols specifically identified by and utilized by Tenant). Notwithstanding the foregoing, with respect to any of Tenant's Hazardous Material which Tenant does not properly handle, store or dispose of in compliance with all applicable Environmental Laws and good scientific and medical practice, Tenant shall, upon written notice from Landlord, no longer have the right to bring such material into the buildings or the Project until Tenant has demonstrated, to Landlord's reasonable satisfaction, that Tenant has implemented programs to thereafter properly handle, store or dispose of such material.

29.31.3 As used herein, the term "Hazardous Material" means any flammable substances, explosives, and radioactive materials, and any hazardous or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law, specifically including live organisms, viruses and fungi, medical waste, and so-called "biohazard" materials. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) designated as a "hazardous substance" pursuant to Section 1311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601), (iv) defined as "hazardous substance" or "oil" under Chapter 21E of the General Laws of Massachusetts, or (v) a so-called "biohazard" or medical waste, or is contaminated with blood or other bodily fluids; and "Environmental Laws" include, without limitation, the laws listed in the preceding clauses (i) through (iv).

29.31.4 Any increase in the premium for necessary insurance on the Premises or the Project which arises from Tenant's use and/or storage of these Hazardous Materials shall be solely at Tenant's expense. Tenant shall procure and maintain at its sole expense such additional insurance as may be necessary to comply with any requirement of any Federal, State or local government agency with jurisdiction.

29.31.5 Tenant hereby covenants and agrees to indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (collectively "Losses") which Landlord may reasonably incur arising out of contamination of real estate, the Project, or other property not a part of the Premises, which contamination arises as a result of: (i) the presence of Hazardous Material in the Premises or the Project, the presence of which is caused or permitted by Tenant, its agents, employees, contractors or invitees, or (ii) from a breach by Tenant of its obligations under this SECTION 29.31. This indemnification of Landlord by Tenant includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or

political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises based upon the circumstances identified in the first sentence of this SUBSECTION 29.31.5. The indemnification and hold harmless obligations of Tenant under this SUBSECTION 29.31.5 shall survive any termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the buildings or otherwise in the Project caused or permitted by Tenant results in any contamination of the Premises, Tenant shall give immediate notice thereof to Landlord and shall promptly take all actions at its sole expense as are necessary to return the Premises to a condition which complies with all Environmental Laws; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions, in Landlord's reasonable discretion, would not potentially have any materially adverse long-term or short-term effect on the Premises, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws. Notwithstanding anything to the contrary in the Lease contained, the foregoing indemnity shall not apply to: (i) any Hazardous Materials which exist in the Premises or elsewhere in the Project prior to and as of the Lease Commencement Date, or (ii) any Hazardous Materials introduced to the Project by other tenants within their respective premises, or (iii) any Hazardous Materials the presence of which were not caused or permitted by the acts or omissions of Tenant, its employees, agents, consultants and/or contractors.

29.31.6 Notwithstanding anything to the contrary in this Lease, if Tenant fails to cure any breach or default of this SECTION 29.31 within five (5) business days after written notice from Landlord (or if such default cannot be cured within said five day period, to commence to cure said period during said five day period and diligently proceed to cure such default within thirty (30) days), such failure shall constitute a default under this Lease, and in the event of such a default, in addition to any other remedies available to Landlord under this Lease, Landlord may terminate this Lease upon ten (10) days written notice to Tenant.

29.31.7 Tenant shall, after Tenant, and anyone claiming by, through or under Tenant, vacate the Premises, and immediately prior to the time that Tenant delivers the Premises to Landlord: (i) cause the Premises to be decommissioned in accordance with the regulations of the U.S. Nuclear Regulatory Commission and/or the Massachusetts Department of Public Health for the control of radiation; (ii) provide a written report by a licensed industrial hygienist or equivalent to confirm that the Premises contain no contaminants per the National Institute of Health (or its successor organization) rules and regulations on bio-safety as administered by the Department of Health; and (iii) provide a copy of its most current chemical waste removal manifest and a certification from an officer of Tenant that no chemicals remain in the Premises.

29.31.8 Landlord shall have the right from time to time to conduct (or retain one or more consultants to conduct) environmental audits of the Premises to ensure and verify Tenant's compliance with this SECTION 29.31, upon three (3) business days advance written notice to Tenant. Tenant agrees to cooperate with the person or entity conducting said audit and to supply all information reasonably requested in connection therewith. Tenant shall pay the cost of such audit if such audit discloses that Tenant has materially violated any of the provisions of this SECTION 29.31; otherwise, the cost of said audit shall be paid for by Landlord.

29.31.9 Tenant shall not dispose of any Hazardous Materials at the Project (including, without limitation, placing, or permitting any Hazardous Materials to be placed into

the sewer system servicing the Project), except as permitted by law in approved and environmentally safe containers which Tenant will dispose of off-site. Tenant shall give Landlord written notice annually (and from time to time, if changed) of the name, address and telephone number of the contractor that will be responsible for removal of all Hazardous Materials disposed of by Tenant from the Premises and/or the Project.

29.31.10 Tenant shall provide Landlord with a copy of its Chemical Hygiene Plan (as set forth in OSHA 1910.1450) annually, or more often as and when it is amended.

29.32 DEVELOPMENT OF THE PROJECT.

29.32.1 SUBDIVISION. Subject to the requirements of ARTICLE 28, Landlord reserves the right to further subdivide all or a portion of the Project and to add to, remove, or otherwise change the parking areas and Common Areas (subject to the restrictions set forth in SECTION 1.3, above), so long as such adjustment does not materially interfere with Tenant's use, enjoyment or occupancy of the Premises. In the event of any such change, an equitable adjustment to the Tenant's Share, if appropriate, shall be made. In the event of a reduction in the Common Areas, the square footage in the Project and the Premises shall be recalculated, if applicable, as set forth in SECTION 1.3, above.

29.32.2 OTHER IMPROVEMENTS. If portions of the Project or property adjacent to the Project (collectively, the "OTHER IMPROVEMENTS") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project, provided, however, that if any Direct Expenses related to the Other Improvements are being allocated to the Project, the limitations set forth in Section 4 above shall apply to such Direct Expenses, and provided further, that the Additional Rent payable by Tenant pursuant to Section 4 of this Lease shall not increase solely as a result of such allocation (i.e. shall not increase more than it would have increased in the absence of such allocation). Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

29.32.3 CONSTRUCTION OF PROJECT AND OTHER IMPROVEMENTS. Tenant acknowledges that portions of the Project and/or the Other improvements may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Landlord agrees to exercise commercially reasonable efforts to minimize any interference with Tenant's use and enjoyment of the Premises associated with such construction. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction, provided such construction by Landlord

does not interfere with Tenant's use or occupancy of the Premises, the Project or the Common Areas for the Permitted Use.

29.33 NO CONSEQUENTIAL DAMAGES. Notwithstanding any provision of this Lease to the contrary, except as specifically set forth in ARTICLE 16 of this lease, under no circumstances shall either party hereto be liable to the other party for any consequential, incidental, punitive or special damages.

29.34 COMPLIANCE WITH TIF AGREEMENT. Landlord and Tenant acknowledge that there is a Tax Increment Financing Agreement by and between the City of Marlborough and BNP Leasing Corporation dated January 31, 1997, as amended by an Agreement by and between the City of Marlborough and 3Com Corporation dated February 25, 2002, concerning the Property (the "TIF Agreement"). Tenant agrees to provide Landlord on or before July 10 annually with a statement substantially in the form attached hereto as EXHIBIT F for the prior fiscal year ending June 30, and a statement setting forth the total number of jobs located at the Premises for the same period, and such other information as may reasonably be requested by Landlord to facilitate Landlord's compliance with any requirements of the TIF Agreement.

29.35 TENANT'S FINANCIAL CONDITION. Within ten (10) days after written request from Landlord, but not more than once in any twelve month period, Tenant shall deliver to Landlord such financial statements as are reasonably required by Landlord to verify the net worth of Tenant, or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Premises, Building or Project. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth herein.

ARTICLE 30

RIGHT OF FIRST OFFER

Provided that no event of default has occurred and is continuing under the terms of this Lease, and subject to any rights granted to other tenants occupying such space to extend or renew their lease(s), Tenant shall have the right of first offer with respect to any space which becomes available on the fourth floor of the Building. Landlord shall give Tenant written notice ("Landlord's Notice") at least thirty (30) days prior to the date on which any such space ("Expansion Space") is expected to become available and the terms under which Landlord is willing to lease such Expansion Space to Tenant (including the initial Base Rent, rights to extend, if any, and how the Base Rent will be determined during such extended terms), and Tenant shall have the right to be exercised in writing within ten (10) days thereafter, to agree to lease such space upon said terms and conditions. Landlord shall prepare and deliver to Tenant an amendment to this lease or a lease for any such Expansion Space, substantially in the same form as this Lease but incorporating the terms and conditions contained in Landlord's Notice, and if Tenant does not enter into such amendment or lease within ten days thereafter, Tenant will be deemed to have waived its right of first offer with respect to that particular portion of Expansion Space offered and Landlord may offer the Expansion Space to any party upon terms

that Landlord deems appropriate. Tenant's right of first offer shall be ongoing during the duration of the Lease Term with respect to any portion of the Expansion Space not previously included in a Landlord's Notice, notwithstanding Tenant's refusal of any portion of Expansion Space offered to Tenant at any time during the Lease Term. Nothing in this Section is intended to preclude or limit Landlord's right to grant tenants of such Expansion Space renewal rights or expansion rights which shall have priority over the rights of Tenant under this Lease.

ARTICLE 31

SATELLITE DISH

31.1 SATELLITE DISH. Subject to the provisions and conditions of this Article 31, Landlord hereby consents to the installation of a satellite dish antenna in a portion of the roof of the Building (the "SATELLITE DISH"), in such location as may be designated by Landlord, for the sole use of Tenant. Tenant agrees and hereby covenants to Landlord as follows:

31.1.1 The Satellite Dish shall not be visible from ground level, and shall not exceed thirty inches in diameter and shall not project more than five feet above the roof surface of the Building, unless otherwise approved by Landlord which approval shall not be unreasonably withheld;

31.1.2 Installation, service, repair, maintenance and removal of the Satellite Dish shall be performed by a reputable contractor that has been approved by Landlord in writing. Installation, service, repair and maintenance of the Satellite Dish shall be performed during normal office hours (8:00 a.m. to 5:00 p.m., Monday to Friday). Tenant shall have access to the roof of the Building for the purposes of such maintenance; provided, however, that Tenant shall not have access to the roof of any building in the Project unless accompanied by Landlord's agent;

31.1.3 The installation, operation and maintenance of the Satellite Dish shall not interfere with the peaceful enjoyment by any other tenant of its respective premises and/or the operation of any other antennae or satellite dishes which may be permitted by Landlord;

31.1.4 Tenant shall be solely liable for the installation, maintenance, repair and removal of the Satellite Dish, and shall remove the Satellite Dish and repair any damage caused by such removal prior to the expiration or earlier termination of the Lease. The installation of the Satellite Dish and operation, maintenance and removal of the Satellite Dish shall be performed (i) in a good and workmanlike manner, so that they would not create a hazard to life or property; (ii) in compliance with all applicable federal, state and local laws, regulations and ordinances, (iii) with due care and regard for safety and in a manner that will not cause injury or death to persons or damage to property; (iv) so that no lien or other encumbrance shall be placed on any portion of the Project, and (v) in a way that will not limit or void any warranty on the roof nor cause nor permit leaking of the roof, nor impair the structural integrity of any building in the Project; and

31.1.5 Tenant shall insure that its use and operation of the Satellite Dish does not create a nuisance.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"LANDLORD":

MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership

By: Bergen of Marlborough, Inc., general partner

By: /s/ John L. Brogan

Its: Vice President

"TENANT":
EXACT SCIENCES CORPORATION

Attest:

By: /s/ John A. McCarthy, Jr.
Name: John A. McCarthy, Jr.
Title: EVP, COO and CFO

By: /s/ Jeffrey R. Luber
Name: Jeffrey R. Luber
Title: General Counsel

(Corporate Seal)

(ACKNOWLEDGMENT FOR CORPORATION)

COMMONWEALTH OF MASSACHUSETTS

SS.:

COUNTY OF Middlesex

BE IT REMEMBERED, that on this 23rd day of January, 2003, before me, the subscriber, a Notary Public of the Commonwealth of Massachusetts personally appeared Jeffrey R. Luber, who, being by me duly sworn on his oath, does depose and make proof to my satisfaction that he is the Corporate Secretary of EXACT Sciences Corporation, the Tenant named in the foregoing Lease; that John A. McCarthy Jr. is Exec. Vice President of said corporation; that the execution of the foregoing Lease was duly authorized; and the seal affixed to said instrument is the corporate seal and was thereto affixed and said instrument signed and delivered by said Exec. Vice President, as and for his voluntary act and deed and as for the voluntary act and deed of said corporation, in presence of deponent, who thereupon subscribed his name thereto as witness.

Subscribed and sworn to
before me at Maynard, MA,
on the date aforesaid.

/s/ Jeffrey R. Luber
Secretary

/s/ Lanee L. Johnson
Notary Public

(Notarial Seal)

EXHIBIT A

OUTLINE OF PREMISES

[TO BE ATTACHED]

EXHIBIT B

PROJECT SITE PLAN

[TO BE ATTACHED]

EXHIBIT C

INVENTORY LIST

[TO BE ATTACHED]

EXHIBIT D

RULES AND REGULATIONS

BUILDING RULES AND REGULATIONS

The following rules and regulations (collectively, the "Rules") shall apply, where applicable, to the Premises, the Building, the parking lot, the Project and the appurtenances thereto:

A. GENERAL

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material of any nature shall be placed, emptied, or thrown in those areas. At no time shall Tenant permit Tenant's employees, contractors or other representatives to loiter in common areas or elsewhere in or about the Building or Project.

