

EXACT SCIENCES CORP  
Form DEF 14A  
April 29, 2011

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

**SCHEDULE 14A**  
(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**EXACT SCIENCES CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:  
N/A

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(2) Aggregate number of securities to which transaction applies:

N/A

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

N/A

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

N/A

(2) Form, Schedule or Registration Statement No.:

N/A

(3) Filing Party:

N/A

(4) Date Filed:

N/A

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**441 Charmany Drive  
Madison, Wisconsin 53719**

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Exact Sciences Corporation to be held at 10:00 a.m., local time, on Thursday, July 28, 2011, at the MG&E Innovation Center, 510 Charmany Drive, Room 50, Madison, Wisconsin 53719.

We look forward to your attending either in person or by proxy. Further details regarding the matters to be acted upon at this meeting appear in the accompanying Notice of 2011 Annual Meeting and Proxy Statement. Please give this material your careful attention.

Very truly yours,

Kevin T. Conroy  
*President and Chief Executive Officer*

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**EXACT SCIENCES CORPORATION**  
**441 Charmany Drive**  
**Madison, Wisconsin 53719**  
**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS**  
**To Be Held on July 28, 2011**

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To the Stockholders of Exact Sciences Corporation:

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders of Exact Sciences Corporation, a Delaware corporation, will be held on Thursday, July 28, 2011, at 10:00 a.m., local time, at the MG&E Innovation Center, 510 Charmany Drive, Room 50, Madison, Wisconsin 53719, for the following purposes:

1. To elect two members of the Board of Directors nominated by the Board of Directors to serve for three year terms as Class II directors.
2. To hold an advisory vote on executive compensation.
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation.
4. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2011.
5. To transact such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

Only stockholders of record at the close of business on May 31, 2011, the record date fixed by the Board of Directors, are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof. If you plan to attend the annual meeting and you require directions, please call us at (608) 284-5700.

By Order of the Board of Directors,

Kevin T. Conroy  
*President and Chief Executive Officer*

Madison, Wisconsin  
June 13, 2011

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**441 Charmany Drive  
Madison, Wisconsin 53719  
PROXY STATEMENT**

The Board of Directors (the "Board") of Exact Sciences Corporation (the "Company," "Exact," "we," "us" or "our") is providing these materials to you in connection with Exact's annual meeting of stockholders. The annual meeting will take place on Thursday, July 28, 2011, at 10:00 a.m., local time, at the MG&E Innovation Center, 510 Charmany Drive, Room 50, Madison, Wisconsin 53719.

**General Information**

**Why am I receiving these materials?**

**You have received these proxy materials because our Board of Directors is soliciting your proxy to vote your shares at the annual meeting.** The proxy statement includes information that we are required to provide you under Securities and Exchange Commission ("SEC") rules and is designed to assist you in voting your shares.

**What is a proxy?**

Our Board of Directors is asking for your proxy. This means you authorize persons selected by us to vote your shares at the annual meeting in the way that you instruct. All shares represented by valid proxies received before the annual meeting will be voted in accordance with the stockholder's specific voting instructions.

**What is included in these materials?**

These materials include:

the Proxy Statement for Exact's annual meeting;

a proxy card for the annual meeting; and

the 2010 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2010.

**What items will be voted on at the annual meeting?**

There are four proposals scheduled to be voted on at the annual meeting:

the election of the two directors nominated by our Board of Directors as Class II directors to serve until the 2014 annual meeting of stockholders;

the advisory vote on the compensation paid to our executive officers;



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the advisory vote on the frequency of future advisory votes on the compensation paid to our executive officers; and

the ratification of the Audit Committee's appointment of Grant Thornton LLP ("Grant Thornton") as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

The Board of Directors is not aware of any other matters to be brought before the meeting. If other matters are properly raised at the meeting, the proxy holders may vote any shares represented by proxy in their discretion.

**What are the board's voting recommendations?**

Our Board of Directors recommends that you vote your shares:

**FOR** the two directors nominated by our Board of Directors as Class II directors to serve until the 2014 annual meeting of stockholders;

**FOR** the approval of the advisory regarding the compensation paid to our executive officers;

**EVERY THREE YEARS** for the proposal regarding the frequency of holding an advisory vote on the compensation paid to our executive officers; and

**FOR** the ratification of the Audit Committee's appointment of Grant Thornton as our independent registered public accounting firm for 2011.

**Who can attend the annual meeting?**

Admission to the annual meeting is limited to:

stockholders as of the close of business on May 31, 2011;

holders of valid proxies for the annual meeting; and

our invited guests.

Each stockholder may be asked to present valid picture identification such as a driver's license or passport and proof of stock ownership as of the record date.

**When is the record date and who is entitled to vote?**

The Board of Directors set May 31, 2011 as the record date. All record holders of Exact common stock as of the close of business on that date are entitled to vote. Each share of common stock is entitled to one vote. As of the record date, there were [ ] shares of common stock outstanding.

**What is a stockholder of record?**

A stockholder of record or registered stockholder is a stockholder whose ownership of Exact stock is reflected directly on the books and records of our transfer agent, American Stock Transfer and Trust Company, LLC. If you hold stock through an account with a bank, broker or similar organization, you are considered the beneficial owner of shares held in "street name" and are not a stockholder of record. For shares held

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in street name, the stockholder of record is your bank, broker or similar organization. We only have access to ownership records for the registered shares. If you are not a

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stockholder of record, we will require additional documentation to evidence your stock ownership as of the record date, such as a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your notice or voting instruction card. As described below, if you are not a stockholder of record, you will not be able to vote your shares unless you have a proxy from the stockholder of record authorizing you to vote your shares.

**How do I vote?**

You may vote by any of the following methods:

*In person.* Stockholders of record and beneficial stockholders with shares held in street name may vote in person at the meeting. If you hold shares in street name, you must also obtain a proxy from the stockholder of record authorizing you to vote your shares.

*By mail.* You may vote by signing and returning the proxy card or voting instruction card provided.

*Beneficial owners of shares held in "street name."* You may vote by following the voting instructions provided to you by your bank or broker.

**How can I change or revoke my vote?**

You may change or revoke your vote as follows:

*Stockholders of record.* You may change or revoke your vote by submitting a written notice of revocation to Exact Sciences Corporation c/o Secretary at 441 Charmany Drive, Madison, Wisconsin 53719 or by submitting another vote on or before July 27, 2011.

*Beneficial owners of shares held in "street name."* You may change or revoke your voting instructions by following the specific directions provided to you by your bank or broker.

**What happens if I do not give specific voting instructions?**

*Stockholders of record.* If you are a stockholder of record and you sign and return a proxy card without giving specific voting instructions then the proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the meeting.

*Beneficial owners of shares held in "street name."* If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is referred to as a "broker non-vote."

**Which ballot measures are considered "routine" or "non-routine"?**

The election of directors ("Proposal 1"), the advisory vote on the compensation paid to our executive officers ("Proposal 2") and the advisory vote on the frequency of holding an advisory vote on

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the compensation paid to our executive officers ("Proposal 3") are considered to be non-routine matters under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals 1, 2 and 3.

The ratification of the appointment of Grant Thornton as our independent registered public accounting firm for 2011 ("Proposal 4") is considered to be a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and we do not expect there to be any broker non-votes with respect to Proposal 4.

**What is the quorum for the annual meeting?**

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote is necessary for the transaction of business at the annual meeting. This is called a quorum.

**What is the voting requirement to approve each of the proposals?**

The following are the voting requirements for each proposal:

*Proposal 1, Election of Directors.* The two nominees receiving the highest number of votes will be elected as Class II directors to serve until the 2014 annual meeting of stockholders.

*Proposal 2, Advisory Vote on Executive Compensation.* The compensation paid to our executive officers will be considered approved if a majority of the votes of stockholders present or represented, in person or by proxy, and voting on this matter are cast in favor of the proposal.

*Proposal 3, Advisory Vote on Frequency of Holding an Advisory Vote on Executive Compensation.* If the majority of the votes of stockholders present or represented, in person or by proxy, and voting on this matter are cast in favor of a particular frequency alternative (whether every year, every two years or every three years), such frequency will be considered to be the recommendation of the stockholders on the advisory vote regarding the frequency of holding an advisory vote on executive compensation.

*Proposal 4, Ratification of Appointment of Independent Registered Public Accounting Firm.* The ratification of the Audit Committee's appointment of Grant Thornton as our independent registered public accounting firm for 2011 will be approved if a majority of stockholders present or represented, in person or by proxy, and voting on this matter are cast in favor of the proposal.

**How are abstentions and broker non-votes treated?**

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Broker non-votes and abstentions are not counted as votes cast on any proposal considered at the annual meeting and, therefore, will have no effect on the proposals regarding the election of directors and the advisory votes on the compensation of our executive officers and the frequency of future advisory votes on executive compensation. We expect no broker non-votes on the proposal regarding the ratification of the appointment of Grant Thornton as our independent registered public accounting firm for 2011, and abstentions will have no effect on this proposal.

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**Who pays for solicitation of proxies?**

We are paying the cost of soliciting proxies. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to stockholders and obtaining their votes. In addition to soliciting the proxies by mail, certain of our directors, officers and regular employees, without compensation, may solicit proxies personally or by telephone, facsimile and email.

**Where can I find the voting results of the annual meeting?**

We will announce preliminary or final voting results at the annual meeting and publish final results in a Form 8-K filed with the SEC within four business days following the meeting.

**What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2012 annual meeting of stockholders?**

*Requirements for Stockholder Proposals to Be Considered for Inclusion in the Company's Proxy Materials.* Stockholder proposals to be considered for inclusion in the proxy statement and form of proxy relating to the 2012 annual meeting of stockholders must be received no later than February 14, 2012. In addition, all proposals will need to comply with Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals must be delivered to the Company's Secretary at 441 Charmany Drive, Madison, Wisconsin 53719.