2. Any Tenant or vendor sponsored activity or event in Common Area must be approved and scheduled through Landlord's representative.

3. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Tenant shall pay for damage resulting to any such fixtures or appliances from misuse by Tenant or its agents, employees or invitees, and Landlord shall not in any case be responsible therefor.

4. Alcoholic beverages (without Landlord's prior written consent), illegal drugs or other illegal controlled substances are not permitted in the Building nor will any person under the influence of the same be permitted in the Building.

5. No firearms or other weapons are permitted in the Building.

6. No fighting or "horseplay" will be tolerated at any time in the Building.

7. Fire protection and prevention practices implemented by Landlord from time to time, including participation in fire drills, must be observed by Tenant at all times.

8. Tenant shall not operate or disturb any Building equipment, machinery, valves or electrical controls.

9. Tenant shall not cause any unnecessary janitorial labor or services by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.

10. No signs, advertisements or notices shall be painted or affixed on or to any windows, doors or other parts of the Building unless approved in writing by Landlord.

11. Landlord shall have the power to prescribe the weight and position of safes and other heavy equipment or items, which in all cases shall not in the opinion of Landlord exceed acceptable floor loading and weight distribution requirements. All damage done to the Building by the installation, maintenance, operation, existence or removal of any property of Tenant shall be repaired at the expense of Tenant.

12. No animals, except seeing-eye dogs, shall be brought into or kept in, on or about the Premises.

13. Tenant shall not take any action which would violate Landlord's labor contracts affecting the Building or which would cause any work stoppage, picketing, labor disruption or dispute, or any interference with the business of Landlord or any other tenant or occupant of the Building or with the rights and privileges of any person lawfully in the Building. Tenant shall take any actions necessary to resolve any such work stoppage, picketing, labor disruption, dispute or interference and shall have pickets removed and, at the request of Landlord, immediately terminate at any time any construction work being performed in the Premises giving rise to such labor problems, until such time as Landlord shall have given its written consent for such work to resume, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall have no claim for damages of any nature against Landlord in connection therewith.

14. Landlord shall have the right to prohibit the use of the name of the Building or any other publicity by Tenant that in Landlord's opinion may tend to impair the reputation of the Building or its desirability for Landlord or other tenants. Upon written notice from Landlord, Tenant will refrain from and/or discontinue such publicity immediately.

15. Smoking and discarding of smoking materials are permitted in designated exterior locations only. No smoking is permitted outside the building entrances. Tenant will instruct and notify its visitors and employees of such policy.

16. No awnings or other projections shall be attached to the outside walls (building perimeter) of the Building. No curtains, blinds, shades, or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord, in Landlord's sole discretion. Window coverings must be Building Standard.

17. Tenant shall cooperate with the Landlord to conserve energy. Before closing and leaving the Premises at any time, Tenant shall exercise reasonable efforts to minimize energy use by turning off lights and equipment not in use.

18. There shall not be used in any space, or in the public halls of the Building, either by any Tenant or by delivery personnel or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sole guards.

19. Tenant shall not use the Premises for housing, lodging or sleeping purposes or permit preparation or warming of food in the Premises (except in Landlord provided or approved equipment such as microwave ovens and toaster ovens). Tenant shall not occupy or use the Premises or permit the Premises to be occupied or used for any purpose or act that is in violation of any governmental legal requirement or may be dangerous to persons or property.

20. Tenant shall not make or permit any noise, vibration or odor to emanate from the Premises, or do anything that will create or maintain a nuisance, or do any act injuring the reputation of the Building.

21. Tenant shall not disturb any other Building occupants.

22. Tenant shall not install or operate any musical or sound producing instrument or device, radio receiver or transmitter, TV receiver or transmitter, or similar device in the Premises, nor install or operate any antenna, aerial, wires or other equipment inside or outside the Premises, nor operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Premises or elsewhere, without in each instance, the prior written approval of Landlord. The use thereof, if permitted, shall be subject to control by Landlord to the end that others shall not be disturbed. Ordinary televisions and radios not requiring exterior antennas are excepted from this prohibition.

23. Tenant shall provide Landlord in writing the names and contact information of two (2) representatives authorized by the Tenant to request Landlord services, either billable or non billable and to act as a liaison for matters related to the Premises.

B. BUILDING ACCESS & SECURITY

1. No additional locks shall be placed upon any doors, windows or transoms in or to the Premises, nor shall Tenant change existing locks or the mechanism thereof, without Landlord’s permission, which permission shall not be unreasonably withheld, conditioned or delayed.

2. Tenant shall not use or occupy the Premises in any manner or for any purpose which would injure the reputation or impair the present or future value of the Premises or the Building.

3. Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Landlord for such purposes.

4. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents, and shall provide Tenant with notice thereof. Tenant, Tenant’s agents, employees, contractors, guests and invitees shall comply with Landlord’s reasonable requirements relative thereto.

5. Canvassing, soliciting, and peddling in or about the Building is prohibited. Tenant, its employees, agents and contractors shall cooperate with said policy, and Tenant shall use its best efforts to prevent the same by Tenant’s invitees.

6. Tenant and its employees, agents, contractors, invitees and licensees are limited to the Premises and the Common Areas. Tenant and its employees, agents, contractors, invitees and licensees may not enter other areas of the Building or Project (other than the conference rooms) except when accompanied by an escort from Landlord and shall sign in/out at building reception.

7. Tenant acknowledges that Building security problems may occur which may require the employment of extreme security measures in the day-to-day operation of the Building. Accordingly, Tenant agrees to cooperate and cause its employees, contractors and other representatives to cooperate fully with Landlord in the implementation of any reasonable security procedures.

8. Tenant shall comply with all federal, state and local, criminal, civil, safety, health and environmental codes, laws, and ordinances relating to its use of leased space.

C. MAINTENANCE & CUSTODIAL

1. All contractors, contractor's representatives, and installation technicians performing work in the Building shall be subject to Landlord's written prior approval and shall be required to comply with Landlord's standard rules, regulations, policies, and procedures, as the same may be revised from time to time. Tenant shall be solely responsible for complying with all applicable laws, codes and ordinances pursuant to which said work shall be performed.

2. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Tenant shall not operate personal electronic devices for individual use such as coffeepots, toasters, refrigerators, space heaters, etc. without Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

D. SHIPPING/RECEIVING

1. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of any merchandise or materials which require the use of elevators, stairways, lobby areas, or loading dock areas, shall be restricted to the hours between 8 a.m. and 5 p.m., Monday through Friday, excluding Holidays. An oversize delivery such as furniture and or equipment requires reservations with written advance notification to the Landlord. Tenant is to assume all risk for damage to articles moved and injury to any persons resulting from such activity. If any equipment, property, and/or personnel of Landlord or of any other tenant of the Building is damaged or injured as a result of or in connection with such activity, Tenant shall be solely liable for any and all damage or loss to the extent directly resulting therefrom.

2. All deliveries to or from the Premises shall be made only at such times, in the areas and through the entrances and exits designated for such purposes by Landlord. Tenant shall not permit the process of receiving deliveries to or from the Premises outside of said areas or in a manner that may interfere with the use by any other tenant of its premises or of any Common Areas, any pedestrian use of such area, or any use that is inconsistent with good business practice.

3. All Tenant mail and small packages will be scheduled for pick-up and delivery by carrier or supplier to and from the Premises.

4. Deliveries will be delivered un-skidded (i.e., not on pallets) and arrangements made for inside deliveries to Tenant space. Landlord personnel will not load/unload cargo deliveries for Tenant from the dock.

5. Tenant arranged shipping/receiving location outside the Premises to be approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Dock areas shall not be used for storage or staging by Tenant.

6. The following rules and regulations apply to all loading docks which are available for the use of more than one tenant (and shall not apply to loading docks intended for the exclusive use of any tenant): No tenant shall park or permit any truck or trailer to be parked in any loading dock area except during the time actually need to load or unload materials. In no case shall any truck or trailer be permitted to remain in a loading dock area overnight. If any tenant has been utilizing the loading dock are for a time period in excess of one hour and another tenant requires access to the loading dock area, the first tenant shall vacate the loading dock area and make it available to the second tenant. No tenant may utilize more than one loading dock at a time if another tenant requires access to the loading dock and a loading dock is not available for the second tenant's use.

E. FOOD SERVICE

1. No open flame cooking or competing food service or vending machines will be permitted in the Premises.

2. Tenant shall not remove food service property from the cafe including trays, dishes, glasses, cups, utensils. Disposal utensils are provided.

F. RULES FOR USE OF ACCESS CARDS

Each of Tenant's employees and on-site contractors shall be issued an access card. The access card serves as a "key" that allows access to card reader controlled doors.

The access card will ONLY act as a key on doors leading to the Premises and Common Areas. Care should be used to prevent excessive bending or abuse that may cause damage to the card.

1. Do not allow others to use your card.

2. Report a lost, stolen, or damaged card immediately.

3. If a door is equipped with a card reader - use the reader to access. Do not “prop” doors open to bypass the system.

4. A “Tailgater” is an individual without an access card who follows an employee in or out of a door after that employee has used their card to access a door. Tailgating is not allowed.

5. If Landlord provides Tenant with any access cards or badges, a fee of $20.00 will be charged for each badge or access card issued.

6. In all cases, Tenant agrees to promptly notify Landlord when access badges are to be deactivated in cases such as termination, non-use, lost badge, etc.

EXHIBIT E

ESTOPPEL CERTIFICATE

Date [Name and Address of Landlord/Purchaser] and/or
[Name and Address of Mortgagee]

It is our understanding that you are purchasing from (“Landlord”), [and/or are providing financing in connection with the acquisition or refinancing of the] property located at , , Massachusetts (the “Property”) and in connection therewith have required this certification by the undersigned.

Reference is made to a Lease dated , between Landlord and the undersigned as Tenant (the “Lease”) for certain premises (the “Premises”) located at the Property. The undersigned, as Tenant, hereby certifies that:

1. The term of the Lease commenced on , 20 and ends on , 20 (the “Expiration Date”). Tenant has no right to renew or extend the term of the Lease, except as follows:

2. The undersigned has accepted and presently occupies the premises described in the Lease as Tenant.

3. The Base Rent under the Lease is currently $per month, and has been paid through , 20 . Tenant currently pays $per month as its estimated Share of Operating Expenses in excess of Operating Expenses for (which is the Base Year), and $per month as its estimated Share of Tax Expenses in excess of Tax Expenses for fiscal year July, 200 to June, 20 .

4. The Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way and, to the knowledge of the undersigned, neither party is in default thereunder, and no event has occurred which, with the giving of notice or passage of time, or both, could result in a default except as follows:

5. The Lease represents the entire agreement between Landlord and the undersigned.

6. On this date, there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by Landlord.

7. The undersigned Tenant is in occupancy of the premises described in the Lease and is actually conducting its business therein, which business is the use permitted under the Lease. Tenant has not sublet nor assigned its interest in the Lease except as follows:

8. No rent has been paid more than one month in advance of its due date under the Lease.

9. Landlord holds a security deposit of $. Landlord has no obligation to segregate the security deposit or to pay interest thereon.

10. Tenant has no option or right of first refusal to purchase all or any portion of the Property, no option(s) to expand, nor any option to terminate the Lease prior to the Expiration Date except as follows:

11. All construction, alterations or improvements required to be performed by Landlord have been completed and any payments, credits or abatements required to be given by Landlord to Tenant have been given.

12. To Tenant's knowledge, no refunds or other credits are due to Tenant for Direct Expenses (as defined in the Lease) paid to Landlord as additional rent for any calendar years ending on or before December 31, 200 .

13. No actions have been filed by or are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

14. No work has been performed by or at the request of Tenant for which a mechanic's or materialmen's lien may be filed against the Premises.

15. The signatory below is authorized to execute this Estoppel Certificate on behalf of Tenant.

Executed as an instrument under seal on , 20 .

Very truly yours,

_____

Tenant

EXHIBIT E-1

LESSEE ESTOPPEL CERTIFICATE

WELLS FARGO BANK, NATIONAL
ASSOCIATION, ("LENDER")
c/o Real Estate Group
1750 H Street, N.W.
Suite 400
Washington, D.C. 20006
Attn: Loan Administration Manager

RE: Lease dated , [AND AMENDED ON] (the "LEASE") by and between , a limited liability company, as lessor ("LESSOR") and , as lessee ("LESSEE") with respect to certain premises (THE "LEASED PREMISES") located at 3Com Drive, Marlborough, Massachusetts (the "PROPERTY")

Ladies/Gentlemen:

The undersigned hereby acknowledges that Lessor intends to encumber the Property with a deed of trust in favor of Lender. The undersigned further acknowledges the right of Lessor, Lender and any and all of Lessor's present and future lenders to rely upon the statements and representations of the undersigned contained in this Certificate and further acknowledges that any loan secured by any such deed of trust or further deeds of trust will be made and entered into in material reliance on this Certificate.

Given the foregoing, the undersigned Lessee hereby certifies and represents unto Lender, its successors and assigns, with respect to the above described Lease, a true and correct copy of which is attached as EXHIBIT A hereto, as follows:

1. All space and improvements covered by the Lease have been completed and furnished to the satisfaction of Lessee, all conditions required under the Lease have been met, and Lessee has accepted and taken possession of and presently occupies the Leased Premises, consisting of approximately square feet.

2. The Lease is for a total term of years, months commencing , and ending , and has not been modified, altered or amended in any respect and contains the entire agreement between Lessor and Lessee, except as follows: (LIST AMENDMENTS AND MODIFICATIONS OTHER THAN THOSE, IF ANY, ATTACHED TO AND FORMING A PART OF THE LEASE AS WELL AS ANY VERBAL AGREEMENTS, OR WRITE "NONE").

3. As of the date hereof, the annual minimum rent under the Lease is $, subject to any escalation and/or percentage rent and/or common area maintenance charges, in accordance with the terms and provisions of the Lease. The "BASE YEAR" for any escalation is .

4. No rent has been paid by Lessee in advance under the Lease except for $, which amount represents rent for the period beginning and ending

and Lessee has no charge or claim of offset under said Lease or otherwise, against rents or other amounts due or to become due thereunder. No "discounts", "free rent" or "discounted rent" have been agreed to or are in effect except for .

5. A security deposit of $ has been made and is currently being held by Lessor. Such security deposit IS/IS NOT in the form of cash and, if not in the form of cash, a copy thereof is attached hereto as EXHIBIT B.

6. Lessee has no claim against Lessor for any deposit or prepaid rent except as provided in PARAGRAPHS 4 AND 5 above.

7. The Lessor has satisfied all commitments, arrangements or understandings made to induce Lessee to enter into the Lease, and the Lessor is not in any respect in default in the performance of the terms and provisions of the Lease, nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default.

8. Lessee is not in any respect in default under the terms and provisions of the Lease (nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default) and has not assigned, transferred or hypothecated its interest under the Lease, except as follows: .

9. Except as expressly provided in the Lease or in any amendment or supplement to the Lease, Lessee: (i) does not have any right to renew or extend the term of the Lease; (ii) does not have any option or preferential right to purchase all or any part of the Leased Premises or all or any part of the building or premises of which the Leased Premises are a part; and (iii) does not have right, title, or interest with respect to the Leased Premises other than as lessee under the Lease. There are no understandings, contracts, agreements, subleases, assignments, or commitments of any kind whatsoever with respect to the Lease or the Leased Premises except as expressly provided in the Lease or in any amendment or supplement to the Lease set forth in PARAGRAPH 2 above, copies of which are attached hereto.

10. The Lease is in full force and effect and Lessee has no defenses, setoffs, or counterclaims against Lessor arising out of the Lease or in any way relating thereto or arising out of any other transactions between Lessee and Lessor.

11. The current address to which all notices to Lessee as required under the Lease should be sent is:

.

Dated: "LESSEE"

LESSEE SIGNATURE BLOCK HERE

EXHIBIT F
ANNUAL REPORTING FORM
MARLBOROUGH CAMPUS
(TENANT: EXACT Sciences Corporation)

1. CONTACT INFORMATION (please type or print):
   Business Name: EXACT Sciences Corporation
   Address:
   City/State/Zip:
   Contact Person:
   Telephone:
   Fax:
   Date Project was certified by the EACC: January 31, 1997

2. NEW HIRES AT PROJECT LOCATION (ONLY PERMANENT FULL-TIME JOBS):
   FY 20 Hires (7/1/20 through 6/30/20):
   Number of FY 20 Hires That Reside in the Economic Target Area of
   Ashland*Framingham*Hudson*Marlborough*Northborough :
   Total Hires (through 6/30/20):
   Number of Total Hires That Reside in the Economic Target
   Area:
   Average Wage of Employees Hired Since Date of EACC
   Certification:

3. TOTAL PERMANENT FULL-TIME JOBS LOCATED AT THE PROJECT AS OF JUNE 30, 20 :

4. AUTHORIZATION:

   I , (print name and title) hereby certify that the information within this Annual Reporting Form is true and accurate.

   _____
   (Signature) (Date)

   PLEASE RETURN COMPLETED FORM TO LANDLORD BY JULY 10, ANNUALLY

EXHIBIT G
LIST OF HAZARDOUS MATERIALS USED BY TENANT IN CONNECTION WITH THE PERMITTED USE

Item	Estimated Quantity
0.1N HCL	1L
0.25M EDTA	500mL
1[3-(dimethylamino)propyl]-3-ethylearbodiimidehydrochloride, 98%	20g
10x MOPS	250mL
11N Hydrochloric Acid	300mL
1-Hydroxybenzotriazole	5g
1-Methylimidazole, 99%	100ml
2-Mercaptoethanol	125mL
Acetic Acid, glacial	5L
Acetone	2L
Acrylamide	1.5kg
Acrylamide/Bis-Acrylamide 19:1 Ratio	1.6L
Acrylamide/Bis-Acrylamide premix powder 20:1	30g
Alconox	1kg
Ammonium Acetate 7.5 M solution	250mL
Ammonium Acetate, molecular biology reagent	1kg
Ammonium Chloride, molecular biology reagent	1kg
Ammonium Hydroxide	500mL
Ammonium Persulfate	148g
Ammonium Sulfate, molecular biology reagent	500g
Argon, compressed	4 tanks
BICINE	250g
Bind Saline	600mL
Boric Acid	1kg
Bromphenol Blue Sodium, molecular biology reagent	12.5g
Calcium Chloride Dihydrate, molecular biology reagent	550g
Chelex Resin	100g
Ches, Sigmaultra	100g
Chloroform, ACS grade	500ml
Chloroform, molecular biology reagent	76L
Citric Acid Free Acid Anhydrous Crystalline	500g
Citric Acid, monohydrate	500g
Citric Acid, trisodium salt dihydrate	500g
Clorox Germicidal Bleach	20gal
Coomasie Blue	10g
D-(+)- glucose	250g
Desiccant	1kg
Diatomaceous Earth	500g

Dimethyl Sulfoxide, molecular biology reagent	150ml
Diphenyliodonium Chloride, 97%	2g
EDTA disodium dihydrate salt	500g
EDTA disodium salt	500g
EDTA, 0.5 M pH 8.0	1.5L
EGDA	50g
EGTA	100g
Ethanolamine free base	450ml
Ethidium Bromide, 95%	200ml/5g
Ethyl Alcohol USP, 200 proof	18 gal
Ficoll, molecular biology reagent	75g
Formamide, HD	300ml +/- 200ml
Formamide, P.A.	1.3L +/- 1L
Gamma-Methacryloxypropyl Trimethoxysilane	3ml
Gelatin	100g
Glycerol	3L
Glycine free base, molecular biology reagent	1.2kg
Guanidine	100g
Guanidine Isothiocyanate	6kg +/- 2kg
HEPES	100g
Hexadecyltrimethylammonium bromide, for molecular biology	250g
Hexamine Cobalt (III) Chloride	5g
Hydrochloric Acid solution 1.0 N	11L
Hydrochloric Acid, ACS reagent	400ml
Hydrochloric Acid, Volumetric Standard 0.2N Solution in water	1.5L
Hydroquinone	500g
Isoamyl alcohol, ACS reagent	10L
Isopropanol, 99%	32gal +/- 25gal
Isopropanol, molecular biology reagent	1L
Kanamyacin	1g
LICOR MSDS’s	
Lipids	1g
Manganese Chloride Hexahydrate	325g
Mangnesium Sulfate	10mL
Meatphor Agarose	25g
MES free acid, molecular biology reagent	100g
Methanol, spectrophotometric grade	9L
Methylene Blue	25g
Methylene Chloride	500mL
MICRO BCA Protein Assay Reagent Kit	1 kit
Mineral Oil, white, light	1.7L
Mixed Bed Resin	100g
MOPS	100g
N, N- Dimethyl Formamide	500mL
N,N’-Methylene-Bis-Acrylamide	25g
Nickel Chloride Hexahydrate	100g

Nusieve 3:1 Agarose	2.2kg +/- 2kg
Orange G Sodium, molecular biology grade	500mL
PEG 10000	500g
PEG 8000	5kg
Phenol, buffer saturated	20L +/- 10L
Phosphate Buffered Saline, pH 7.4	2.2L
Phosphoric Acid, 99.999%	500ml
PicoGreen dsDNA Quantitation Kit	2
Pipes Free Acid GenAR	100g
Polyvinylpyrrolidone, molecular biology reagent	350g
POP-6	1L +/- 500mL
Potassium Acetate	250g
Potassium Acetate	500g
Potassium Chloride, molecular biology reagent	2kg
Potassium Ferrocyanide	100g
Potassium Hydroxide (0.1N)	1L
Potassium Phosphate Dibasic: Trihydrate, molecular biology reagent	750g
Potassium Phosphate, monobasic	750g
Prosieve 50X gel Solution	125mL
Protease(Quiagen)	30AU
Qigagen Midi Prep Kits	20 tests
Quiagen Mini Preps	750 tests
Saline Sodium Citrate 20X Solution (SSC)	8L
Sand, white quartz	1kg
SDS Solution, 10%	15L
Seakem Agarose	1.2kg +/- 500g
Seaplaque Agarose GTG	25g
Sec-Butanol	250mL
Sephadex	50g
Sodium Acetate Anhydrous	2.5kg
Sodium Acetate Buffer Solution	13L
Sodium Azide	50g
Sodium Azide, Sigmaultra	25g
Sodium Bicarbonate, ACS Reagent	1.5kg
Sodium Bisulfite	100g
Sodium Borate	500g
Sodium Carbonate Anhydrous, Sigmaultra	500g
Sodium Chloride Anhydrous Sigmaultra	1.5kg
Sodium Chloride, molecular biology reagent	17.5L
Sodium Citrate Dihydrate, ACS Reagent	1kg
Sodium Cyanoborohydride	75g
Sodium Dodecyl Sulfate	600g
Sodium Hydroxide 10M	100mL
Sodium Hydroxide Anhydrous Pellets	1150g
Sodium Hydroxide, 50% solution in water	500mL
Sodium Hydroxide, standard solution, 1 M (1 N)	6L

Sodium Hydroxide, volumetric standard, 0.1 N	5.5L
Sodium Iodide, ACS Reagent	100g
Sodium Phosphate Dibasic Anhydrous, Sigmaultra	5kg
Sodium Phosphate Monobasic, Monohydrate, ACS Reagent	1150g
Sodium Phosphate Monobasic, Sodium Phosphate Monobasic	750g
Sodium Pyrophosphate Decahydrate, Sigmaultra	100g
Sodium Sulfate	1kg
Sodium Thiocynate	250g
Succinic Anhydride	500g
TAE 50X	2L
TAE 50X Solution	101L
TEMED	225ml
TEN Buffer	150gal
Tetramethylammonium Chloride Solution, molecular biology reagent	25g
Triethylene Glycol Diacrylate	250g
Trifluoroacetic Acid	25mL
Tris	7kg
Tris 1.0M Sterile Solution pH 7.2	4L
Tris 1.0M Sterile Solution pH 7.4	9L
Tris 1.0M Sterile Solution pH 9.0	1.750L
Tris-Acetate-EDTA Buffer, 10x concentrate, molecular biology reagent	7L
Tris-Borate EDTA, 10X (TBE)	50L
Tris-EDTA Buffer, 100X concentrate, molecular biology reagent	300mL
Tris-EDTA Buffer, 1X solution, molecular biology reagent	34L +/- 20L
Triton X-100, molecular biology reagent	250ml
TRIZMA Sulfate	100g
Tween	1.5L
Urea	1kg
Water, Molecular Biology Reagent	235L
Wizard(R)PCR Preps DNA Purification System	2 kits
Xylene Cyanole FF	10.5g
Xylenes, Mixed ACS Reagent	1.5L

Item	Estimated Quantity in House R and D	Estimated Quantity in House Clinical
Stool samples	1,000	5,000
Stool homogenates	125,000 X 32 mL	125,000 X 32 mL
Blood samples	50,000 X 5 mL Plus an additional 200/wk	N/A
Biohazard Trash	20 Boxes	20 Boxes
Contaminated Hoods (Filters) (Low Grade Risk)	10	10

EXHIBIT H

FORM OF LETTER OF CREDIT

EXHIBIT I
NON-DISTURBANCE, ATTORNMENT
AND SUBORDINATION AGREEMENT

THIS NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT (this "AGREEMENT") is made and entered into as of , 2003, by, between and among WELLS FARGO BANK, NATIONAL ASSOCIATION, as lead arranger and administrative agent for itself and other banks (hereinafter referred to as "BENEFICIARY" or "WELLS FARGO"), ("LESSEE"), and , a limited liability company ("LESSOR").

RECITALS

A. Lessor has requested that Beneficiary make a loan to be evidenced by a Promissory Note (the "NOTE"), and secured, INTER ALIA, by a Mortgage, Security Agreement, and Assignment of Leases and Rents (the "MORTGAGE "), which Mortgage shall constitute a lien or encumbrance on that certain real property more particularly described in the attached EXHIBIT A (the "PROPERTY").

B. Lessee is the holder of a leasehold estate covering a portion of the Property (the "DEMISED PREMISES") pursuant to the terms of that certain lease dated , as amended pursuant to (collectively, the "LEASE"). A true and correct copy of the Lease has previously been delivered to Beneficiary.

C. Lessee, Lessor and Beneficiary desire to confirm their understanding with respect to the Lease and the Mortgage.

AGREEMENT

1. So long as Lessee is not in default (beyond any period given Lessee to cure such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed, Lessee's possession and occupancy of the Demised Premises shall not be interfered with or disturbed by Beneficiary during the term of the Lease or any extension thereof duly exercised by Lessee.

2. Lessee hereby consents to the assignment by Lessor to Beneficiary of the Lease, as set forth in the Mortgage. If the interests of Lessor shall be transferred to and/or owned by Beneficiary by reason of judicial foreclosure, power-of-sale foreclosure or other proceedings brought by it, or by any other manner, including, but not limited to Beneficiary's exercise of its rights under the Mortgage, and Beneficiary succeeds to the interest of the Lessor under the Lease, Lessee shall be bound to Beneficiary under all of the terms, covenants and conditions of the Lease for the balance of the remaining term thereof and any extension thereof duly exercised by Lessee, with the same force and effect as if Beneficiary were the Lessor under the Lease, and Lessee does hereby attorn to Beneficiary as its lessor, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Beneficiary's succeeding to the interest of the lessor under the Lease; provided, however, that Lessee shall be under no obligation to direct its payment of rent to Beneficiary until Lessee receives written notice from Beneficiary that it has succeeded to the interest of Lessor under the Lease or that it has terminated the Lessor's right to collect rents as provided in the Mortgage. The respective rights and obligations of Lessee and Beneficiary upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extension, shall be and are the same as now set

forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth in full herein.