*Requirements for Stockholder Proposals to Be Brought Before the 2012 Annual Meeting of Stockholders.* Notice of any director nomination or other proposal that you intend to present at the 2012 annual meeting of stockholders, but do not intend to have included in the proxy statement and form of proxy relating to the 2012 annual meeting of stockholders, must be delivered to the Company's Secretary at 441 Charmany Drive, Madison, Wisconsin 53719 not earlier than the close of business on March 30, 2012 and not later than the close of business on April 29, 2012. In addition, your notice must set forth the information required by our bylaws with respect to each director nomination or other proposal that you intend to present at the 2012 annual meeting of stockholders.

**SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of our common stock as of April 27, 2011 by:

each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;

each executive officer included in the Summary Compensation Table below;

each of our directors;

each person nominated to become director; and

all executive officers, directors and nominees as a group.

Unless otherwise noted below, the address of each person listed on the table is c/o Exact Sciences Corporation at 441 Charmany Drive, Madison, Wisconsin 53719. To our knowledge, each person listed

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below has sole voting and investment power over the shares shown as beneficially owned except to the extent jointly owned with spouses or otherwise noted below.

Beneficial ownership is determined in accordance with the rules of the SEC. The information does not necessarily indicate ownership for any other purpose. Under these rules, shares of common stock issuable by us to a person pursuant to options or warrants which may be exercised within 60 days after April 27, 2011 are deemed to be beneficially owned and outstanding for purposes of calculating the number of shares and the percentage beneficially owned by that person. However, these shares are not deemed to be beneficially owned and outstanding for purposes of computing the percentage beneficially owned by any other person. The applicable percentage of common stock outstanding as of April 27, 2011 is based upon 52,191,956 shares outstanding on that date.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership			
	Number of Issued Shares	Number of Shares Issuable(1)	Total Shares Beneficially Owned	Percentage of Common Stock Outstanding
<i>Directors and Executive Officers</i>				
Maneesh K. Arora	23,548(2)	703,125	726,673	1.4%
Barry M. Berger	100,708(3)	480,438	581,146	1.1%
James Connelly	46,144		46,144	*
Kevin T. Conroy	53,788(4)	1,406,250	1,460,038	2.7%
Sally W. Crawford	164,385	100,000	264,385	*
Daniel Levangie	55,831		55,831	*
Graham P. Lidgard	112,334(5)	262,500	374,834	*
Katherine Napier	28,652		28,652	*
Lionel Sterling	61,780		61,780	*
David A. Thompson	17,493		17,493	*
All directors and executive officers as a group (9 persons)	563,955	2,471,875	3,035,830	5.6%
<i>Stockholders</i>				
D. E. Shaw & Co., L.P.(6)	2,644,084		2,644,084	5.1%
MAK Capital One LLC(7)	3,250,903		3,250,903	6.2%
Wasatch Advisors, Inc.(8)	3,385,054		3,385,054	6.5%

\* Less than one percent.

(1) Represents shares of our common stock issuable pursuant to option awards.

(2) Includes 5,446 shares held through our 401(k) plan.

(3) Includes 24,884 shares held through our 401(k) plan.



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- (4) Includes 11,149 shares held through our 401(k) plan.
- (5) Includes 100,000 shares of restricted stock and 5,169 shares held through our 401(k) plan.
- (6) Consists of 2,644,084 shares beneficially owned by D.E. Shaw & Co., L.P., a Delaware limited partnership ("D.E. Shaw"), through its subsidiaries, D.E. Shaw Valence Portfolios, L.L.C., which owns 1,413,738 of such shares, and D.E. Shaw Oculus Portfolios, L.L.C., which owns 1,030,630 of such shares, and 199,716 shares under the management of D.E. Shaw Investment Management, L.L.C. D.E. Shaw and David E. Shaw have shared dispositive power with respect to 2,616,284 shares and shared voting power with respect to all 2,644,084 shares. The principal business address of D.E. Shaw is 1166 Avenue of the Americas, 9th Floor, New York, New York 10036. This information has been obtained from Amendment No. 1 to Schedule 13G filed by the above-named entities with the SEC on February 14, 2011.
- (7) Consists of 1,264,520 shares beneficially owned by Paloma International L.P., a Delaware limited partnership ("Paloma"), through its subsidiary, Sunrise Partners Limited Partnership, and 1,986,383 shares beneficially owned by MAK Capital Fund LP, a Bermuda limited partnership ("MAK Fund"). MAK Capital One LLC, a Delaware limited liability company ("MAK Capital"), MAK Fund and Michael A. Kaufman have shared dispositive power and shared voting power with respect to all 3,250,903 shares. Paloma and S. Donald Sussman have shared dispositive power and shared voting power with respect to the 1,264,520 shares beneficially owned by Paloma. The principal business address of MAK Capital is 590 Madison Avenue, 9th Floor, New York, New York 10022. This information has been obtained from Amendment No. 5 to Schedule 13G filed by the above-named entities with the SEC on February 16, 2010.
- (8) The address of Wasatch Advisors, Inc. is 150 Social Hall Avenue, Suite 400, Salt Lake City, Utah 84111. This information has been obtained from a Schedule 13G filed by Wasatch Advisors, Inc. with the SEC on February 14, 2011.

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The Company's Board of Directors currently consists of seven members and is divided into three classes serving terms of three years. Stockholders elect one class of directors at each annual meeting. Two directors are to be elected at this annual meeting to hold office until the 2014 annual meeting of stockholders or until a successor has been duly elected and qualified. Upon the recommendation of the Corporate Governance and Nominating Committee of our Board of Directors, the Board of Directors has nominated and recommended James P. Connelly and Lionel N. Sterling for re-election to the Board of Directors as Class II directors.

Shares represented by all proxies received by the Board of Directors and not marked so as to withhold authority to vote for any individual nominee will be voted FOR the election of all the nominees named below. The Board of Directors knows of no reason why any such nominee would be unable or unwilling to serve, but if such should be the case, proxies may be voted for the election of some other person nominated by the Board of Directors.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS  
A VOTE FOR THE NOMINEES LISTED BELOW**

The following table sets forth the nominees to be elected at the 2011 Annual Meeting and continuing directors and, for each nominee and director whose term of office will extend beyond the 2011 Annual Meeting, the year such director was first elected as a director, the positions currently held by each director with us, the year each director's current term will expire and the current class of each director.

Nominee's or Director's Name and Year First Became Director	Position with the Company	Year Current Term Will Expire	Current Class of Director
<b>Nominees for Class II Directors:</b>			
James P. Connelly 2009	Chairman of the Board	2011	II
Lionel N. Sterling 2010	Director	2011	II
<b>Continuing Directors:</b>			
Kevin T. Conroy 2009	President, Chief Executive Officer and Director	2013	I
Sally W. Crawford 1999	Director	2012	III
Daniel J. Levangie 2010	Director	2012	III
Katherine Napier 2009	Director	2013	I
David A. Thompson 2010	Director	2013	I

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**INFORMATION CONCERNING DIRECTORS AND NOMINEES FOR DIRECTOR**

Set forth below is background information for each current director and nominee for director, as well as information regarding additional experience, qualifications, attributes or skills that led the Board of Directors to conclude that such director or nominee should serve on the Board.

**James P. Connelly**, age 64, has served as a director since April 2009 and as chairman of our Board of Directors since July 2010. Mr. Connelly has been a partner at Foley & Lardner, a Milwaukee-based law firm, since 1977, where he was the founding chairman of the Health Law Practice. He brings to our Board of Directors more than 30 years of experience providing strategic business and legal advice to large health care networks, clinics and laboratories. He also has advised a number of emerging biotechnology and life sciences companies. He previously was a director of Third Wave Technologies, Inc., a molecular diagnostics company. Mr. Connelly earned a bachelor's degree from Marquette University and a law degree from the Georgetown University Law Center, where he was Editor-In-Chief of the Georgetown Law Journal.

Mr. Connelly brings to the Board strategic planning and legal expertise from his experience as a health law attorney. His background in the life sciences industry also provides the Board of Directors a valuable perspective.

**Kevin T. Conroy**, age 45, has served as our President and Chief Executive Officer since April 2009 and as a director since March 2009. Mr. Conroy served as president and chief executive officer of Third Wave Technologies, Inc., a molecular diagnostics company, from December 2005 until the acquisition of Third Wave by Hologic, Inc. in July 2008. He joined Third Wave in July 2004 and served as general counsel until December 2005. Prior to joining Third Wave, Mr. Conroy served as intellectual property counsel at GE Healthcare, a medical imaging and diagnostics company and a division of General Electric Company. Before joining GE Healthcare, Mr. Conroy was chief operating officer of two early-stage venture-backed technology companies. Prior to those positions, he was an intellectual property litigator at two Chicago law firms, McDermott Will & Emery, and Pattishall, McAuliffe, Newbury, Hilliard and Geraldson, where he was a partner. He earned a bachelor's of science degree in electrical engineering at Michigan State University and a J.D. from the University of Michigan.

Mr. Conroy brings extensive business, legal and executive leadership experience to the Board of Directors. With his significant knowledge of and breadth of experience in the healthcare industry in general and the molecular diagnostics industry in particular, he provides the Board of Directors with a vital understanding of our business.

**Sally W. Crawford**, age 57, has served as a director since August 1999 and served as our Chairperson from January 2006 to April 2008. Ms. Crawford was an independent healthcare consultant from 1997 to 2009, serving multiple healthcare clients, including Bayer Diabetes Care, a pharmaceutical and medical products division of Bayer Healthcare, from 2005 to 2008. Prior to that, she served as the Director of Marketing for Matthew Thornton Health Plan, New Hampshire's first health maintenance organization, the Marketing Director for Beacon Health, a health maintenance organization, and Chief Operating Officer for Healthsource, Inc., a managed care organization which she co-founded. Ms. Crawford also served as the Chief Executive Officer of several subsidiaries of Healthsource, including Healthsource New Hampshire, Healthsource for Seniors, Jobcare and Healthsource Administrators. Ms. Crawford is currently a director of Zalicus Inc., a synergistic combination pharmaceuticals company, Hologic, Inc., a diagnostic, imaging systems and surgical products company, Universal American Corp., a Medicare managed care company, and Insulet Corporation, a medical

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device company. She previously served as a director of Chittenden Corporation, a bank holding company, Cytoc Corporation, a medical equipment and device company, and Harborside Healthcare Corporation, an owner and operator of long-term care facilities. Ms. Crawford earned a bachelor's degree in English from Smith College and an MS in communications from Boston University.