3. If Beneficiary shall succeed to the interest of Lessor under the Lease, Beneficiary shall, subject to the last sentence of this SECTION 3, be bound to Lessee under all of the terms, covenants and conditions of the Lease; provided, however, that Beneficiary shall not be:

(a) Liable for any act or omission of any prior lessor (including Lessor); or

(b) Subject to any offsets, defenses or counterclaims which Lessee might have against any prior lessor (including Lessor); or

(c) Bound by any rent, additional rent or advance rent which Lessee might have paid for more than the current month to any prior lessor (including Lessor) and all such rent shall remain due and owing notwithstanding such advance payment; or

(d) Bound by any amendment or modification of the Lease made without its consent and written approval; or

(e) Required to restore the building, complete any improvements or otherwise perform the obligations of Lessor under the Lease in the event of a foreclosure of the Mortgage or acceptance by Beneficiary of a deed in lieu of foreclosure, in either instance prior to full restoration of the building or completion of any improvements.

Neither Wells Fargo nor any other party who, from time to time, shall be included in the definition of the term "Beneficiary" hereunder shall have any liability or responsibility under or pursuant to the terms of this Agreement or the Lease after it ceases to own a fee interest in or to the property described on EXHIBIT A.

4. Subject to the terms of this Agreement (including, but not limited to, those in SECTION 2 hereof), the Lease and the terms thereof are, and shall at all times continue to be, subject and subordinate in each and every respect, to the Mortgage and their respective terms, to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Mortgage, and to all other liens now or hereafter serving as security for the Note. Nothing herein contained shall be deemed or construed as limiting or restricting the enforcement by Beneficiary of any of the terms, covenants, provisions or remedies of the Mortgage, whether or not consistent with the Lease.

5. The term "Beneficiary" shall be deemed to include Wells Fargo and all of its successors and assigns, including anyone who shall have succeeded to Lessor's interest by, through or under judicial or power-of-sale foreclosure or other proceedings brought pursuant to the Mortgage, or deed in lieu of such foreclosure or proceedings, or otherwise.

6. In the absence of the prior written consent of Beneficiary, Lessee agrees not to do any of the following: (a) prepay the rent under the Lease for more than one (1) month in advance, (b) enter into any agreement with the Lessor to amend or modify the Lease, (c) voluntarily surrender the Demised Premises or, except as expressly permitted under the Lease, terminate the Lease prior to the expiration date thereof set forth in the Lease, and (d) sublease or assign the Demised Premises.

7. In the event Lessor shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Lessee shall give written notice thereof to Beneficiary and Beneficiary shall

have the right (but not the obligation) to cure such failure. Lessee shall not take any action with respect to such failure under the Lease, including, without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rent thereunder, for a period of thirty (30) days after receipt of such written notice by Beneficiary; provided, however, that in the case of any default which cannot with diligence be cured within said 30-day period, if Beneficiary shall proceed promptly to cure such failure and thereafter prosecute the curing of such failure with diligence and continuity, the time within which such failure may be cured shall be extended for such period as may be necessary to complete the curing of such failure with diligence and continuity.

8. So long as the loan evidenced by the Note (the "LOAN") is outstanding, Lessee covenants to provide Beneficiary with all information, including, but not limited to evidence of payment of taxes and insurance (if Lessee is obligated for such payments under the Lease) to which the Lessor may be entitled under the Lease.

9. So long as the Loan is outstanding, Beneficiary or its designee may enter upon the Property at all reasonable times, upon twenty-four (24) hours notice during normal working hours, to visit or inspect the Property and discuss the affairs, finances and accounts of Lessee applicable to the Property or the Lease at such reasonable times as Beneficiary or its designee may request.

10. Lessee hereby represents and warrants that the Lease and this Agreement have been duly authorized, executed and delivered by Lessee and constitute legal, valid and binding instruments, enforceable against Lessee in accordance with their respective terms, except as such terms may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally.

11. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto and their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

12. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

13. All notices or other communications required or permitted to be given pursuant to the provisions hereof shall be in writing and shall be considered as properly given if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, or by delivering same in person to the intended addressee, or by prepaid telegram. Notice so given in person or by telegram shall be effective upon its deposit. Notice so given by mail shall be effective two (2) days after deposit in the United States mail. Notice given in any other manner shall be effective only if and when received by the addressee. For purposes of notice, the addresses of the parties shall be:

Lessor: Marlborough Campus Limited Partnership
c/o Berwind Property Group, Inc.
770 Township Line Road, Suite 150
Yardley, PA 19067
Attention: Scott A. Williams
Senior Vice President

Lessee:

Beneficiary: Wells Fargo Bank, National Association
c/o Real Estate Merchant Banking
1750 H Street, N.W., Suite 400
Washington, D.C. 20006
Attention: Manager - Loan Administration Department

provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other parties in the manner set forth hereinabove.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

By: _____

By: _____
"Lessee"

STATE OF)
) ss:
COUNTY OF)

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that , who is personally well known to me as, or satisfactorily proven to be, the person named as of in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the day of , 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him or her by said Agreement, acknowledged the same to be the act and deed of said organization, and delivered the same as such.

GIVEN under my hand and official seal this day of , 2003.

_____
Notary Public

My Commission Expires: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

LESSOR:

By: _____
Name:
Title:

STATE OF)
) ss:
COUNTY OF)

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that , who is personally well known to me as, or satisfactorily proven to be, the person named as the of , Lessor in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the day of , 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him or her by said Agreement, acknowledged the same to be the act and deed of said organization, and delivered the same as such.

GIVEN under my hand and official seal this day of , 2003.

_____
Notary Public

My Commission Expires: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Erin P. Peart
Vice President

DISTRICT OF COLUMBIA) ss:

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that ERIN P. PEART, who is personally well known to me as, or satisfactorily proven to be, the person named as Vice President of Wells Fargo Bank, National Association in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the day of , 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him/her by said Agreement, acknowledged the same to be the act and deed of Wells Fargo Bank, National Association, and delivered the same as such.

GIVEN under my hand and official seal this day of , 2003.

_____
Notary Public

My Commission Expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

TABLE OF CONTENTS

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (the "Amendment"), dated as of August 28 , 2003, is made by and between MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership ("Landlord"), and EXACT Sciences Corporation, a Delaware corporation ("Tenant").

BACKGROUND

Landlord and Tenant entered into a lease dated as of January 23, 2003 (the "Lease") pursuant to which Landlord has leased to Tenant certain premises (the "Premises") located in Building 1, 3 Com Drive, Marlborough Campus, in Marlborough, Massachusetts.

Landlord and Tenant wish to amend the Lease as more particularly set forth herein.

AGREEMENT

In consideration of the mutual covenants and agreements contained herein and in the Lease, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms . Capitalized terms used in this Amendment and not otherwise defined herein shall have the meaning set forth in the Lease.

2. Furniture . Tenant has advised Landlord that it does not desire to use all of the Furniture and desires to remove some of the Furniture from the Premises. In particular, Tenant has requested Landlord to take possession of, and to delete from the terms of the Lease and from Exhibit C to the Lease, all of the Furniture not listed on Exhibit J attached hereto and made a part hereof (the "Removed Furniture") (The furniture listed on Exhibit J shall be referred to herein as the "Retained Furniture"). Landlord has agreed to do so, subject to the following terms and conditions:

a. All "cubes" and other similarly constructed furniture which is part of the Removed Furniture, shall, at the sole cost and expenses of Tenant, be disassembled by Tenant, and each piece or component thereof shall be labeled so that the pieces can be readily re-assembled;

b. Tenant shall have moved the Removed Furniture to a location designated by Landlord on the first floor of Building 3 of the Project, in a commercially reasonable manner so as to protect the Removed Furniture from damage;

c. All wiring connected to the Removed Furniture shall be pulled into the ceiling space of the Premises immediately above where it is currently located and left there so that it can be re-used in the future;

d. Landlord (and/or its authorized agent(s)) shall have the right to be present during the processes described in clauses a., b. and c. above, and Tenant shall comply with all reasonable requests of Landlord, or its authorized agent, concerning such work;

e. Upon delivery of the Removed Furniture to the space identified by Landlord in Building 3, Exhibit C to the Lease shall be replaced in its entirety by Exhibit C attached hereto, and Tenant shall have no further rights or responsibilities with respect to the Removed Furniture; and

f. Tenant shall provide Landlord with evidence of the cost paid by Tenant to third parties to move the Removed Furniture as set forth above, and Landlord shall reimburse Tenant for one-half of said cost, up to a maximum of $10,000.00.

3. HVAC for Lab Areas in the Premises . Air conditioning for Lab Areas being installed by Tenant is currently provided by one of the two 110 nominal ton (all chiller capacities/allocations referred to in this Amendment are understood to be "nominal tons") chillers located on the roof of the Building (the "Existing Chillers"). Landlord has agreed to permit another tenant in the Building (the "Other Tenant"), to install a one new 110 nominal ton rooftop chiller (the "New Chiller"), and other components required to create an integrated chiller system (as used in this Lease, the term "Chiller System" will refer to the existing system and to the system, as upgraded with the New Chiller) including the New Chiller and the Existing Chillers to provide chilled water cooling capacity for certain non-office areas of the Building (including, without limitation, the Lab Areas within the Premises), and to connect the Chiller System (including without limitation the New Chiller and the two Existing Chillers) to the Other Tenant's emergency back-up generators. Landlord expects that the proposed upgrade to the Chiller System will be operational sometime prior to March 1, 2004, but Landlord shall have no obligation to cause the Chiller System to be upgraded as set forth above, and no liability if such upgrade is not completed. In connection with such changes to the Chiller System, the parties agree that the Lease is hereby amended as follows:

a. "Tenant's Chiller Share" under the Lease shall be 33.64% (based on 74/220 tons)".

b. Section 4.7.2 of the Lease will be amended in its entirety to read as follows:

> "4.7.2 Landlord may install or cause to be installed a separate submeter, checkmeter or flowmeter to measure the electricity utilized by the Chiller System. Tenant shall be responsible for Tenant's Chiller Share of the electricity cost attributable to the Chiller System. Tenant shall pay for its Chiller Share of said electricity cost, based upon meter readings and the statements received from Landlord, within thirty days after receipt thereof. The foregoing payments by Tenant shall be in addition to Tenant's Electricity Cost. In the event that such usage is not separately metered, then Landlord may give Tenant written notice of Landlord's estimate of Tenant's Chiller Share of such expenses, along with the information utilized by Landlord in reaching such determination, and Tenant shall reimburse Landlord, as Additional Rent for such electrical expenses (in addition to Tenant's Electricity Cost)."

c. Section 6.2 of the Lease will be amended in its entirety to read as follows:

> " 6.2 Special HVAC Services . Tenant agrees that it has designed and modified or will design and modify the HVAC system ductwork and controls for the sixth

floor of the Premises to the "freezer farm" area of the Premises and any other lab areas within the Premises (collectively, the "Lab Areas") designated on Exhibit A to the Lease, so that the Lab Areas can be cooled separately from the remainder of the Building (e.g. while other areas of the Building are being heated, or not being cooled). To provide chilled water cooling capacity for the Lab Areas, Landlord will allocate to Tenant a maximum of 74 nominal tons of chilled water capacity from the Chiller System for the Lab Areas. Subject to the provisions of Sections 4.7.2 and 7.1, and provided that Tenant has designed, modified and installed the HVAC system ductwork and controls for the Premises to the Lab Areas as required to provide such service, Landlord shall provide continuous air conditioning to the Lab Areas from the Chiller System, provided however, Landlord shall not be liable to Tenant for any unexpected outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Notwithstanding the foregoing, in the event that Landlord must shut down HVAC, the Chiller System, or electrical power to the Premises or any portion thereof for maintenance, repairs, upgrade, or replacement, Landlord shall give Tenant at least twenty-four hours (24) advance notice of the estimated time and date for such work, and the length of time service is expected to be interrupted and provided that Landlord has given Tenant such notice, Landlord shall not be liable to Tenant for any such scheduled outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Notwithstanding anything to the contrary contained in this Lease, neither Landlord nor the Other Tenant (nor their respective partners, members, officers, directors, employees or representatives) shall have any liability whatsoever based on or related to the failure of the Other Tenant's generator to provide emergency power to the Chiller System, and Tenant shall be solely responsible for providing back-up power for air conditioning for the Lab Areas and back-up air conditioning for the Lab Areas should Tenant deem it necessary (for scheduled as well as unscheduled outages or reductions)."

d. The last three sentences sentence of Section 7.1 of the Lease will be amended in their entirety to read as follows:

"In the event that any maintenance, repair and/or replacement is required of the Chiller System and its components (including, without limitation, the Chillers, chilled water pumps, valves, and automatic temperature controls) servicing the Lab Areas, and Tenant expects that Tenant will suffer monetary loss or damages if such work is not completed immediately, Tenant shall give notice of such situation to Landlord and Landlord's property manager, clearly stating the emergency nature of the situation, and if Landlord is unable to proceed to effect such maintenance, repairs or replacements immediately, Tenant may do so, and the cost of such work shall be allocated and paid for as provided in the next paragraph of this Section 7.1.

Notwithstanding anything herein to the contrary, Tenant shall reimburse Landlord as Additional Rent, within thirty (30) days after receipt of Landlord's invoice, for (i) Tenant's Chiller Share of all costs paid to third parties associated with the

repair, maintenance and replacement of the Chiller System, and (ii) one hundred percent (100%) of all costs associated with the repair, maintenance and replacement of the fan coils exclusively servicing the Lab Areas, and such costs shall thereafter not be included in the calculation of Operating Expenses. Notwithstanding the foregoing, with respect to all costs for replacements of the Chiller System (or components thereof) which service the Lab Areas, that are capital in nature under generally accepted accounting principles, at Tenant's option, to be exercised within thirty days after receipt of Landlord's first invoice for such costs, in lieu of reimbursing Landlord within thirty days, such costs shall be amortized (with interest at twelve percent (12%) per annum) over the lesser of (i) the remaining Term of the Lease, or (ii) the useful life of the item being replaced, and Tenant shall pay Landlord, as Additional Rent, on a monthly basis, the amortized portion and interest applicable thereto."

4. Windows . On or before September 30, 2003, Landlord will install windows in the corner conference room and in the adjacent conference room on the fifth floor of the Premises, as more particularly shown on Exhibit K attached hereto, and Tenant shall reimburse Landlord, within ten (10) days after receipt of Landlord's invoice therefore, for one-half of all costs associated with such installation, up to a maximum of $18,000 (based on a total estimated cost of $36,000.00).

5. Parking . Section 9 of the Summary is amended in its entirety to read as follows: "Tenant shall have non-exclusive use of 149 parking spaces at the Project, as more particularly set forth in Article 28."

6. Security . Section 6.1.6 of the Lease is amended to read as follows: "Landlord shall provide a security guard to patrol the Project between the hours of 6 p.m. and 8 a.m., Monday to Thursday, excluding Holidays, and shall maintain the existing card access monitoring system, or a substantially similar system, for entrance into the Building and the Common Areas."

7. Lease Ratified and Confirmed . Except as specifically modified hereby, the Lease shall remain unmodified and in full force and effect. In the event of any inconsistency between

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

the terms and conditions of this Amendment and the terms and conditions of the Lease, the terms and conditions of this Amendment shall govern.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed the day and date first above written.

"Landlord":

MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership

By: Bergen of Marlborough, Inc., general partner

By: /s/ John L. Brogan
Its: VICE PRESIDENT

"Tenant":

EXACT SCIENCES CORPORATION

By: /s/ Stephen A. Read
Name: Stephen A. Read
Title: VP, Controller
(Corporate Seal)

Attest:

By: /s/ Jeff Luber
Name: Jeff Luber
Title: General Counsel

(ACKNOWLEDGMENT FOR CORPORATION)

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF Middlesex SS.:

BE IT REMEMBERED, that on this 22 day of August, 2003, before me, the subscriber, a Notary Public of the Commonwealth of Massachusetts personally appeared Jeffrey R. Luber, who, being by me duly sworn on his oath, does depose and make proof to my satisfaction that he is the Secretary of EXACT Sciences Corporation, the Tenant named in the foregoing Lease; that Steve Read is Vice President of said corporation; that the execution of the foregoing Lease was duly authorized; and the seal affixed to said instrument is the corporate seal and was thereto affixed and said instrument signed and delivered by said Vice President, as and for his voluntary act and deed and as for the voluntary act and deed of said corporation, in presence of deponent, who thereupon subscribed his name thereto as witness.

Subscribed and sworn to
before me at Marlborough, MA
on the date aforesaid.

/s/ Jeffrey R. Luber
Secretary

/s/ Lanee L. Johnson
Notary Public
commission expires Jan. 29, 2010

(Notarial Seal)

EXHIBIT J

RETAINED FURNITURE

Exact Sciences/3-Com Furniture Inventory:

Cubicle workstations: 88 total; 68 installed and 20 in storage on 5 th floor

Cubicle conference tables: 9

Red task chairs: 185

Mustard sled chairs: 149

Grey conference chairs: 15

Blue conference chairs: 22

Tan reception chairs: 4

Reception table: 1

Bookcases: 9

2-drawer lateral files: 6

3-drawer lateral files: 11

4-drawer lateral files: 1

Conference tables:

- 4’ x 4’ square: 6
- 4’ x 5’ rectangular: 1
- 4’ x 6’ rectangular: 1
- 4’ x 8’ rectangular: 1

Kitchen Areas

- GE Mircowave: 2
- Curtis Alpha coffee maker: 2
- Oasis water cooler: 2
- Stainless steel tables: 4
- Stainless steel chairs: 12

EXHIBIT C

Building 1 Fifth Floor 1/9/03

	Benches Chairs
Lab 1.5.033	None None
Lab 1.5.034	27 Total 18 Total
Lab 1.5.029	6 ' 1 Total 2 Total
Kitchen Area	1 GE Microwave 1 Curtis Alpha Coffee Maker 1 Oasis Water Cooler 2 Stain. Steel (Indecasa) Tables 6 Stain. Steel Chairs
Office Cubicles	99 Total
Office Trash Can	99 Total
Office Recycle Can	99 Total
Miscellaneous	
four shelf bookcases	10 Total
two shelf bookcases	5 Total
five shelf bookcases	2 Total
three drawer file cabinets	8 Total
four drawer file cabinet	1 Total
36"Round Table near 1.5.238	1 Total
Conference Rooms	
1.5.002 Zion	Table 8 chairs
1.5.003 Myan Temple	Table 8 chairs
1.5.004 Yucatan	Table 6 chairs
1.5.006 Glacier Bay	Table 8 chairs
1.5.007 Acadia	Table 17 chairs
1.5.011 Ellis Island	Table 6 chairs
1.5.012 Mt Rushmore	Table 6 chairs
1.5.014 Grand Canyon	Empty Room
1.5.015 Denali	Table 5 chairs
1.5.201 Niagra	Table 10 chairs

Exhibit K

[Diagram of Premises]

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (the "Amendment"), dated as of January 20, 2005, is made by and between MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership ("LANDLORD"), and EXACT SCIENCES CORPORATION, a Delaware corporation ("TENANT").

BACKGROUND

Landlord and Tenant entered into a lease dated as of January 23, 2003 (the "ORIGINAL LEASE"), as amended by a First Amendment to lease dated as of August 28, 2003 (the "FIRST AMENDMENT"; Original Lease, as amended, the "LEASE") pursuant to which Landlord has leased to Tenant certain premises consisting of approximately 55,740 rentable square feet (the "Original Premises") located on the fifth and sixth floors of the building (the "BUILDING") located at 100 Campus Drive, in the Campus at Marlborough (the "Project") in Marlborough, Massachusetts; and

Tenant has requested Landlord to consent to a reduction in the size of the Original Premises, to remove from the Premises the approximately 30,203 rentable square feet of space comprising the fifth floor of the Building (the "Give Back Space"), and to add to the Premises approximately 11,834 rentable square feet of space located on the second floor of the Building (the "Expansion Premises"), as more particularly shown on EXHIBIT A-1 attached hereto and made a part hereof; and

Landlord and Tenant wish to amend the Lease as more particularly set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Lease, and for other good and valuable consideration, the parties, intending to be legally bound hereby, the parties hereto agree as follows:

1. DEFINED TERMS. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meaning set forth in the Lease.

2. MODIFICATION OF THE PREMISES. (a) Landlord hereby leases and rents unto the Tenant and the Tenant hereby hires and takes from the Landlord the Expansion Premises. From and after the date of this Amendment, all references in the Lease to the Premises shall be deemed to include the Expansion Premises.

(b) Tenant agrees to vacate the Give Back Space on or before April 30, 2005, and to surrender the Give Back Space to Landlord in accordance with the terms and conditions of the Lease, as if such date were the expiration date of the Lease with respect to the Give Back Space. Subject to the terms and conditions of this Amendment, the Term of the Lease shall terminate with respect to the Give Back Space on the date that Tenant vacates the Give Back Space and surrenders it to Landlord as set forth above (such date, the "Give Back Date"). If Tenant fails to

vacate the Give Back Space on or before April 30, 2005, other than due to Landlord's failure to enter into a lease with 3Com for the Give Back Space, Tenant shall be a tenant at sufferance with respect to the Give Back Space and shall continue paying Base Rent on the Give Back Space at the per rentable square foot rate set forth in the Original Lease, in addition to the Base Rent set forth in Section 5 below. Tenant acknowledges that Landlord has entered into, or intends to enter into a lease with 3Com Corporation for the Give Back Space, and that such lease is a material inducement to Landlord's entering into this Agreement, and that Landlord could suffer significant damages if Tenant defaults under the terms of this Agreement. Nothing herein shall be deemed to constitute Landlord's consent or acquiescence to Tenant's remaining in the Give Back Space after April 30, 2005. From and after the Give Back Date, all reference in the Lease to the Premises shall be deemed to exclude the Give Back Space.

(c) From and after the Give Back Date, the Premises shall consist of the remaining portion of the Original Premises comprising the sixth floor of the Building (the "Remaining Premises") and the Expansion Premises, with the entire Premises consisting of a total of approximately 37,371 rentable square feet, and Section 2.2 of the Summary is amended accordingly.

3. TERM. The Lease Term with respect to the Expansion Premises shall commence on the date hereof and shall expire on July 31, 2010, concurrently with the expiration of the Term of the Lease with respect to the Remaining Premises, unless sooner terminated or extended pursuant to the provisions of the Lease.

4. OPTION TO EXTEND. The Option to Extend set forth in Section 2.2 of the Original Lease may be exercised with respect to the entire Premises (as amended by this Amendment), but not less than the entire Premises. Except as set forth in Section 2.2 of the Original Lease, as modified by this Amendment, Tenant has no rights to extend or renew the Lease Term.

5. RENT. (a) BASE RENT. SECTION 4 of the Summary of Basic Lease Information in the Lease is amended to read as follows: "4. Base Rent:

Period	Annual Base Rent	Monthly Installment of Base Rent
8/1/2004-4/30/2005**	$ 1,282,020.00	$ 106,835.00*
5/1/2005**-7/31/2005	$ 892,826.89	$ 74,402.24*
8/1/2005-7/31/2006	$ 920,696.89	$ 76,724.76*
8/1/2006-7/31/2007	$ 948,566.89	$ 79,047.24*
8/1/2007-7/31/2008	$ 976,436.89	$ 81,369.74*
8/1/2008-7/31/2009	$ 1,004,306.89	$ 83,692.24*
8/1/2009-7/31/2010	$ 1,032,176.89	$ 86,014.74*

*Monthly installment of rent shall be reduced, to the extent applicable, by the credit referred to in Section 21.2 of the Original Lease.

** Based on Give Back Date of April 30, 2005; to be adjusted if Give Back Date is any date other than April 30, 2005.

Landlord and Tenant agree that the Base Rent has been calculated, in part, to reimburse Landlord for the fact that the Give Back Space is being re-leased with a base year of calendar year 2005. The Base Rent for each year during the Lease Term commencing on the Give Back Date shall be adjusted after the actual Direct Expenses are determined for calendar year 2005, to add to the annual Base Rent set forth above, the amount equal to the product of : (i) (a)the per square foot difference in actual Direct Expenses for Building 1 for calendar year 2005 over Direct Expenses for Building 1 for calendar year 2003 (each as adjusted in accordance with Section 4.3 of the Original Lease, if applicable) minus (b) $24,109.39 (which is $1.312504 (the estimated difference in Direct Expenses for calendar year 2005 over calendar year 2003), times (ii) 18,369 (the rentable square feet in the Give Back Space). Landlord and Tenant agree that they shall enter into an amendment setting forth the recalculated Base Rent after actual Direct Expenses for 2005 have been determined.

6. BASE YEAR. The Base Year for the Premises shall remain as set forth in the Lease.

7. TENANT'S PRO RATA SHARE.

(a) If the Give Back Date has not occurred as of April 30, 2005, effective May 1, 2005 and continuing until the Give Back Date, Tenant's Share shall be 12.73%, and Tenant's Building Share shall be 47.17%.

(b) Effective as of the Give Back Date, Tenant's Share shall be 7.04% (based on 37,371/530,895) and Tenant's Building Share shall be 25.53% (based on 37,371/146,362).

8. "AS IS"; NO TENANT IMPROVEMENT ALLOWANCE; NO LANDLORD LIABILITY. (a) Tenant hereby accepts the Expansion Premises in "as is" condition. Tenant agrees to construct the demising wall between the Expansion Premises and "3Com Proposed Area" as shown on EXHIBIT A-1 (including without limitation, finishing the wall on the 3Com side) at Tenant's sole cost and expense. Tenant agrees to complete such improvements on or before February 28, 2005, subject to Force Majeure, time being of the essence. Landlord shall not be required to perform any improvements to the Expansion Premises or to provide Tenant with any tenant improvement allowance. All provisions of the Lease concerning improvements constructed by Tenant shall apply to the tenant improvements to be constructed in the Expansion Premises.

(b) Tenant acknowledges that the Expansion Space is not currently demised and that Tenant shall be responsible for all costs to demise the Expansion Space as set forth in Section 8(a) above. Landlord shall have no obligation to construct the said demising wall and Landlord shall have no liability to Tenant by reason of and/or related to any entry into the Expansion Premises through or from the said 3Com Proposed Area.

9. TENANT'S CHILLER SHARE. Effective on the Give Back Date, Tenant's Chiller Share shall be reduced to 27.5% (based on 60.5/220 tons).

10. FURNITURE. (a) All of the Furniture listed on EXHIBIT L attached hereto and made a part hereof (the "GIVE BACK FURNITURE") shall remain in the Give Back Space and shall be returned to Landlord in good condition, and in accordance with the terms and conditions of the Lease, on the Give Back Date.

(b) Effective as of the date of this Amendment, EXHIBIT C to the Lease (as amended by the First Amendment) is deleted in its entirety and is replaced by EXHIBIT C-1 and EXHIBIT C-2 attached hereto. Landlord and Tenant acknowledge that the parties have conducted a "walk-through" inspection of the Expansion Premises in order to confirm the completeness and accuracy of the Furniture shown on EXHIBIT C-2, and to give Tenant the opportunity to confirm that the Furniture in the Expansion Premises is in good condition and repair. Landlord shall have no obligation to replace any Furniture that is not in good condition or repair. Tenant accepts the Furniture in its "as-is" condition, without any representation or warranty by Landlord. LANDLORD SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS AND/OR WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE FURNITURE.