Ms. Crawford brings to the Board of Directors executive leadership skills and marketing expertise acquired as an executive in the healthcare industry. In addition, her longstanding quality service as a member of our Board of Directors, as well as her significant experience in the healthcare industry and serving on the boards of directors of other companies, gives her a deep understanding of the healthcare industry and of the role of the board of directors.

**Daniel J. Levangie**, age 60, has served as a director since July 2010. Mr. Levangie has served as President, Chief Executive Officer and a director of Keystone Dental, a dental products company, since 2009. He previously served as Managing Partner of Constitution Medical Investors, Inc., a private investment firm focused on healthcare sector-related acquisitions, from 2008 to 2009 and as Executive Vice President of Cytoc Corporation, a medical equipment and device company, and President of Cytoc Surgical Products, a wholly-owned subsidiary of Cytoc, from July 2006 to October 2007. Prior to that, Mr. Levangie held a variety of executive positions with Cytoc. Prior to joining Cytoc in 1994, Mr. Levangie was employed in several sales and marketing positions by Abbott Laboratories, a diversified healthcare company. Mr. Levangie is currently a director of Dune Medical Devices Ltd., a medical device company, ev3, Inc., a medical device company, and HyperMed, Inc., a medical imaging company, and LipoScience, Inc, a diagnostics company. He previously served as a director of Cytoc and Hologic, Inc., a diagnostic, imaging systems and surgical products company. Mr. Levangie earned a bachelor's degree in pharmacy from Northeastern University.

Mr. Levangie brings a wealth of executive, managerial and leadership experience in the healthcare industry to our Board of Directors. He has significant board of director experience from his service on the boards of directors of numerous medical device and biotechnology companies.

**Katherine Napier**, age 56, has served as a director since April 2009. She has served as the Chief Executive Officer of Arbonne International, a privately held skin care and cosmetics company, since August 2009. From July 2002 to March 2006, she served as senior vice president of Marketing at McDonald's Corporation, a leading global foodservice retailer. Before joining McDonald's, Ms. Napier held a variety of positions with Procter & Gamble, a manufacturer and distributor of a broad range of consumer products, where during a 23-year career she rose from assistant brand manager to vice president and general manager of the company's North American pharmaceutical business and the corporate women's health platform. Ms. Napier currently serves on the board of directors of Hill-Rom Holdings, Inc., a worldwide manufacturer and provider of medical technologies and related services for the health care industry. She also serves on the board of directors of Xavier University. She previously served as a director of Mentor Corporation, a medical device company, Alberto Culver Company, a personal care products company, and Third Wave Technologies, Inc., a molecular diagnostics company. Ms. Napier earned a bachelor's degree in economics and studio fine arts from Georgetown University and an MBA in marketing and finance from Xavier University.

Ms. Napier's extensive executive, managerial and leadership experience, including many years in the pharmaceutical industry, positions her well to serve as a member of our Board of Directors. Her business acumen and experience on the boards of directors of numerous companies make her a valuable addition to our Board of Directors.

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**Lionel N. Sterling**, age 73, has served as a director since July 2010. Since 1987, he has served as the President of Equity Resources, Inc., a private investment firm. In 1988, he co-founded the private investment firm Whitehead/Sterling, as managing partner from 1988 to 1993. Prior to founding Whitehead/Sterling, Mr. Sterling served as Executive Vice President of United Brands Company, a leading manufacturer of flavored malt beverage and beer products, Sector Executive and Chief Financial Officer of American Can Company, a Dow 30 manufacturing company, and Vice President and Managing Director of Donaldson, Lufkin & Jenrette, Inc. ("DLJ"), an investment banking firm. He also has held various positions at ITT Corporation, a high-technology engineering and manufacturing company. Mr. Sterling currently serves on the board of directors of Molecular Insight Corporation, a clinical-stage biopharmaceutical company, and previously served as chairman of the board of directors of Rayovac Corporation, a leading manufacturer of alkaline storage batteries, and as a director of United Brands Company, Third Wave Technologies, Inc., a molecular diagnostics company, and I-stat Corporation, a medical diagnostics company. Mr. Sterling earned a bachelor's degree from Brooklyn College and an MBA in finance from New York University.

Mr. Sterling brings financial and investment expertise to our Board of Directors acquired through his finance education and his experience as a chief financial officer and as an executive at an investment banking firm. He also possesses valuable directorship experience from having served on the boards of directors of numerous companies, including a clinical-stage biopharmaceutical company and a molecular diagnostics company.

**David A. Thompson**, age 69, has served as a director since July 2010. He was the Chairman and Lead Independent Director of Third Wave Technologies, Inc., a molecular diagnostics company, from 2005 until its acquisition by Hologic, Inc. in July 2008. Prior to that, he retired in 1995 from Abbott Laboratories, a diversified healthcare company, where he worked for more than thirty years. He held several corporate officer positions within Abbott, including Senior Vice President and President Diagnostic Division, Vice President Human Resources, Vice President Corporate Materials Management and Vice President Operations. Mr. Thompson previously served as the Lead Director of St. Jude Medical, Inc., a medical technology and services company, and as a director of Third Wave, LifeCell Corporation, a medical products company, NeoPath Health, a healthcare company, Nabi Biopharmaceuticals, a biopharmaceutical company, Tripath Imaging, Inc., a medical diagnostics company, and HYCOR Biomedical, Inc., a medical diagnostics company.

Mr. Thompson brings to the Board of Directors extensive executive and leadership experience in the healthcare industry in general and the molecular diagnostics industry in particular. His significant lead independent director experience provides a valuable perspective to our Board of Directors.

Table of Contents**INFORMATION CONCERNING EXECUTIVE OFFICERS**

Set forth below is background information relating to our executive officers:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Kevin T. Conroy	45	President, Chief Executive Officer and Class I Director
Maneesh K. Arora	42	Senior Vice President and Chief Financial Officer
Graham P. Lidgard, Ph.D.	62	Senior Vice President and Chief Science Officer
John M. Krayacich	49	Senior Vice President, Sales and Marketing

**Kevin T. Conroy** is discussed above under *Information Concerning Directors and Nominees for Director*.

**Maneesh K. Arora** has served as our Senior Vice President and Chief Financial Officer since April 2009. He served as chief financial officer of Third Wave Technologies, Inc., a molecular diagnostics company, from January 2006 until the acquisition of Third Wave by Hologic, Inc. in July 2008. He joined Third Wave in January 2003 as director of strategy and was promoted successively to vice president and senior vice president in 2004. He began his career at Kraft Foods as a financial analyst and held several positions of increasing responsibility during his nine years there. Mr. Arora earned a bachelor's degree in economics from the University of Chicago and an MBA from the Kellogg Graduate School of Management.

**Graham P. Lidgard, Ph.D.**, was appointed as our Senior Vice President and Chief Science Officer in August 2009. He joined us from Nanogen Inc., a medical diagnostics products company, where he was Senior Vice President of research and development from 2003 to 2009. Prior to joining Nanogen, Dr. Lidgard led the research and development organization at Gen-Probe Inc., a molecular diagnostics company, which developed that company's Procleix blood screening products and Aptima sexually transmitted disease products, as well as the system development group at Gen-Probe that developed its fully automated Tigris system. Prior to joining Gen-Probe in 1995, he was co-founder and Vice President of product development of Matritech Inc., a developer of diagnostic products for the early detection of bladder cancer. Before he co-founded Matritech, Dr. Lidgard held senior positions at Ciba Corning Diagnostics Corp.'s worldwide diagnostics group. While at Ciba Corning, he was involved in the development of more than seventy 510(k)-cleared products. He led the program for the development of the magnetic particle chemiluminescent technology that became the ACS:180 and Centaur systems. Dr. Lidgard earned a bachelor's degree with honors and a doctorate in biological chemistry from the University of Manchester in England.

**John M. Krayacich**, was appointed as our Senior Vice President, Sales and Marketing in March 2011. He joined us from Ambrose Pharmaceuticals Inc., an early stage specialty pharmaceutical company, where he was President and Chief Executive Officer from 2010 to March 2011. Prior to joining Ambrose, Mr. Krayacich served from 2008 to 2009 as the President and Chief Executive Officer of Marinus Pharmaceuticals, Inc., an early stage specialty pharmaceutical company. Prior to joining Marinus, he was vice president and therapeutic area head for the neuroscience global project management at Novartis Pharmaceutical Corporation, a leading healthcare and pharmaceutical company, from 2003 to 2008. He has also served as vice president and therapeutic group leader of

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worldwide marketing for the neurology group of Pfizer Pharmaceuticals Group, a research-based biomedical and pharmaceutical company, where he led global product strategy and market development for the group. Mr. Krayacich has also served in several roles at Parke-Davis, a division of Warner-Lambert Inc., a pharmaceutical company, including as Senior Director, Atherosclerosis. He also managed the development of the global strategy and marketing programs for Lipitor®. Mr. Krayacich earned a bachelor's degree in Physiology, a master's degree in a Physiology and an MBA from The University of Western Ontario.

**CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS**

***Board Independence***

The Board of Directors has determined that each of James P. Connelly, Sally W. Crawford, Daniel J. Levangie, Katherine Napier, Lionel N. Sterling and David A. Thompson is an independent director within the meaning of the director independence standards of The NASDAQ Stock Market, Inc. ("NASDAQ"). Furthermore, the Board has determined that all of the members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are independent within the meaning of the director independence standards of NASDAQ and the rules of the SEC applicable to each such committee.

***Executive Sessions of Independent Directors***

Executive sessions of our independent directors are generally held following each regularly scheduled in-person meeting of the Board of Directors. Executive sessions do not include any non-independent directors and are led by the chairman of the Board of Directors, who is independent. The independent directors of the Board of Directors met in executive session four times in 2010.

***Board Leadership Structure***

The Board of Directors has an independent chairman, meaning that the positions of chairman of the Board of Directors and Chief Executive Officer are not held by a single individual. The Board of Directors believes that having an independent chairman is beneficial in that it ensures that management is subject to independent and objective oversight and the independent directors have an active voice in the governance of the Company.