11. PARKING. Section 9 of the Summary is amended in its entirety to read as follows, effective as of the Give Back Date: "Tenant shall have non-exclusive use of 100 parking spaces at the Project, as more particularly set forth in Article 28."

12. TENANT'S ELECTRICITY COST. The Expansion Premises are currently not separately metered. If any portion of the electricity servicing the Expansion Premises is not separately metered to Tenant, to account for Tenant's electrical use in the Expansion Premises, Tenant shall pay to Landlord as Additional Rent an initial flat monthly fee calculated based on the rate of One Dollar ($1.00) per year per rentable square foot of the portion of such space that is not separately metered, subject to adjustment based on Landlord's reasonable estimate of Tenant's electrical usage. Notwithstanding the preceding sentence, as set forth in SECTION 4.7 of the Original Lease, Landlord shall have the right to separately meter (or install a sub-meter or check meter for) the Expansion Premises and/or certain systems or equipment in the Building, at Landlord's sole cost, at any time during the Lease Term and thereafter charge Tenant for Tenant's electrical use as reflected by such meter(s). Landlord and Tenant acknowledge that the Original Premises were separately metered, and that 3Com has agreed to install a separate meter or submeter (the "3Com Meter") for the Give Back Space as part of its tenant improvements in that space, so that Tenant's electricity usage in the Remaining Premises on the sixth floor will be separately metered. Landlord shall have no responsibility for the installation or maintenance of the 3Com Meter, nor for any electricity usage in the Give Back Space prior to the installation of the 3Com Meter. The amount payable pursuant to this SECTION 12 shall be in addition to the amounts set forth in, and shall be payable as provided in SECTION 4.7 of the Original Lease.

13. NOTICES. The Tenant's addresses contained in Section 29.16 of the Lease are deleted and the following addresses are substituted in lieu thereof:

TENANT:
To the Premises:
100 Campus Drive
Marlborough, MA 01752
Attn: Mr. Don Hardison
President and Chief Executive Officer

With copies to:

Testa, Hurwitz & Thibeault, LLP
125 High Street - Oliver Street Tower
Boston, MA 02110
Attn: Real Estate Department

14. RIGHT OF FIRST OFFER. Article 30 of the Lease is hereby deleted in its entirety. Tenant has no right of first offer or right to expand into any other space within the Project.

15. RATIFICATION OF LEASE. Except as modified by this Second Amendment, the Lease is hereby ratified and affirmed, and is in full force and effect and unmodified in all other respects. In the event of any inconsistency between the terms and conditions of this Second Amendment and the terms and conditions of the Lease, the terms and conditions of this Second Amendment shall govern.

16. NO OTHER AMENDMENT. There are no other oral or written understandings, agreements or obligations between Landlord and Tenant other than those expressly set forth in the Lease and this Second Amendment. In the event of any inconsistency between the terms of this Second Amendment and the terms of the Lease, the terms of this Second Amendment shall control.

17. NO PRESUMPTION AGAINST DRAFTER. Landlord and Tenant understand, agree and acknowledge that this Second Amendment has been freely negotiated by both parties; and that, in any controversy, dispute, or contest over the meaning, interpretation, validity or enforceability of this Second Amendment or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Second Amendment or any portion thereof.

18. ENFORCEABILITY. If any provision of this Second Amendment shall be invalid or unenforceable to any extent, the remainder of this Second Amendment shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

18. BROKER. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only Cushman & Wakefield of Massachusetts, Inc. ("C & W") and LPC Commercial Services, Inc. ("LPC"; C&W and LPC, collectively, "BROKERS"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Second

Amendment. Tenant shall be solely responsible for payment of any commission, fee, or other compensation due to C & W in connection with the transactions contemplated by this Amendment and the releasing of 18,369 rentable square feet of the Give Back Space to 3Com Corporation. Landlord shall be responsible for payment of any commission, fee, or other compensation to LPC pursuant to a separate agreement between Landlord and LPC. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation to be paid by the indemnifying party pursuant to the terms of this Section, and/or alleged to be owing on account of any dealings with any real estate broker or agent other than Brokers occurring by, through, or under the indemnifying party.

19. COUNTERPARTS. This Second Amendment may be executed in multiple counterparts, each of which shall constitute an original.

20. AUTHORITY. Each individual executing this Second Amendment hereby represents and warrants that Landlord, Landlord's general partner, or Tenant, as applicable, is a duly formed and existing entity in good standing qualified to do business in the Commonwealth of Massachusetts and has full right and authority to execute and deliver this Second Amendment and perform its obligations under the Lease (as amended by this Second Amendment) and that each person or entity acting and/or signing on behalf of Landlord, Landlord's general partner, or Tenant, as applicable, is authorized to do so. Each of the parties hereto represents and warrants to the other that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Second Amendment, except that the approval of Landlord's mortgagee may be required, and if so, will be obtained by Landlord prior to Landlord's execution of this Second Amendment.

21. CONTINGENCY. This Second Amendment is contingent upon Landlord's entering into a lease amendment with 3Com Corporation with respect to the Give Back Space, and certain other space on the second floor of the Building, all in form and substance satisfactory to Landlord, in its sole discretion, on or before January 21, 2005. In the event that Landlord has not executed such an amendment within said time period, Landlord may terminate this Second Amendment upon written notice given to Tenant on or before January 31, 2005, in which case this Second Amendment shall be and become null and void and of no further force or effect.

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IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed the day and date first above written.

"LANDLORD":

MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership

By: Bergen of Marlborough, Inc., general partner

By: /s/ John L. Brogan
Its: Vice President

"TENANT":

EXACT SCIENCES CORPORATION

Attest:

By: /s/ Jeffrey Luber
Name: Jeffrey Luber
Title: General Counsel

By: /s/ Don Hardison
Name: Don Hardison
Title: President & CEO

(Corporate Seal)

(ACKNOWLEDGMENT FOR CORPORATION)

COMMONWEALTH OF MASSACHUSETTS

SS.:

COUNTY OF MIDDLESEX

On this 20th day of January, 2005, before me the undersigned notary public, personally appeared Don Hardison, and provided to me through satisfactory evidence of identification, which was , to be the person whose name is signed on the preceding or attached document and acknowledged to me that he/she signed it voluntarily for its stated purpose, as President & CEO of EXACT Sciences Corporation.

Subscribed and sworn to
before me at Marlborough,
on the date aforesaid.

/s/ Jeffrey Luber
Secretary

/s/ Lanee L. Johnson
Notary Public

(Notarial Seal)

EXHIBIT A-1
[Diagram Showing the Expansion Premises]

EXHIBIT 10.12

EXCLUSIVE LICENSE AGREEMENT

This Exclusive License Agreement (the "Agreement") is entered into as of November 26, 2002 (the "Effective Date") by and between Matrix Technologies Corporation, d/b/a Apogent Discoveries, a Delaware corporation, having a principal place of business at 22 Friars Drive, Hudson, New Hampshire, 03051("APOGENT"), and EXACT Sciences Corporation, a Delaware corporation having a principal place of business at 63 Great Road, Maynard, Massachusetts 01754("EXACT").

In consideration of the mutual promises and conditions contained in this Agreement, APOGENT and EXACT agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 "Affiliate" shall mean any company, corporation or other business entity that is controlled by, controlling, or under common control with the subject company, corporation or other business. For this purpose "control" means direct or indirect beneficial ownership of at least fifty percent (50%) interest in the voting stock (or the equivalent) of the company, corporation or other business or having the right to direct, appoint or remove a majority of members of its board of directors (or their equivalents) or having the power to control the general management of the company, corporation or other business, by law or contract.

1.2 "APOGENT Technology" shall mean APOGENT's proprietary acrydite chemistry technology described and claimed in the Licensed Patents. APOGENT Technology expressly includes the Licensed Patents, Licensed Products, and the Licensed Process.

1.3 "EXACT Inventions" shall mean (a) all inventions, and all modifications, enhancements, changes, or improvements to APOGENT Technology that are conceived or reduced to practice solely by EXACT in the course of performing under this Agreement.

1.4 "EXACT Net Revenues" shall mean [CONFIDENTIAL TREATMENT REQUESTED]/*/other than revenues received by EXACT from a Sublicensee, from [CONFIDENTIAL TREATMENT REQUESTED]/*/

1.5 "Exclusive Field" shall mean [CONFIDENTIAL TREATMENT REQUESTED]/*/

1.6 "Non-Exclusive Field" shall mean any field, other than the Exclusive Field, in which [CONFIDENTIAL TREATMENT REQUESTED]/*/ is employed.

1.7 [CONFIDENTIAL TREATMENT REQUESTED]/*/ shall mean EXACT's proprietary[CONFIDENTIAL TREATMENT REQUESTED]/*/ as disclosed in the U.S. patents and applications identified in Exhibit 1, all extensions thereof, and all reissue, reexamination, continuation, continuation-in-part, divisional, and foreign patents relating thereto.

1.8 "Licensed Patents" shall mean, individually and collectively, (i) the U.S. patent(s) identified on Exhibit 2, attached hereto, and any reissues, reexaminations, and extensions thereof, and all foreign patents or applications corresponding to any of the foregoing; (ii) the U.S. patent applications identified on Exhibit 2, and all foreign patents or applications corresponding thereto; (iii) all non-provisional, continuation, continuation-in part, divisional and foreign applications that claim the priority, either directly or indirectly, to any Licensed Patents described in subsection (i) or (ii)above; and (iv) all United States and foreign patents issued on the Licensed Patents described in subsection (ii) or (iii) above, and all reissues, reexaminations and extensions thereof.

1.9 "Licensed Process" shall mean a process that, but for this license Agreement, would infringe a valid and enforceable claim in the Licensed Patents.

1.10 "Licensed Product" shall mean any product that is manufactured in reliance on the Licensed Process and that, but for this license Agreement, would infringe a valid and enforceable claim in the Licensed Patents.

1.11 "Party" or "Parties" shall mean APOGENT and/or EXACT, as the context requires.

1.12 "Result" means a test result per single patient derived from the use of a Licensed Product or the application of a Licensed Process. In determining the number of "Results" that are comprised in a kit that includes one or more Licensed Products or is to be used as part of a Licensed Process, the Results for purposes of this Agreement shall be that number of results or patient applications specified in the product labeling or inserts for such kit.

1.13 "Sublicensee" shall mean any entity to which EXACT has granted a sublicense of some or all of the rights conveyed to EXACT under this Agreement.

1.14 "Sublicensee Net Revenues" shall [CONFIDENTIAL TREATMENT REQUESTED]/*/

ARTICLE 2 - GRANT OF LICENSES; OWNERSHIP

2.1 EXCLUSIVE LICENSE GRANT. Subject to the terms and conditions of this Agreement, APOGENT grants to EXACT an exclusive, worldwide, royalty-bearing license under the Licensed Patents in the Exclusive Field, for use, to make, have made, use, offer to sell, sell and import Licensed Products and Licensed Processes. This license granted hereunder shall be exclusive, even as to APOGENT, within the Exclusive Field during the Term of this Agreement and shall include the right to sublicense as herein provided. This exclusive license may be converted to a non-exclusive license in accordance with Section 9.1 hereof.

2.2 NON-EXCLUSIVE LICENSE GRANT. Subject to the terms and conditions of this Agreement, APOGENT grants to EXACT a non-exclusive, worldwide, royalty-bearing license under the Licensed Patents in the Non-Exclusive Field, with the

right to sublicense as herein provided to make, have made, use, offer to sell, sell and import Licensed Products or Licensed Processes..

2.3 SUBLICENSING. EXACT shall have the right to sublicense the rights granted in Paragraph 2.1 and Paragraph 2.2 above solely for use with EXACT's [CONFIDENTIAL TREATMENT REQUESTED]/*/ to a Sublicensee, provided however, that no such sublicense shall be effective until the Sublicensee executes a written agreement with respect to which APOGENT is a named third-party beneficiary whereby the Sublicensee is bound, with respect to the license of the Licensed Process and the manufacture and sale of the Licensed Products, to terms that do not materially differ from the terms of this Agreement.

2.4 OWNERSHIP.

2.4.1 EXACT OWNERSHIP. The Parties hereby acknowledge and agree that EXACT shall own and retain all right, title and interest in and to all EXACT Inventions.

2.4.2 PRE-EXISTING TECHNOLOGY. All technology and intellectual property rights owned by a Party as of the Effective Date shall remain the property of such Party. Without limiting the foregoing, APOGENT shall be the sole owner of the APOGENT Technology, subject to the license granted hereby and such other licenses as APOGENT may, in its discretion, grant from time to time, and EXACT shall be the sole owner of the [CONFIDENTIAL TREATMENT REQUESTED]/*/ subject to the such licenses as EXACT may, in its discretion, grant from time to time. Neither party shall reverse engineer, copy or use the technology or inventions of the other party except as expressly contemplated by and permitted under this Agreement.

2.4.3 NO IMPLIED LICENSES. Nothing in this Agreement shall be construed as granting any Party any right or license under any intellectual property rights, trademarks, or service marks of any other Party by implication, estoppel or otherwise, except as expressly provided otherwise in this Agreement.

ARTICLE 3 - ROYALTIES

3.1 ROYALTIES. During the Term, EXACT shall pay APOGENT royalties on the sale of the Licensed Process or a Licensed Product on a quarterly basis as follows:

3.1.1 [CONFIDENTIAL TREATMENT REQUESTED]/*/ of EXACT Net Revenues received by EXACT during the applicable quarter, however, such royalty shall never be less than [CONFIDENTIAL TREATMENT REQUESTED]/*/

3.1.2 [CONFIDENTIAL TREATMENT REQUESTED]/*/ of each Sublicensee Net Revenues, with respect to which royalties are payable to, and received by EXACT during the applicable quarter, however, such royalty shall never be less than [CONFIDENTIAL TREATMENT REQUESTED]/*/.

EXACT shall pay royalties due with respect to each calendar quarter hereunder within [CONFIDENTIAL TREATMENT REQUESTED]/*/

3.2 [CONFIDENTIAL TREATMENT REQUESTED]/*/ EXACT shall not be required to[CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall have primary obligation to [CONFIDENTIAL TREATMENT REQUESTED]/*/ however, APOGENT shall have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/. APOGENT's right to [CONFIDENTIAL TREATMENT REQUESTED]/*/ under this Section 3.2shall only apply in instances where [CONFIDENTIAL TREATMENT REQUESTED]/*/.

ARTICLE 4 - ROYALTY REPORTS; RECORDS

4.1 ROYALTY REPORTS. Within [CONFIDENTIAL TREATMENT REQUESTED]/*/ during the Term, EXACT shall deliver to APOGENT the royalty payment due pursuant to Section 3.1 hereof and a corresponding royalty report relating to the preceding calendar quarter. Each report shall include the following:

(a) Deductions applicable to determining Net Revenues and Sublicensee Net Revenues during the relevant calendar quarter; and

(b) Total royalties due to APOGENT for the calendar quarter.

With each report, EXACT shall pay to APOGENT the royalties due and payable for such calendar quarter.

4.2 RECORD KEEPING.

4.2.1 BOOKS AND RECORDS. EXACT shall keep true books of account in accordance with EXACT's own document retention policies relating to Net Revenues, Sublicensee Net Revenues and Licensed Product use manufacture and sale by EXACT and each Sublicensee. Such books and records shall be in accordance with generally accepted accounting principles consistently applied. EXACT shall keep such records at its principal place of business.

4.2.2 INSPECTIONS. Upon ten (10) business days' prior written notice to EXACT, APOGENT may, at APOGENT's own expense, have EXACT's books and records inspected by a certified public accountant selected by APOGENT and reasonably acceptable to EXACT. Such inspections shall be during regular business hours and shall not be made more than once each calendar year, except in the case of misreported royalties, Net Revenues or Sublicensee Net Revenues.In conducting inspections under this paragraph 4.2.2, APOGENT's accountant may have access to only those records which are reasonably relevant to calculating royalties owed to APOGENT under Article 3. APOGENT shall bear the cost of any inspection under this Article 4.2.2, unless the inspection shows an underreporting or underpayment by any entity in excess of five percent

(5%) for any twelve month period, in which case EXACT shall pay the cost of the inspection as well as any additional sum due to APOGENT.

4.3 FORM OF PAYMENTS. EXACT shall make all payments due under this Agreement by check or wire transfer in United States funds.

4.4 CURRENCY CONVERSION. If any currency conversion is required in connection with any payment to APOGENT under this Agreement (for example, with respect to Sublicensee Net Revenues), the conversion will be made at the buying rate for the transfer of such other currency as quoted by THE WALL STREET JOURNAL, Eastern Edition, on the last business day of each calendar quarter in which such payments are accrued.

4.5 INTEREST. Any payment due to APOGENT under this Agreement that is not made when due will accrue interest beginning on the first day following the due date. The interest shall be compounded at the rate of one and one-half percent (1 1/2%) per month, compounded monthly until such overdue payment is received by APOGENT.

ARTICLE 5 - CONFIDENTIALITY

5.1 CONFIDENTIAL INFORMATION. During the Term, the Parties may exchange information from time to time that they consider to be confidential. “Confidential Information” hereunder shall, subject to Article 5.3, mean the substance of this Agreement and any information or materials that are disclosed by one Party (the “Discloser”) to another Party (the “Recipient”) whether orally, visually, or in tangible form, and all copies thereof. Tangible materials that disclose or embody Confidential Information shall be marked by Discloser as “Confidential,” “Proprietary” or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by Discloser as confidential at the time of disclosure and reduced to a written summary by Discloser, which shall mark such summary as “Confidential,” “Proprietary” or the substantial equivalent thereof, and deliver it to Recipient by the end of the month following the month in which disclosure occurs. Such information shall be treated as Confidential Information pending receipt of such summary.

5.2 TREATMENT OF CONFIDENTIAL INFORMATION. The Recipient of Confidential Information shall employ all reasonable efforts to maintain the secrecy and confidentiality of such Confidential Information, such efforts to be no less than the degree of care employed by the Recipient to preserve and safeguard its own Confidential Information. The information shall not be disclosed or revealed to anyone except employees of the Recipient who have a need to know the information and who have entered into a secrecy agreement with the Recipient under which such employees are required to maintain confidential the proprietary information of the Recipient and such employees shall be advised by the Recipient of the confidential nature of the Confidential Information and that the Confidential Information shall be treated accordingly. Each Sublicensee shall be bound, as a Recipient, not to disclose the Confidential Information of APOGENT, whether such Confidential Information is provided by APOGENT or by EXACT;

and both the Sublicensee and EXACT shall be jointly and severally liable for any breach of such obligation by the Sublicensee.

5.3 EXCEPTIONS. The Recipient's obligations under this Article 5 shall not extend to any part of the information that:

(i) can be demonstrated to have been in the public domain or publicly known prior to the date of the disclosure; or

(ii) can be demonstrated from written records to have been in the Recipient's possession or readily available to the Recipient from another source not under obligation of secrecy to the Discloser prior to the disclosure; or

(iii) becomes part of the public domain or publicly known other than as a result of any unauthorized act by the Recipient; or

(iv) is demonstrated from contemporaneous written records to have been developed by or for the Recipient without reference to confidential information disclosed by the Discloser; or

(v) is required to be disclosed by law, government regulation or court order.

However, the exception set forth in Section 5.3(v) shall only apply if, prior to making any legally required disclosure of the Discloser's Confidential Information, the Recipient notifies the Discloser and affords the Discloser a reasonable opportunity to defend against or limit such required disclosure.

5.4 INJUNCTION. In view of the difficulties of placing a monetary value on the Confidential Information, the Discloser shall be entitled to a preliminary and final injunction without the necessity of posting any bond or undertaking in connection therewith to prevent further breach of this Article 5 or further unauthorized use of its Confidential Information. This remedy is separate from any other remedy the Discloser may have.

5.5 TREATMENT UPON TERMINATION OF THE AGREEMENT. Upon the expiration or termination, for any reason, of this Agreement, or upon the demand of the Discloser at any time, Recipient shall return promptly to Discloser or destroy, at Discloser's option, all tangible materials that disclose or embody Confidential Information of the Discloser.

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

6.1 APOGENT REPRESENTATIONS AND WARRANTIES. APOGENT hereby represents and warrants to EXACT that:

6.1.1 APOGENT is a corporation duly organized and validly existing under the name "Matrix Technologies Corporation" in the State of Delaware, and has all requisite power and authority to execute, deliver and perform its

obligations under this Agreement and to consummate the transactions contemplated hereby;

6.1.2 This Agreement does not contravene or constitute a default under or violation of any provision of applicable law binding upon APOGENT or any agreement, commitment, instrument or other arrangement to which APOGENT is a party;

6.1.3 To the knowledge of APOGENT, all necessary consents, approvals and authorizations of all governmental authorities and other persons required to be obtained in connection with entry into this Agreement have been obtained;

6.1.4 APOGENT is in possession of and has conveyed in this Agreement all rights necessary for EXACT to practice and obtain the full benefit of the licenses granted to EXACT hereunder;

6.1.5 To the knowledge of APOGENT, the use contemplated by this Agreement of the Licensed Process licensed hereby neither infringes nor violates any patent, copyright, trade secret, trademark or other proprietary right of any third party; and

6.1.6 To the knowledge of APOGENT, there is no reason that the Licensed Patents are invalid or unenforceable

6.2 EXACT REPRESENTATIONS AND WARRANTIES. EXACT hereby represents and warrants to APOGENT that:

6.2.1 EXACT is a corporation duly organized and validly existing under the laws of the State of Delaware and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby; and

6.2.2 This Agreement does not contravene or constitute a default or violation of any provision of applicable law binding upon EXACT or any agreement, commitment or instrument to which EXACT is a party.

ARTICLE 7 - INDEMNIFICATION

7.1 INDEMNITY BY APOGENT. APOGENT shall indemnify, hold harmless and defend EXACT from and against any and all liability, damage, loss, cost or expense (including reasonable attorney's fees) incurred by or imposed upon EXACT in connection with any claims, suits, actions, demands, proceedings, causes of action or judgments resulting from or arising out of [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT shall promptly notify APOGENT of any such claim(s) of which EXACT is aware. APOGENT [CONFIDENTIAL TREATMENT REQUESTED]/*/ shall [CONFIDENTIAL TREATMENT REQUESTED]/*/ provided, however, that EXACT shall have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/. In addition, EXACT shall have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/. EXACT agrees to provide APOGENT with [CONFIDENTIAL TREATMENT

REQUESTED]/*/. In the event a third-party asserts a claim for which EXACT may seek indemnification under this Section 7.1, APOGENT shall have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/. Further, APOGENT shall have no obligation to [CONFIDENTIAL TREATMENT REQUESTED]/*/. The obligation of APOGENT to [CONFIDENTIAL TREATMENT REQUESTED]/*/.

7.2 INDEMNITY BY EXACT. EXACT shall indemnify, hold harmless and defend APOGENT from and against any and all liability, damage, loss, cost or expense (including reasonable attorney's fees) incurred by or imposed upon APOGENT in connection with any claims, suits, actions, demands, proceedings, causes of action or judgments resulting from or arising out of [CONFIDENTIAL TREATMENT REQUESTED]/*/. APOGENT shall promptly notify EXACT of any such claim(s) of which APOGENT is aware. EXACT [CONFIDENTIAL TREATMENT REQUESTED]/*/ shall [CONFIDENTIAL TREATMENT REQUESTED]/*/ provided, however, that APOGENT shall have the right to [CONFIDENTIAL TREATMENT REQUESTED]/*/. APOGENT agrees to provide EXACT with [CONFIDENTIAL TREATMENT REQUESTED]/*/.

ARTICLE 8 - DISCLAIMER OF WARRANTIES

8.1 NO OTHER WARRANTIES. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTIES WITH RESPECT TO THE LICENSED PRODUCTS AND DISCLAIMS ALL OTHER WARRANTIES AND CONDITIONS, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE, TO THE EXTENT PERMITTED BY APPLICABLE LAW.

8.2 LIMITATION OF LIABILITY. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY WITH RESPECT TO MATTERS ARISING UNDER OR CONTEMPLATED BY THIS AGREEMENT FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR INCIDENTAL DAMAGES OF WHATEVER KIND AND HOWEVER CAUSED (INCLUDING WITHOUT LIMITATION, DAMAGES FOR INTERRUPTION OF BUSINESS, PROCUREMENT OF SUBSTITUTE GOODS, LOSS OF PROFITS, OR THE LIKE) REGARDLESS OF THE FORM OF ACTION WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT PRODUCT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 9 - TECHNOLOGY EXCLUSIVITY

9.1 USE AND SUBLICENSING IN CONNECTION WITH [CONFIDENTIAL TREATMENT REQUESTED]/*/ Commencing on the date on which any Result is first obtained for cash consideration and continuing throughout the Term , EXACT shall not

[CONFIDENTIAL TREATMENT REQUESTED]/*/ without relying on the Licensed Process. However, if EXACT [CONFIDENTIAL TREATMENT REQUESTED]/*/ then the exclusive license granted pursuant to Section 2.1 shall be converted to a non-exclusive license. Similarly, commencing on the date on which any Result is first obtained for cash consideration and continuing throughout the Term, EXACT shall not [CONFIDENTIAL TREATMENT REQUESTED]/*/ without also requiring such third-party to become a Sublicensee hereunder and license the Licensed Process on terms that do not materially differ from the terms of this Agreement.

ARTICLE 10 - TERM AND TERMINATION

10.1 TERM. This Agreement shall commence on the Effective Date and shall remain effective for a period of [CONFIDENTIAL TREATMENT REQUESTED]/*/ unless earlier terminated as provided by this Agreement (the "Term"). This Agreement shall automatically be renewed for two successive periods of five years each (such renewal period also part of the "Term"), unless at least six months prior to the expiration of the then current Term or renewal Term, EXACT notifies APOGENT in writing of its desire to terminate this Agreement at the end of the then current Term or renewal Term. Thereafter, this Agreement shall automatically be renewed for a successive periods of one year each (each such renewal period also part of the "Term"), unless at least six months prior to the expiration of the then current renewal Term, one party notifies the other in writing of its desire to terminate this Agreement at the end of the then current Term.

10.2 TERMINATION FOR BREACH. Either Party may terminate this Agreement if the other Party materially breaches its obligations hereunder, and such breach is not cured within sixty (60) days after written noticed thereof to such other Party.

10.3 EFFECT OF TERMINATION. Upon early termination of this Agreement for any reason, EXACT shall notify each Sublicensee of the termination and APOGENT shall have the right, upon the Sublicensee's delivery to APOGENT no later than thirty days after the termination date of a written request for continuation of the Sublicensee's sublicense. Upon receipt of such request and receipt of proof from the Sublicensee, if reasonably requested by APOGENT, of the Sublicensee's ability to pay APOGENT royalties when due, Apogent will continue the Sublicensee's sublicense for the period equal to the shorter of the unexpired term of this Agreement or the unexpired term of the Sublicensee's sublicense from EXACT on condition that such Sublicensee remains in compliance with the terms and conditions of its sublicense agreement, and continues its payment obligations directly to APOGENT.