***Policy Governing Security Holder Communications with the Board of Directors***

Any of our security holders who wish to communicate directly with the Board, the independent directors of the Board or any individual member of the Board may do so by sending such communication by certified mail addressed to the Chairman of the Board, as a representative of the entire Board of Directors or the independent directors of the Board, or to the individual director or directors, in each case, c/o Secretary, Exact Sciences Corporation, 441 Charmany Drive, Madison, Wisconsin 53719. We will forward any such security holder communication to the Chairman of the Board and/or to the director to whom the communication is addressed on a periodic basis.

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***Policies Regarding Director Nominations***

*Director Qualifications*

The Corporate Governance and Nominating Committee is responsible for identifying the appropriate qualifications, skills and characteristics desired of members of the Board of Directors in the context of the needs of the business and the current composition and needs of the Board of Directors.

Director candidates are considered based upon a variety of criteria, including demonstrated business and professional skills and experiences relevant to our business and strategic direction, concern for long-term stockholder interests, personal integrity and sound business judgment. The Board of Directors seeks members from diverse professional backgrounds who combine a broad spectrum of relevant industry and strategic experience and expertise that, in concert, offer us and our stockholders diversity of opinion and insight in the areas most important to us and our corporate mission. In addition, nominees for director are selected to have complementary, rather than overlapping, skill sets. However, the Corporate Governance and Nominating Committee does not have a formal policy concerning the diversity of the Board of Directors. All candidates for director nominee must have time available to devote to the activities of the Board of Directors. The Corporate Governance and Nominating Committee also considers the independence of candidates for director nominee, including the appearance of any conflict in serving as a director. Candidates for director nominees who do not meet all of these criteria may still be considered for nomination to the Board of Directors, if the Corporate Governance and Nominating Committee believes that the candidate will make an exceptional contribution to us and our stockholders.

*Process for Identifying and Evaluating Director Nominees*

The Board of Directors is responsible for selecting nominees for election to the Board of Directors by the stockholders. The Board of Directors delegates the selection process to the Corporate Governance and Nominating Committee, with the expectation that other members of the Board of Directors, and of management, may be requested to take part in the process as appropriate. Generally, the Corporate Governance and Nominating Committee identifies candidates for director nominees in consultation with management, through the use of search firms or other advisers, through the recommendations submitted by other directors or stockholders or through such other methods as the Corporate Governance and Nominating Committee deems appropriate. Once candidates have been identified, the Corporate Governance and Nominating Committee confirms that the candidates meet the qualifications for director nominees established by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks, or any other means that the Corporate Governance and Nominating Committee deems to be helpful in the evaluation process. The Corporate Governance and Nominating Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board of Directors. Based on the results of the evaluation process, the Corporate Governance and Nominating Committee recommends candidates for the Board of Directors' approval as director nominees for election to the Board of Directors. The Corporate Governance and Nominating Committee also recommends candidates for the Board of Directors' appointment to the standing committees of the Board of Directors.

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*Procedures for Recommendation of Director Nominees by Stockholders*

The policy of the Corporate Governance and Nominating Committee is to consider properly submitted stockholder recommendations for director candidates. To submit a recommendation to the Corporate Governance and Nominating Committee for director nominee candidates, a stockholder must make such recommendation in writing and include:

the name and address of the stockholder making the recommendation, as they appear on our books and records, and of such record holder's beneficial owner, if any;

the class and number of shares of our equity that are owned beneficially and held of record by such stockholder and such beneficial owner including all "synthetic equity instruments" (e.g., derivatives, swaps, hedges, etc.), voting rights, rights to fees, dividends, or other material rights;

a description of the material terms of any agreements, arrangements or understandings (whether or not in writing) entered into between such stockholder or such beneficial owner and any other person for the purpose of acquiring, holding, disposing or voting of any shares of any class of our equity;

the name of the individual recommended for consideration as a director nominee;

why such recommended candidate meets our criteria and would be able to fulfill the duties of a director;

how the recommended candidate meets applicable independence requirements established by the SEC and NASDAQ;

the recommended candidate's beneficial ownership in our securities;

any relationships between the recommended candidate and us which may constitute a conflict of interest; and

all other information relating to the recommended candidate that would be required to be disclosed in solicitations of proxies for the election of directors or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, including the recommended candidate's written consent to being named in the proxy statement as a nominee and to serving as a director if approved by the Board of Directors and elected.

Recommendations must be sent to the Chairman of the Corporate Governance and Nominating Committee, c/o Secretary, Exact Sciences Corporation, 441 Charmany Drive, Madison, Wisconsin 53719. The Secretary must receive any such recommendation for nomination not later than the close of business on the 120th day nor earlier than the close of business on the 150th day prior to the first anniversary of the date of the proxy statement delivered to stockholders in connection with the preceding year's annual meeting of stockholders; provided, however, that with respect to a special meeting of stockholders called by us for the purpose of electing directors to the Board of Directors, the Secretary must receive any such recommendation not earlier than the 90th day prior to such special meeting nor later than the later of (1) the close of business on the 60th day prior to such special meeting or (2) the close of business on the 10th day following the day on which a public announcement is first made regarding such special meeting. We will promptly forward any such nominations to the Corporate Governance and Nominating Committee. Once the Corporate Governance and Nominating

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Committee receives a recommendation for a director candidate, such candidate will be evaluated in the same manner as other candidates and a recommendation with respect to such candidate will be delivered to the Board of Directors.

***Policy Governing Director Attendance at Annual Meetings of Stockholders***

Our policy is to schedule a regular meeting of the Board of Directors on the same date as our annual meeting of stockholders and, accordingly, directors are encouraged to be present at such stockholder meetings. Six of our eight then-current board members attended the 2010 annual meeting of stockholders.

***Code of Ethics***

In 2003, we adopted a code of ethics that applies to all of our directors, officers and employees. The code of ethics is designed to deter wrongdoing and promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications that we make;

compliance with applicable governmental laws, rules and regulations;

the prompt internal reporting of violations of the code to an appropriate person identified in the code of ethics;

accountability for adherence to the code of ethics; and

anonymous reporting of violations of the code via reporting mechanisms approved by our Audit Committee.

A current copy of our code of ethics is available at [www.exactsciences.com](http://www.exactsciences.com). A copy may also be obtained, free of charge, from us upon a request directed to Exact Sciences Corporation, 441 Charmany Drive, Madison, Wisconsin 53719, attention: Investor Relations. We intend to disclose any amendments to or waivers of a provision of the code of ethics by posting such information on our website available at [www.exactsciences.com](http://www.exactsciences.com) and/or in our public filings with the SEC.

For more corporate governance information, you are invited to access the Corporate Governance section of our website available at [www.exactsciences.com](http://www.exactsciences.com).

**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

***Board of Directors***

Our bylaws state that the number of directors constituting the entire Board of Directors shall be determined by resolution of the Board and that the Board has the authority to increase the number of directors, fill any vacancies on the Board and to decrease the number of directors to eliminate any vacancies. The number of directors currently fixed by our Board of Directors is seven.

Our Board of Directors met six times during the year ended December 31, 2010. All directors attended at least 75% of the aggregate of all meetings of the Board of Directors and all committees of



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the Board of Directors on which he or she then served during 2010 for the periods during which each such director served. The Board of Directors has standing Compensation, Audit, Corporate Governance and Nominating, and Innovation and Technology Committees. The Board of Directors and each standing committee retains the authority to engage its own advisors and consultants. Each standing committee has a charter that has been approved by the Board of Directors. A copy of each committee charter is available at [www.exactsciences.com](http://www.exactsciences.com). Each committee reviews the appropriateness of its charter annually or at such other intervals as each committee determines.

The following table sets forth the current members of each standing committee of the Board:

Name	Audit	Compensation	Corporate Governance and Nominating	Innovation and Technology
James P. Connelly			x	x
Sally W. Crawford	x	Chair		
Daniel J. Levangie			x	x
Katherine Napier	x	x		Chair
Lionel N. Sterling	Chair			
David A. Thompson		x	Chair	

*Committees*

*Audit Committee.* Our Audit Committee consists of Mr. Sterling, Ms. Crawford and Ms. Napier. The Board of Directors has determined that each member of the Audit Committee is independent within the meaning of the NASDAQ director independence standards and applicable rules of the SEC for audit committee members. The Board of Directors has elected Mr. Sterling as Chairperson of the Audit Committee and has determined that he qualifies as an "audit committee financial expert" under the rules of the SEC. The Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities with respect to financial reports and other financial information. The Audit Committee (1) reviews, monitors and reports to the Board of Directors on the adequacy of the Company's financial reporting process and system of internal controls over financial reporting, (2) has the ultimate authority to select, evaluate and replace the independent auditor and is the ultimate authority to which the independent auditors are accountable, (3) in consultation with management, periodically reviews the adequacy of the Company's disclosure controls and procedures and approves any significant changes thereto, (4) provides the audit committee report for inclusion in our proxy statement for our annual meeting of stockholders and (5) recommends, establishes and monitors procedures for the receipt, retention and treatment of complaints relating to accounting, internal accounting controls or auditing matters and the receipt of confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee met seven times during 2010.

*Compensation Committee.* Our Compensation Committee presently consists of Ms. Crawford, Ms. Napier and Mr. Thompson, each of whom is a non-employee director as defined in Rule 16b-3 of the Exchange Act. The Board of Directors has also determined that each member of the Compensation Committee is also an independent director within the meaning of NASDAQ's director independence standards. Ms. Crawford serves as Chairperson of the Compensation Committee. The Compensation Committee (1) discharges the responsibilities of the Board of Directors relating to the compensation of

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our directors and executive officers, (2) oversees the Company's procedures for consideration and determination of executive and director compensation, and reviews and approves all executive compensation, (3) administers and implements the Company's incentive compensation plans and equity-based plans, (4) reviews and recommends the Compensation Discussion and Analysis for inclusion in our proxy statement for our annual meeting of stockholders and (5) provides the compensation committee report for inclusion in our proxy statement for our annual meeting of stockholders. The Compensation Committee met five times during 2010.