10.4 SURVIVAL. The following Articles shall survive the termination of this Agreement for any reason: Articles 1, 2.4, 5-8, 10.3, 10.4, 11 and 12.

ARTICLE 11 - DISPUTE RESOLUTION

11.1 DISPUTE RESOLUTION. If a dispute arises between the Parties relating to (i) the interpretation or performance of the Agreement; or (ii) the grounds for the

termination of the Agreement, the Parties agree to convene a Dispute Resolution Committee (the "Committee"), consisting of two EXACT representatives with decision-making authority and two APOGENT representatives with decision-making authority to attempt in good faith to negotiate a resolution of the dispute prior to pursuing other available remedies. Either Party may request the convening of a Committee by written notice to the other Party. A Committee shall convene for an initial meeting within forty-five (45) days of such written notice. If the Parties have not succeeded in negotiating a resolution of the dispute, within thirty (30) days after the initial meeting of the Committee, the dispute shall be submitted for binding arbitration under the then current Commercial Rules of the American Arbitration Association ("AAA").

11.2 Any arbitration under this Article 11 shall be held in Boston, Massachusetts. The Parties shall select three (3) arbitrators from a list of seven (7) arbitrators provided by the AAA. The Parties shall bear the costs of the arbitration equally unless the arbitrators, pursuant to their right, but not their obligation, require the non-prevailing Party to bear all or any unequal portion of the prevailing Party's costs. The arbitrators shall make decisions in accordance with applicable Federal and Massachusetts law and the factual evidence presented. The decision of the arbitrators shall be final and may be sued on or enforced by the Party in whose favor it runs in any court of competent jurisdiction at the option of the successful Party. The arbitrators will be instructed to prepare and deliver a written, reasoned opinion conferring their decision. The rights and obligations of the Parties to arbitrate any dispute relating to the interpretation or performance of this Agreement or the grounds for the termination thereof shall survive the expiration or termination of this Agreement for any reason. Nothing in this Agreement prevents either Party from seeking equitable relief at any time to prevent irreparable harm or for specific enforcement of the terms of this Agreement, except that no equitable relief shall be sought to prevent or avoid arbitration under the terms of this Agreement.

ARTICLE 12 - MISCELLANEOUS

12.1 NOTICES TO APOGENT. Unless otherwise specified in this Agreement, reports, notices and other communications from EXACT to APOGENT as provided hereunder must be sent to:

Apogent Discoveries
22 Friars Drive
Hudson, New Hampshire 03051
Attention: President

WITH A COPY TO:

Apogent Technologies Inc.
Office of General Counsel
30 Penhallow Street
Portsmouth, New Hampshire 03801

or other individuals or addresses as APOGENT subsequently furnish by written notice to EXACT.

12.2 NOTICES TO EXACT. Unless otherwise specified in this Agreement, reports, notices and other communications from APOGENT to EXACT as provided hereunder must be sent to:

EXACT Sciences Corporation
63 Great Road
Maynard, MA 01754

With a copy to:
Thomas C. Meyers
Testa, Hurwitz & Thibeault, LLP
125 High Street
Boston, MA 02110

or other individuals or addresses as EXACT subsequently furnish by written notice to APOGENT.

12.3 INDEPENDENT CONTRACTORS. The Parties agree that, in the performance of this Agreement, they are and shall be independent contractors. Nothing herein shall be construed to constitute a partnership or joint venture between the Parties nor shall any Party be construed as the agent of any other Party for any purpose whatsoever, and no Party shall bind or attempt to bind any other Party to any contract or the performance of any obligation, or represent to any third party that it has any right to enter into any binding obligation on the other Party's behalf.

12.4 SEVERABILITY. If any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired thereby.

12.5 NON-ASSIGN ABILITY. Neither this Agreement nor any part of the Agreement is assignable by either Party without the express written consent of the other Party, which shall not be unreasonably withheld, delayed or conditioned. Notwithstanding any of the foregoing, either Party may assign this Agreement and its rights and obligations hereunder, without the consent of the other Party, to an acquirer of all or substantially all of such Party's business or assets, whether by merger, sale, acquisition or other change of control transaction. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

12.6 ENTIRE AGREEMENT. This instrument contains the entire Agreement between the Parties. No verbal agreement, conversation or representation between any officers, agents, or employees of the Parties either before or after the execution of

this Agreement may affect or modify any of the terms or obligations herein contained.

12.7 MODIFICATIONS IN WRITING. No change, modification, extension, or waiver of this Agreement, or any of the provisions herein contained is valid unless made in writing and signed by a duly authorized representative of each Party.

12.8 GOVERNING LAW. The validity and interpretation of this Agreement and the legal relations of the Parties to it are governed by the laws of the Commonwealth of Massachusetts without regard to any choice of law principal that would dictate the application of the law of another jurisdiction. The Parties agree that any legal action arising out of or in connection with this Agreement shall be brought in the federal or state courts of Massachusetts, and the Parties irrevocably submit for all purposes to the jurisdiction of each such court.

12.9 CAPTIONS. The captions are provided for convenience and are not to be used in construing this Agreement.

12.10 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall be deemed but one instrument.

12.11 FORCE MAJEURE. If either Party fails to fulfill its obligations hereunder (other than an obligation for the payment of money), when such failure is due to an act of God, or other circumstances beyond its reasonable control, including but not limited to fire, flood, civil commotion, riot, war (declared and undeclared), acts of terrorism, revolution, or embargoes, then said failure shall be excused for the duration of such event and for such a time thereafter as is reasonable to enable the Parties to resume performance under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be executed in quadruplicate by their duly authorized representatives as of the date first above written.

APOGENT DISCOVERIES	EXACT SCIENCES CORPORATION
By: /s/ R. Laurence Keene	By: /s/ Jeffrey T. Walsh
Name: R. Laurence Keene Title: Executive Vice President - Sales	Name: Jeffrey T. Walsh Title: Vice President, Business Development
Date: November 26, 2002	Date: November 26, 2002

EXHIBIT 1

[CONFIDENTIAL TREATMENT REQUESTED]/*/ PATENTS

United States Patent Application Serial Number [CONFIDENTIAL TREATMENT REQUESTED]/*/
United States Patent Application Serial Number [CONFIDENTIAL TREATMENT REQUESTED]/*/
United States Patent No. [CONFIDENTIAL TREATMENT REQUESTED]/*/ United States Patent Application Serial Number [CONFIDENTIAL TREATMENT REQUESTED]/*/ United States Patent No [CONFIDENTIAL TREATMENT REQUESTED]/*/ United States Patent Application Serial Number [CONFIDENTIAL TREATMENT REQUESTED]/*/
United States Patent Application Serial Number [CONFIDENTIAL TREATMENT REQUESTED]/*/

EXHIBIT 2

LICENSED PATENTS

UNITED STATES PATENTS:
[CONFIDENTIAL TREATMENT REQUESTED]/*/

and all divisionals, continuations in part, or foreign counter parts thereto, and any and all future patents owned or controlled Apogent, under which Company would require a license to manufacture or use [CONFIDENTIAL TREATMENT REQUESTED]/*/

FOREIGN PATENTS/APPLICATIONS:
[CONFIDENTIAL TREATMENT REQUESTED]/*/

Exhibit 10.29

RESTRICTED STOCK AWARD AGREEMENT
UNDER THE EXACT SCIENCES CORPORATION
2000 STOCK OPTION AND INCENTIVE PLAN

Name of Grantee: _____

No. of Shares: _____

Grant Date: _____

Pursuant to the EXACT Sciences Corporation 2000 Stock Option and Incentive Plan (the "Plan") as amended through the date hereof, EXACT Sciences Corporation (the "Company") hereby grants a Restricted Stock Award (an "Award") to the Grantee named above. Upon acceptance of this Award, the Grantee shall receive the number of shares of Common Stock, par value $.01 per share (the "Stock") of the Company specified above, subject to the restrictions and conditions set forth herein and in the Plan. The Company acknowledges the receipt from the Grantee of consideration with respect to the par value of the Stock in the form of cash, past or future services rendered to the Company by the Grantee or such other form of consideration as is acceptable to the Board.

1. Acceptance of Award . The Grantee shall have no rights with respect to this Award unless he or she shall have accepted this Award by (i) signing and delivering to the Company a copy of this Award Agreement, and (ii) delivering to the Company a stock power endorsed in blank. Upon acceptance of this Award by the Grantee, the shares of Restricted Stock so accepted shall be issued and held by the Company's transfer agent in book entry form, and the Grantee's name shall be entered as the stockholder of record on the books of the Company. Thereupon, the Grantee shall have all the rights of a stockholder with respect to such shares, including voting and dividend rights, subject, however, to the restrictions and conditions specified in Paragraph 2 below.

2. Restrictions and Conditions .

(a) Any book entries for the shares of Restricted Stock granted herein shall bear an appropriate legend, as determined by the Board in its sole discretion, to the effect that such shares are subject to restrictions as set forth herein and in the Plan.

(b) Shares of Restricted Stock granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee prior to vesting.

(c) If the Grantee's employment with the Company and its Subsidiaries is voluntarily or involuntarily terminated for any reason (including death) prior to vesting of shares of Restricted Stock granted herein, all shares of Restricted Stock shall immediately and automatically be forfeited and returned to the Company.

3. Vesting of Restricted Stock . The restrictions and conditions in Paragraph 2 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long

as the Grantee remains an employee of the Company or a Subsidiary on such Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 2 shall lapse only with respect to the number of shares of Restricted Stock specified as vested on such date.

Number of Shares Vested		Vesting Date
	(%)	
	(%)	
	(%)	
	(%)	
	(%)	

Subsequent to such Vesting Date or Dates, the shares of Stock on which all restrictions and conditions have lapsed shall no longer be deemed Restricted Stock. The Board may at any time accelerate the vesting schedule specified in this Paragraph 3.

4. Dividends . Dividends on Shares of Restricted Stock shall be paid currently to the Grantee.

5. Incorporation of Plan . Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Board set forth in Section 2 of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

6. Transferability . This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

7. Tax Withholding . The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Board for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. Except in the case where an election is made pursuant to Paragraph 8 below, the Grantee may elect to have the required minimum tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued or released by the transfer agent a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

8. Election Under Section 83(b) . The Grantee and the Company hereby agree that the Grantee may, within 30 days following the acceptance of this Award as provided in Paragraph 1 hereof, file with the Internal Revenue Service and the Company an election under Section 83(b) of the Internal Revenue Code. In the event the Grantee makes such an election, he or she agrees to provide a copy of the election to the Company. The Grantee acknowledges that he or she is responsible for obtaining the advice of his or her tax advisors with regard to the Section 83(b) election and that her or she is relying solely on such advisors and not on any statements or representations of the Company or any of its agents with regard to such election.

9. No Obligation to Continue Employment . Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

10. Notices . Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

EXACT SCIENCES CORPORATION

By: _____
Title:

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Dated: _____

_____
Grantee's Signature

Grantee's name and address:

EXHIBIT 12.1

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS (IN THOUSANDS, EXCEPT RATIO DATA)

	Fiscal Year Ended December 31,				
	2007	2006	2005	2004	2003
Ratio of earnings to fixed charges	(1)	(1)	(1)	(1)	(1)
Ratio of eanrings to combined fixed charges and preferred stock dividends	(2)	(2)	(2)	(2)	(2)

(1) During each of these periods, our earnings were less than our fixed charges. The amount of such deficiency was approximately $12.0 million, $12.9 million, $14.5 million, $18.5 million and $28.3 million for the fiscal years ended December 31, 2007, 2006, 2005, 2004 and 2003, respectively.

(2) During each of these periods, the Company had no preferred stock outstanding.

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EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the inclusion in this Annual Report (Form 10-K) of EXACT Sciences Corporation of our report dated March 17, 2008, with respect to the consolidated financial statements of EXACT Sciences Corporation, included in the 2007 Annual Report to Shareholders of EXACT Sciences Corporation.

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statements (Forms S-3 No. 333-108679 and No. 333-147511) of EXACT Sciences Corporation, and

(2) Registration Statements (Forms S-8 No. 333-54618, No. 333-107840, No. 333-123584 and No. 333-141323) pertaining to the 2000 Stock Option and Incentive Plan of EXACT Sciences Corporation;

of our report dated March 17, 2008, with respect to the consolidated financial statements of EXACT Sciences Corporation included herein, and our report dated March 17, 2008, with respect to the effectiveness of internal control over financial reporting of EXACT Science Corporation included in this Annual Report (Form 10-K) of EXACT Sciences Corporation for the year ended December 31, 2007.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 17, 2008

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EXHIBIT 31.1

CERTIFICATION

I, Patrick J. Zenner, Executive Chairman and Interim Chief Executive Officer of EXACT Sciences Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of EXACT Sciences Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 17, 2008

/s/ PATRICK J. ZENNER

Patrick J. Zenner
Executive Chairman and
Interim Chief Executive Officer

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EXHIBIT 31.2

CERTIFICATION

I, Charles R. Carelli, Jr., Senior Vice President, Chief Financial Officer, Treasurer, and Secretary of EXACT Sciences Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of EXACT Sciences Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 17, 2008

/s/ CHARLES R. CARELLI, JR.

Charles R. Carelli, Jr.
Senior Vice President, Chief Financial Officer, Treasurer, and Secretary

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EXHIBIT 32

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of EXACT Sciences Corporation (the "Company") for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Patrick J. Zenner, Executive Chairman and Interim Chief Executive Officer of the Company and Charles R. Carelli, Jr., Senior Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d), of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 17, 2008

/s/ PATRICK J. ZENNER

Patrick J. Zenner
Executive Chairman and
Interim Chief Executive Officer

Dated: March 17, 2008

/s/ CHARLES R. CARELLI, JR.

Charles R. Carelli, Jr.
Senior Vice President, Chief Financial Officer,
Treasurer and Secretary

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