*Corporate Governance and Nominating Committee.* Our Corporate Governance and Nominating Committee consists of Messrs. Connelly, Levangie and Thompson. The Board of Directors has determined that each member of the Corporate Governance and Nominating Committee is an independent director within the meaning of the NASDAQ director independence standards and applicable rules of the SEC. Mr. Thompson serves as Chairperson of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee (1) recommends to the Board of Directors persons to serve as members of the Board of Directors and as members of and chairpersons for the committees of the Board of Directors, (2) considers the recommendation of candidates to serve as directors submitted from the stockholders of the Company, (3) assists the Board of Directors in evaluating the performance of the Board of Directors and the Board committees, (4) advises the Board of Directors regarding the appropriate board leadership structure for the Company, (5) reviews and makes recommendations to the Board of Directors on corporate governance and (6) reviews the size and composition of the Board of Directors and recommends to the Board of Directors any changes it deems advisable. The Corporate Governance and Nominating Committee met six times during 2010.

*Innovation and Technology Committee.* Our Innovation and Technology Committee consists of Ms. Napier and Messrs. Connelly and Levangie. Ms. Napier serves as Chairperson of the Innovation and Technology Committee. The Innovation and Technology Committee (1) assists the Board of Directors in providing counsel to the Company's senior management on the strategic management of basic technology, innovation, medical affairs and regulatory issues, including the portfolio of development projects, management and tracking systems for critical projects, technology development and technical personnel development, (2) assists the Board of Directors and the Company in implementing appropriate advisory interactions, (3) reports and makes recommendations to the Board of Directors regarding the Company's approach to technical and commercial innovation, including the alignment between strategic commercial objectives and the Company's technology and product development plans, and the identification, evaluation and oversight of appropriate technology investments and (4) reports and makes recommendations to the Board of Directors regarding the Company's approach in assuring the Company's existing and new product technologies are commercialized according to the proper safety, health and regulatory compliance principles. The Innovation and Technology Committee met three times during 2010.

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

Sally W. Crawford, Edwin M. Kania, Jr., Connie Mack, III, Katherine Napier, David A. Thompson and Patrick J. Zenner served on the compensation committee in 2010. With the exception of Mr. Zenner, none of the directors who served on the compensation committee in 2010 served as one of our employees in 2010 or has ever served as one of our officers. Mr. Zenner was interim Chief Executive Officer of the Company from July 2007 until March 2008, during which time he was not a

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member of the Compensation Committee. In July 2008, following his resignation as interim Chief Executive Officer of the Company, Mr. Zenner was appointed to the Compensation Committee. During 2010, none of our executive officers served as a director or member of the compensation committee (or other committee performing similar functions) of any other entity of which an executive officer served on our board of directors or compensation committee.

*Role of the Board of Directors in Risk Oversight*

The Board of Directors administers its risk oversight function directly and through the Audit Committee, the Compensation Committee and the Innovation and Technology Committee. The Board and the Audit Committee regularly discuss with management the Company's major risk exposures, their potential financial impact on the Company, and the steps taken to monitor and control those risks. Additionally, the Audit Committee assists the Board in its oversight of the Company's compliance with legal and regulatory matters. The Compensation Committee reviews incentive compensation arrangements to confirm that incentive pay does not encourage the taking of unnecessary risks. At least annually, the Compensation Committee reviews and discusses the relationship between risk management policies and practices, corporate strategy and executive compensation. The Innovation and Technology Committee regularly consults with the Board of Directors concerning the risks related to the management and commercialization of the Company's product technologies.

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is comprised of Sally W. Crawford, Katherine Napier and Lionel N. Sterling. None of the members of the Audit Committee is an officer or employee of the Company, and the Board of Directors has determined that each member of the Audit Committee meets the independence requirements promulgated by The NASDAQ Stock Market, Inc. and the SEC, including Rule 10A-3(b)(1) under the Exchange Act.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls and the certification of the integrity and reliability of the Company's internal controls procedures. In fulfilling its oversight responsibilities, the Audit Committee has reviewed the Company's audited balance sheets at December 31, 2010 and 2009 and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2010, and has discussed them with both management and Grant Thornton, the Company's independent registered public accounting firm. The Audit Committee has also discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61 (Communications with Audit Committees), as currently in effect. The Audit Committee has reviewed permitted services under rules of the SEC as currently in effect and discussed with Grant Thornton its independence from management and the Company, including the matters in the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee has also considered and discussed the compatibility of non-audit services provided by Grant Thornton with that firm's independence.

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Based on its review of the financial statements and the aforementioned discussions, the Audit Committee concluded that it would be reasonable to recommend, and on that basis did recommend, to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Respectfully submitted by the Audit Committee.

THE AUDIT COMMITTEE:

Lionel N. Sterling, *Chairperson*  
Sally W. Crawford  
Katherine Napier

**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (the "CD&A") for the year ended December 31, 2010 with management. In reliance on the reviews and discussions referred to above, the Compensation Committee recommended to the Board of Directors, and the Board of Directors has approved, that the CD&A be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and in this proxy statement.

THE COMPENSATION  
COMMITTEE:

Sally W. Crawford, *Chairperson*  
Katherine Napier  
David A. Thompson

**COMPENSATION AND OTHER INFORMATION CONCERNING DIRECTORS AND OFFICERS**

**Compensation Discussion and Analysis**

***Objectives of Our Executive Compensation Programs***

Our compensation programs for our executive officers are designed to achieve the following objectives:

Focus executive behavior on achievement of our annual and long-term objectives and strategy;

Provide a competitive compensation package that enables us to attract and retain, on a long-term basis, talented executives;

Provide a total compensation structure that the Compensation Committee believes is at least comparable with similarly-sized companies in the biotechnology industry for which we would compete for talent and which consists of a mix of base salary, cash incentives and equity; and

Align the interests of management and stockholders by providing management with longer-term incentives through equity ownership.

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*Elements of Executive Compensation*

Our executive compensation program consists of three primary elements: salary, long-term equity interest, primarily in the form of stock options, and a cash bonus opportunity based on both corporate and individual performance. Pursuant to their employment agreements, certain of our executive officers participate in a long-term incentive plan that provides for certain cash payments upon certain changes of control of the Company. All of our executive officers are also eligible for certain benefits offered to employees generally, including, life, health, disability and dental insurance, as well as participation in our 401(k) plan and 2010 Employee Stock Purchase Plan. We do not believe it is necessary for the attraction or retention of management talent to provide executive officers with compensation in the form of perquisites.

*Determining Executive Compensation*

It is the responsibility of the Compensation Committee to administer our compensation practices, to ensure that they are competitive, financially prudent and that they include incentives that are designed to appropriately drive performance. To achieve this, the Compensation Committee periodically reviews commercially available, industry specific survey data for companies of generally similar employee size and complexity in the biotechnology and biopharmaceutical industries as a general guide for establishing its pay and equity practices and structures. The Compensation Committee, along with the Board of Directors, also reviews and approves corporate objectives used in our executive compensation program to confirm that appropriate goals have been established and tracks performance against them.

The Compensation Committee conducts an annual review of performance and compensation during the first quarter of each year for the purpose of determining the compensation of executive officers other than the Chief Executive Officer. As part of this review, the Chief Executive Officer submits recommendations to the Compensation Committee relating to the compensation of these officers. Following a review of these recommendations, the Compensation Committee approves the compensation of these officers, with such modifications to the Chief Executive Officer's recommendations as the Compensation Committee considers appropriate.

The Compensation Committee's review of the Chief Executive Officer's compensation is subject to separate procedures. With input from members of the entire Board of Directors, the Chairman of the Board, along with the Chairman of the Corporate Governance and Nominating Committee and Chairman of the Compensation Committee, evaluates the Chief Executive Officer's performance and reviews the evaluation with him. Based on that evaluation and review, the Compensation Committee then consults with its independent compensation consultant and determines the Chief Executive Officer's compensation. The Chief Executive Officer is excused from meetings of the Compensation Committee during voting or deliberations regarding his compensation.

In early 2009, the Compensation Committee engaged DolmatConnell & Partners to assist in the development of the compensation packages for our new President and Chief Executive Officer, Kevin T. Conroy, and new Senior Vice President and Chief Financial Officer, Maneesh K. Arora. In late 2009, the Compensation Committee engaged Radford to conduct a competitive assessment of the Company's executive compensation program. Each of these consultants reported directly to the Compensation Committee and did not provide any services to the Company other than the services provided to the Compensation Committee.

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*Analysis of Executive Compensation*

We believe successful long term Company performance is more critical to enhancing stockholder value than short term results. For this reason and to conserve cash and better align the interests of management and stockholders, we emphasize long term equity compensation (consisting primarily of stock option awards) over annual salary and incentive compensation awards.

In late 2009 and early 2010, with the assistance of Radford we analyzed our executive compensation program keeping in mind the following key factors:

Each of our Chief Executive Officer, Chief Financial Officer and Chief Science Officer is a high-profile accomplished executive who joined the Company in 2009.

Following the completion of our strategic transaction with Genzyme in January 2009 and the departure of our former chief executive officer and chief financial officer shortly thereafter, our new executive team was charged with reformulating our basic business strategies and objectives.

We are a growth company.

At hire in 2009, our new executive officers accepted pay packages with lower cash compensation in exchange for increased equity in the form of stock option grants.

Radford analyzed the components of our executive compensation program against a peer group of companies. The peer group consisted of two different types of companies:

publicly traded diagnostics and biotechnology companies generally with less than 200 employees and market capitalization between \$50 million and \$450 million; and

a broader group of public life sciences companies with less than 100 employees.

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The companies in the peer group were:

<b>Company</b>	<b>Product Focus</b>
Acadia Pharmaceuticals	Central Nervous Systems
Anadys Pharmaceuticals	Hepatitis
ARIAD Pharmaceuticals	Oncology
ArQule	Oncology
AspenBio Pharma	General Diseases
BioCryst Pharmaceuticals	Infectious Diseases
Celldex Therapeutics	Oncology/General Diseases
Cytokinetics	Medical Therapeutics
EntreMed Oncology	Oncology Inflammatory Diseases
GenVec	Vaccines
Icagen	General Diseases
Idera Pharmaceuticals	Infectious/Autoimmune/Inflammatory Diseases
Immunomedics	Medical Therapeutics
Nanosphere	Medical Diagnostics
Oculus Innovative Sciences	Chronic/Acute Wounds
OncoGenex Pharmaceuticals	Oncology
Palatin Technologies	General Diseases
Sangamo BioSciences	Gene Modification
SenoRx	Medical Diagnostics
Sequenom	Medical Diagnostics
Synta Pharmaceuticals	Oncology / Inflammatory Diseases
Vical	General Diseases

Based on this January 2010 analysis, we reached the following conclusions regarding our executive compensation program:

Aggregate base salary levels for the named executive officers were slightly below the 25<sup>th</sup> percentile for the peer group (target philosophy is between 25<sup>th</sup> and 50<sup>th</sup> percentile).

Aggregate target cash compensation (base salary plus annual incentive award) levels for the named executive officers was slightly below the 25<sup>th</sup> percentile for the peer group (target philosophy is between 40<sup>th</sup> and 50<sup>th</sup> percentile).

Aggregate executive potential equity ownership levels (comprised primarily of inducement stock option awards granted pursuant to employment agreements) for the named executive officers approximated the 90<sup>th</sup> percentile for the peer group (target philosophy is between 60<sup>th</sup> and 75<sup>th</sup> percentile).

#### ***Employment Agreements with New Executive Officers***

In April 2009, Kevin T. Conroy and Maneesh K. Arora joined us as our new President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, respectively. In August 2009, Graham P. Lidgard joined us as our new Senior Vice President, Chief Scientific Officer and Barry Berger was appointed as our Senior Vice President, Chief Medical Officer. In connection with each of these appointments we entered into an employment agreement under which we agreed to certain compensation arrangements and severance and change in control benefits.

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The compensation packages for Messrs. Conroy and Arora were established by the Compensation Committee with assistance from DolmatConnell & Partners, a compensation consultant. The compensation packages for Drs. Lidgard and Berger were designed to be consistent with those of Messrs. Conroy and Arora. Each of these packages was determined based on negotiations with the applicable executive officer and taking into account his background and qualifications and the nature of his position. We believe that these compensation packages are appropriate in light of the intense competition for top executives in the biotechnology field and among similarly situated companies, and that the terms of these arrangements are consistent with our executive compensation goals, including the balancing of short-term and long-term compensation to properly motivate our executive officers.

*Conroy Employment Agreement*

Mr. Conroy's employment agreement provides for a base salary of \$340,000 and for a target bonus opportunity equal to 50 percent of his base salary, with the exact amount of any such bonus to be based upon the achievement of corporate and individual performance goals to be determined by the Compensation Committee. Mr. Conroy was also granted an option to purchase 2.5 million shares of our common stock at an exercise price of \$0.83 (the closing price of our common stock on the NASDAQ Capital Market on the date Mr. Conroy was hired).

Under his agreement, Mr. Conroy would be entitled to certain payments and benefits in connection with certain termination events or a change of control as described under "*Potential Payments Upon Termination or Change of Control*" beginning on page 28 below. The agreement also prohibits Mr. Conroy from engaging in certain activities involving competition with us for an 18-month period following termination of his employment with the Company.

*Arora Employment Agreement*

Mr. Arora's employment agreement provides for a base salary of \$240,000 and for a target bonus opportunity equal to 40 percent of his base salary, with the exact amount of any such bonus to be based upon the achievement of corporate and individual performance goals to be determined by the Compensation Committee. Mr. Arora was also granted an option to purchase 1.25 million shares of our common stock, at an exercise price of \$0.83 (the closing price of our common stock on the NASDAQ Capital Market on the date Mr. Arora was hired).

Under his agreement, Mr. Arora would be entitled to certain payments and benefits in connection with certain termination events or a change of control as described under "*Potential Payments Upon Termination or Change of Control*" beginning on page 28 below. The agreement also prohibits Mr. Arora from engaging in certain activities involving competition with us for an 18-month period following termination of his employment with the Company.

*Lidgard Employment Agreement*

Dr. Lidgard's employment agreement provides for a base salary of \$275,000 and for a target bonus opportunity equal to 40 percent of his base salary, with the exact amount of any such bonus to be based upon the achievement of corporate and individual performance goals to be determined by the Compensation Committee. In addition, Dr. Lidgard received a \$70,000 payment to reimburse him for relocation expenses associated with his move to Wisconsin. Dr. Lidgard was also granted an option to purchase 600,000 shares of our common stock, at an exercise price of \$2.88 (the closing price of our common stock on the NASDAQ Capital Market on the date Dr. Lidgard was hired).

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Under his agreement, Dr. Lidgard would be entitled to certain payments and benefits in connection with certain termination events or a change of control as described under "*Potential Payments Upon Termination or Change of Control*" beginning on page 28 below. The agreement also prohibits Dr. Lidgard from engaging in certain activities involving competition with us for an 18-month period following termination of his employment with the Company.

*Berger Employment Agreement*

Dr. Berger's original employment agreement provided for a base salary of \$230,000 and for a target bonus opportunity equal to 40 percent of his base salary, with the exact amount of any such bonus to be based upon the achievement of corporate and individual performance goals to be determined by the Compensation Committee. In October 2010, Dr. Berger moved into the role of Vice President of Medical Affairs and entered into a revised employment agreement under which his time commitment was reduced to four days a week and his compensation and severance benefits were reduced in light of his reduced responsibilities.

Under his agreement, Dr. Berger would be entitled to certain payments and benefits in connection with certain termination events or a change of control as described under "*Potential Payments Upon Termination or Change of Control*" beginning on page 28 below. The agreement also prohibits Dr. Berger from engaging in certain activities involving competition with us for an 18-month period following termination of his employment with the Company.

**2010 Bonus Plan**

The Compensation Committee believes that some portion of overall cash compensation for executive officers should be "at risk," i.e., contingent upon successful implementation of our strategy and goals. Pursuant to his employment agreement, each of our executive officers is eligible to earn an annual cash bonus with a specified target amount equal to a percentage of base salary with the actual bonus awarded to be based upon the achievement of corporate and individual performance goals determined by the Compensation Committee in its discretion. In determining 2010 bonus awards, the Compensation Committee considered the executive team's progress on our three key priorities for 2010:

Validate our sDNA colorectal cancer screening test;

FDA trial planning; and

Begin to develop commercialization plan.

After considering the executive team's achievement against these goals the Compensation Committee determined to award a cash bonus to each executive officer equal to 100% of target.

***Long-Term Incentives***

Our executive officers (and other employees) are eligible to receive restricted stock, stock option grants and other stock awards that are intended to promote success by aligning employee financial interests with long-term shareholder value.

Pursuant to his employment agreement, each of Mr. Conroy, Mr. Arora and Dr. Lidgard was granted an option to purchase 2.5 million, 1.25 million and 600,000 shares of our common stock, respectively, at an exercise price equal to the closing price of our common stock on the NASDAQ Capital Market on his date of hire. These option awards vest and become exercisable as follows: Twenty-five percent on the one-year anniversary of the date of grant, and the remainder quarterly over

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the subsequent three years. The amount of these options grants was determined as part of the negotiation of each executive officer's employment agreement.

In April 2009 Dr. Berger was granted an option to purchase 250,000 shares of our common stock at an exercise price equal to the closing price of our common stock on the NASDAQ Capital Market on the date of the grant. This option award vests and becomes exercisable in four equal annual installments beginning on the first anniversary of the date of grant. The amount of this option grant was determined as part of the negotiation of Dr. Berger's revised employment agreement.

The Compensation Committee believes that these equity incentives provide the executive officers with the opportunity to acquire long-term stock ownership positions, and help to align the executives' interests with stockholders' interests. The Compensation Committee believes that this directly motivates executive officers to maximize long-term stockholder value. We believe that time-based vesting of stock options helps us to retain our leadership team in an extremely competitive environment.

***Other Compensation***

We also permit executive officers and other employees to purchase common stock at a discount through our 2010 Employee Stock Purchase Plan. Employees, including executive officers, may also participate in our 401(k) Plan which allows for the investment of a portion of plan assets in shares of our common stock. The Compensation Committee approved a discretionary matching Company contribution to the plan for fiscal 2009. The matching contribution was made using Company stock in an amount equal to 100 percent of an employee's total deferrals into the plan up to a limit of 6% of the employee's total compensation.

***Change of Control and Severance***

We believe that providing executives with severance and change of control protection is important for the following reasons:

to allow executives to fully value the forward looking elements of their compensation packages, and therefore limit retention risk; and

to provide compensation assurances which are competitive with those of other similarly-situated companies.

Accordingly, the Company's employment agreements and equity awards generally provide for salary continuation in the event of certain employment terminations beyond the control of the executive, as well as varying degrees of accelerated vesting of equity awards in the event of a change of control of the Company.

For further information see "*Potential Payments Upon Termination or Change of Control*" beginning on page 28 below.

Table of Contents**Summary Compensation Table for 2010**

The following table represents summary information regarding the compensation of each of Kevin T. Conroy, our President and Chief Executive Officer, Maneesh K. Arora, our Senior Vice President and Chief Financial Officer, Graham P. Lidgard, our Senior Vice President and Chief Science Officer, and Barry M. Berger, our Senior Vice President of Medical Affairs and former Senior Vice President and Chief Medical Officer (collectively, our "named executive officers") for the year ended December 31, 2010.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>Stock Awards (\$)(2)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Kevin T. Conroy President and CEO	2010	340,000	170,000(3)		63,750(4)	16,500(5)	590,250
	2009	268,077	127,500(6)	1,489,250		16,085(5)	1,900,912
Maneesh K. Arora Senior Vice President and CFO	2010	240,000	96,000(3)		36,000(4)	16,500(5)	388,500
	2009	189,231	72,000(6)	744,625		11,354(5)	1,017,210
Graham P. Lidgard Senior Vice President, Chief Science Officer	2010	275,000	125,000(7)		771,980(8)	22,000(5)	1,193,980
	2009	114,583	55,000(6)	1,325,893		76,417(9)	1,571,893
Barry M. Berger Vice President of Medical Affairs and Former Senior Vice President, Chief Science Officer	2010	230,000	92,000		34,500(4)	20,010(5)	376,510
	2009	230,671	299,000(10)	275,213		22,000(5)	826,884

- (1) The amounts shown in this column indicate the full grant date fair value of option awards computed in accordance with FASB Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). Generally, the full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For additional information regarding the assumptions made in calculating these amounts, see the Notes to our audited, consolidated financial statements included in our Annual Report on Form 10-K. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the named executive officers.
- (2) The amounts shown in this column indicate the full grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Generally, the full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For additional information regarding the assumptions made in calculating these amounts, see the Notes to our audited, consolidated financial statements included in our Annual Report on Form 10-K. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the named executive officers.
- (3) Represents 2010 cash bonus award.
- (4) Represents portion of 2009 bonus award paid in shares of common stock awarded in 2010.
- (5) Represents a matching contribution to our 401(k) plan paid in shares of our common stock.
- (6)

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Represents cash bonus award under 2009 bonus plan.

(7)

Represents cash bonus award under 2010 bonus plan plus \$15,000 discretionary bonus.

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- (8) Represents portion of 2009 bonus award paid in shares of common stock awarded in 2010 and restricted stock awards made in 2010.
- (9) Represents a matching contribution to our 401(k) plan paid in shares of our common stock and a relocation expenses payment of \$70,000.
- (10) Represents cash bonus award under 2009 bonus plan and a \$230,000 transaction bonus paid in connection with the consummation of our January 2009 strategic transaction with Genzyme Corporation.

**Grants of Plan-Based Awards in 2010**

The following table sets forth all plan-based awards made to our named executive officers in 2010.

Name	Award Type	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards \$(1)
Kevin T. Conroy	Common Stock	01/07/10	15,288(2)	63,750
Maneesh K. Arora	Common Stock	01/07/10	8,633(2)	36,000
Graham P. Lidgard	Restricted Stock	10/26/10	67,000(3)	596,970
	Restricted Stock	04/15/10	33,000(4)	147,510
	Common Stock	01/07/10	6,595(2)	27,500
Barry M. Berger	Common Stock	01/07/10	8,273(2)	34,500

- (1) The amounts shown in this column indicate the full grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Generally, the full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For additional information regarding the assumptions made in calculating these amounts, see the Notes to our audited, consolidated financial statements included in our Annual Report on Form 10-K. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the named executive officers.
- (2) These shares represent the portion of each executive's 2009 bonus award paid in shares of our common stock.
- (3) Represents a restricted stock award that vests in four equal annual installments beginning on October 26, 2011
- (4) Represents a restricted stock award that vests in four equal annual installments beginning on April 15, 2011.

Table of Contents**Outstanding Equity Awards at December 31, 2010**

The following table presents information about unexercised options and unvested shares of restricted stock that were held by the named executive officers as of December 31, 2010.

Name	Options Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Kevin T. Conroy	1,093,750	1,406,250(1)	0.83	03/18/19		
Maneesh K. Arora	546,875	703,125(1)	0.83	03/18/19		
Graham P. Lidgard	187,500	412,500(2)	2.88	08/03/19	100,000	598,000
Barry M. Berger	4,688		7.93	02/11/12		
	15,000		6.78	02/12/13		
	20,000		7.72	02/11/14		
	60,000		3.61	12/23/14		
	20,000		4.22	02/17/15		
	35,000		2.61	02/16/16		
	75,000		2.77	02/15/17		
	75,000		2.90	09/04/17		
	63,750	26,250(3)	1.83	02/21/18		
	62,500	187,500(4)	1.43	04/27/19		

(1) Represents the unvested portion of an option grant that vests in equal quarterly installments through March 18, 2013.

(2) Represents the unvested portion of an option grant that vests in equal quarterly installments through August 3, 2013.

(3) Represents the unvested portion of an option grant that vests in equal monthly installments through February 21, 2012.

(4) Represents the unvested portion of an option grant that vests in three equal annual installments beginning April 27, 2011.

(5) The market value of unvested shares of restricted stock is based on the closing price of our common stock on of December 31, 2010 (\$5.98).

Table of Contents**2010 Option Exercises and Stock Vested Table**

The following table summarizes option exercises by the named executive officers in 2010.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)
Barry M. Berger	18,625	68,354

- (1) Value realized is calculated based on the difference between the closing price of our common stock on the date of exercise and the exercise price of the stock option.

**Potential Benefits upon Termination or Change of Control***Severance and Change in Control Arrangements in General*

We have entered into employment agreements and maintain certain plans that will require us to provide compensation and other benefits to our executive officers in connection with certain events related to a termination of employment or change of control.

*Conroy Employment Agreement*

Under his employment agreement, Mr. Conroy would, upon termination without "Cause," resignation for "Good Reason" or certain "Change of Control" events, receive certain benefits.

Under Mr. Conroy's employment agreement, "Cause" is defined as:

Any willful failure or refusal to perform his duties which continues for more than ten days after written notice from the Company, specifically identifying the manner in which the Company believed he had failed or refused to perform his duties;

The commission of any fraud or embezzlement in connection with his duties or committed in the course of his employment;

Any gross negligence or willful misconduct with regard to the Company or any of its subsidiaries resulting in a material economic loss to the Company;

A conviction of, or plea of guilty or nolo contendere to, a felony or other crime involving moral turpitude;

A conviction of a misdemeanor, the circumstances of which involve fraud, dishonesty or moral turpitude and which is substantially related to the circumstances of his job with the Company;

Any willful and material violation of any statutory or common law duty of loyalty to the Company or any of its subsidiaries resulting in a material economic loss; or

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Any material breach by Mr. Conroy of the employment agreement or the confidentiality, non-competition or non-solicitation agreements contained or referred to therein.

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Under Mr. Conroy's employment agreement, "Good Reason" is defined as:

A reduction of base salary in a manner that is not applied proportionately to other senior executive officers of the Company, or any reduction of base salary that exceeds 30% of his then current base salary;

A material reduction of his duties, authority or responsibilities or the assignment of duties inconsistent with the scope of authority, duties and responsibilities of his position;

The occurrence of a material breach by the Company of any of its obligations to Mr. Conroy under the employment agreement;

A material violation, or the continuation of a material violation, by the Company of any law or regulation contrary to the written advice of Mr. Conroy and the Company's outside counsel to the Board of Directors and the Company fails to rectify such violation within thirty (30) days of the written advice that such violations are taking place; or

The failure of the Company to nominate Mr. Conroy to serve as a member of the Company's Board of Directors at any Company annual meeting or other stockholder meeting at which Company directors are elected.

Under Mr. Conroy's employment agreement, "Change of Control" is defined as:

Any person or group acting in concert, other than a trustee or other fiduciary holding securities under a Company employee benefit plan or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, becoming the beneficial owner, directly or indirectly, of Company securities representing more than 50% of the total voting power represented by the Company's then outstanding Voting Securities;

During any 12 month period, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office, who were either directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors;

The consummation of a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior to such transaction continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

The sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company's assets.

Under Mr. Conroy's employment agreement, upon termination without Cause or resignation for Good Reason, Mr. Conroy would become entitled to receive:

Salary continuation for a period of 18 months at his then current base salary;



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Any accrued but unpaid base salary as of the termination date;

Any accrued but unpaid bonus, including any performance-based bonus, as of the termination date, on the same terms and at the same times as would have applied had Mr. Conroy's employment not terminated;

The pro rata portion of a target bonus or any other performance-based bonus, provided that an annual incentive bonus is paid to other senior executives of the Company at the end of the applicable period within which Mr. Conroy's employment was terminated;

If Mr. Conroy elects COBRA coverage for health and/or dental insurance, the monthly premium payments for such coverage until the earlier of: (1) 12 months from the termination date; (2) Mr. Conroy obtains employment offering health and/or dental coverage comparable to that offered by the Company; or (3) the date COBRA coverage would otherwise terminate;

A payment of \$10,000 towards the cost of an outplacement consulting package;

The vesting of the then unvested equity awards granted to Mr. Conroy (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards) shall immediately accelerate by a period of 12 months; and

A change in the exercise period for vested equity awards such that vested equity awards become exercisable until the earlier of (1) two years from the date of termination of employment and (2) the latest date on which those equity awards expire or are eligible to be exercised under the grant agreements, determined without regard to such termination or resignation.

Under Mr. Conroy's employment agreement, in connection with a Change of Control, Mr. Conroy would become entitled to receive:

In the event of termination by us without Cause or by Mr. Conroy for Good Reason, within 12 months before, or if Mr. Conroy remains employed with the Company on the effective date of, a Change of Control, a lump-sum payment equal to 24 months base salary and his pro rata target bonus through the effective date of the Change of Control; provided, that any payments previously made to Mr. Conroy in connection with the termination of his employment by the Company without Cause or by Mr. Conroy with Good Reason within the 12 months preceding a Change of Control would be credited against any such lump-sum payment;

Accelerated vesting of all outstanding unvested equity awards (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards), subject to Mr. Conroy's agreement to remain employed by the Company or any successor, if requested, for a period of at least six months following the Change of Control at his then current base salary;

In the event Mr. Conroy's employment is terminated by the Company without Cause or by Mr. Conroy for Good Reason in anticipation or contemplation of a pending or potential Change of Control or while a potential Change of Control is under consideration or being negotiated by the Company's Board of Directors, Mr. Conroy shall be deemed to remain an employee for purposes of the Long Term Incentive Plan as of the effective date of the Change of Control and shall receive a full payout under the Long Term Incentive Plan as described in his employment agreement as though he remained an employee of the Company as of the effective date of such Change of Control; and

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A tax gross-up payment in an amount sufficient to cause the net amount retained by him, after deduction of any parachute payment excise taxes, to equal the amounts payable as described above.

***Arora and Lidgard Employment Agreements***

Under their employment agreements, Mr. Arora and Dr. Lidgard would, upon termination without "Cause," resignation for "Good Reason" or certain "Change of Control" events, receive certain benefits.

Under Mr. Arora's and Dr. Lidgard's employment agreements, the term "Cause" has substantially the same meaning as it does in Mr. Conroy's agreement (as described above).

Under Mr. Arora's and Dr. Lidgard's employment agreements, the term "Good Reason" has substantially the same meaning as it does in Mr. Conroy's agreement (as described above) except that the definition contained in Mr. Arora's and Dr. Lidgard's employment agreements does not include the Company's failing to nominate the executive to serve as a member of the Company's Board of Directors.

Under their employment agreements, upon termination without Cause or resignation for Good Reason, Mr. Arora and Dr. Lidgard would become entitled to receive:

Salary continuation for a period of 15 months at his then current base salary;

Any accrued but unpaid base salary as of the termination date;

Any accrued but unpaid bonus, including any performance-based bonus, as of the termination date, on the same terms and at the same times as would have applied had the executive's employment not terminated;

The pro rata portion of a target bonus or any other performance-based bonus, provided that an annual incentive bonus is paid to other senior executives of the Company at the end of the applicable period within which the executive's employment was terminated;

If the executive elects COBRA coverage for health and/or dental insurance, the monthly premium payments for such coverage until the earlier of: (1) 12 months from the termination date; (2) the executive obtains employment offering health and/or dental coverage comparable to that offered by the Company; or (3) the date COBRA coverage would otherwise terminate;

A payment of \$10,000 towards the cost of an outplacement consulting package;

The vesting of the then unvested equity awards granted to the executive (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards) shall immediately accelerate by a period of 12 months; and

A change in the exercise period for vested equity awards such that vested equity awards become exercisable until the earlier of (1) two years from the date of termination of employment and (2) the latest date on which those equity awards expire or are eligible to be exercised under the grant agreements, determined without regard to such termination or resignation

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Under Mr. Arora's and Dr. Lidgard's employment agreements, the term "Change of Control" has substantially the same meanings as it does in Mr. Conroy's agreement (as described above).

Under their employment agreements, in connection with a Change of Control, Mr. Arora and Dr. Lidgard would become entitled to receive:

In the event of termination by us without Cause or by the executive for Good Reason within 12 months before, or if the executive remains employed with the Company on the effective date of, a Change of Control, a lump-sum payment equal to 18 months base salary and the executive's pro rata target bonus through the effective date of the Change of Control; provided, that any payments previously made to the executive in connection with the termination of his employment by the Company without Cause or by the executive with Good Reason within the 12 months preceding a Change of Control will be credited against any such lump-sum payment;

Accelerated vesting of all outstanding unvested equity awards (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards), subject to the executive's agreement to remain employed by the Company or any successor, if requested, for a period of at least six months following the Change of Control at his then current base salary; and

In the event the executive's employment is terminated by the Company without Cause or by the executive for Good Reason in anticipation or contemplation of a pending or potential Change of Control or while a potential Change of Control is under consideration or being negotiated by the Company's Board of Directors, the executive shall be deemed to remain an employee for purposes of the Long Term Incentive Plan as of the effective date of the Change of Control and shall receive a full payout under the Long Term Incentive Plan as described in his respective employment agreement as though he remained an employee of the Company as of the effective date of such Change of Control.

***Amended and Restated Berger Employment Agreement***

Under his employment agreement, Dr. Berger would, upon termination without "Cause," resignation for "Good Reason" or certain "Change of Control" events, receive certain benefits.

Under Dr. Berger's employment agreement, the term "Cause" has substantially the same meaning as it does in Mr. Conroy's agreement (as described above).

Under Dr. Berger's employment agreement, "Good Reason" is defined as:

A reduction of base salary;

A material reduction of his duties, authority or responsibilities or the assignment of duties inconsistent with the scope of authority, duties and responsibilities of his position;

The occurrence of a material breach by the Company of any of its obligations to Dr. Berger under the employment agreement;

A material violation, or the continuation of a material violation, by the Company of any law or regulation contrary to the written advice of Dr. Berger and the Company's outside counsel to the Board of Directors and the Company fails to rectify such violation within thirty (30) days of the written advice that such violations are taking place; or

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Dr. Berger is required to relocate his place of employment with the Company outside a radius of twenty-five (25) miles of his address.

Under his employment agreement, upon termination without Cause or resignation for Good Reason, Dr. Berger would become entitled to receive:

Salary continuation for a period of 12 months at his then current base salary if such termination should occur within 12 months of October 28, 2010 and salary continuation for a period of 9 months at his then current base salary if such termination should occur 12 months or more after October 28, 2010;

Any accrued but unpaid base salary as of the termination date;

Any accrued but unpaid bonus, including any performance-based bonus, as of the termination date, on the same terms and at the same times as would have applied had Dr. Berger's employment not terminated;

The pro rata portion of a target bonus or any other performance-based bonus, provided that an annual incentive bonus is paid to other senior executives of the Company at the end of the applicable period within which Dr. Berger's employment was terminated;

If the executive elects COBRA coverage for health and/or dental insurance, the monthly premium payments for such coverage until the earlier of: (1) 12 months from the termination date; (2) Dr. Berger obtains employment offering health and/or dental coverage comparable to that offered by the Company; or (3) the date COBRA coverage would otherwise terminate;

A payment of \$10,000 towards the cost of an outplacement consulting package;

Should such termination occur on or prior to October 28, 2011, the vesting of the then unvested equity awards granted to Dr. Berger (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards) shall immediately accelerate by a period of 12 months;

Should such termination prior to April 30, 2012, the vesting of the then unvested equity awards granted to Dr. Berger (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards) shall continue to vest through such date; and

A change in the exercise period for vested equity awards such that vested equity awards become exercisable until the earlier of (1) two years from the date of termination of employment and (2) the latest date on which those equity awards expire or are eligible to be exercised under the grant agreements, determined without regard to such termination or resignation.

Under Dr. Berger's employment agreements, the term "Change of Control" has substantially the same meanings as it does in Mr. Conroy's agreement (as described above). Under his employment agreement, in connection with a Change of Control, Dr. Berger would become entitled to receive:

In the event of termination by us without Cause or by the executive for Good Reason within 12 months before, or if the executive remains employed with the Company on the effective date of, a Change of Control, a lump-sum payment equal to 9 months base salary and his pro rata target bonus through the effective date of the Change of Control; provided, that any payments previously made to the executive in connection with the termination of his employment by the



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Company without Cause or by the executive with Good Reason within the 12 months preceding a Change of Control will be credited against any such lump-sum payment; and

Accelerated vesting of all outstanding unvested equity awards (whether stock options, restricted stock or stock purchase rights under the Company's equity compensation plan, or other equity awards), subject to the executive's agreement to remain employed by the Company or any successor, if requested, for a period of at least six months following the Change of Control at his then current base salary.

***Conditions to Receipt of Severance and Change in Control Benefits***

Under Mr. Conroy's employment agreement, the Company's obligations to provide Mr. Conroy with the severance benefits described above are contingent on:

Mr. Conroy's resignation from the Board of Directors in the event of any termination of Mr. Conroy's employment with the Company or upon the request of the Board of Directors in connection with any Change of Control;

Mr. Conroy's delivery of a signed waiver and release in a form reasonably satisfactory to the Company of all claims he may have against the Company and his not revoking such release within 21 days after his date of termination;

Mr. Conroy's compliance with his Employee Confidentiality and Assignment Agreement with the Company;

Mr. Conroy's compliance with the 18 month non-competition covenant in his employment agreement; and

Mr. Conroy's compliance with the 18 month non-solicitation covenant in his employment agreement.

Under Mr. Arora's and Drs. Lidgard's and Berger's employment agreements, the Company's obligations to provide the named executive officer with the severance benefits described above are contingent on:

The executive's delivery of a signed waiver and release in a form reasonably satisfactory to the Company of all claims he may have against the Company and his not revoking such release within 21 days after his date of termination;

The executive's compliance with the terms of his Employee Confidentiality and Assignment Agreement with the Company;

The executive's compliance with the 18 month non-competition covenant set forth in the executive's employment agreement; and

The executive's compliance with the 18 month non-solicitation covenant set forth in the executive's employment agreement.

Table of Contents***Death or Disability***

In accordance with each executive officer's employment agreement, in the event of the death or disability of the executive during the executive's employment term, the following shall occur:

The executive's employment and the executive's employment agreement shall immediately and automatically terminate;

The Company shall pay the executive (or in the case of death, the executive's designated beneficiary) the executive's base salary and accrued but unpaid bonuses, in each case up to the date of termination; and

All equity awards granted to the executive, whether stock options or stock purchase rights under the Company's equity compensation plan, or other equity awards, that are unvested at the time of termination shall immediately become fully vested and exercisable upon such termination.

***Long Term Incentive Plan***

As part of their employment agreements, we have established a Long Term Incentive Plan pursuant to which Mr. Conroy, Mr. Arora and Dr. Lidgard would be entitled to receive a cash payment upon a Change of Control based on the equity value of the Company as reflected in the following table.

Name	From \$100 million to \$500 million	Portion of Equity Value		Any amount over \$2 billion
		Each incremental \$50 million from \$500 million to \$1 billion	Each incremental \$50 million from \$1 billion to \$2 billion	
Kevin T. Conroy	1.00%	0.50%	0.25%	0.00%
Maneesh K. Arora	0.50%	0.25%	0.125%	0.00%
Graham P. Lidgard	0.50%	0.25%	0.125%	0.00%

For example, in connection with a Change of Control transaction having an equity value of \$100,000,000, Mr. Conroy would receive a cash payout of \$1,000,000, and in the case of a Change of Control transaction having an equity value of \$600,000,000, Mr. Conroy would receive a cash payout of \$5,500,000 (\$5,000,000 + \$250,000 + \$250,000).

Table of Contents*Potential Payments Upon Termination or Change in Control*

The following table sets forth the estimated post-employment compensation and benefits that would have been payable to our named executive officers under their employment agreements, assuming that each covered circumstance occurred on December 31, 2010.

Name and Benefit	Severance Eligible Termination** (\$)	Change of Control (\$)	Severance Eligible Termination and Change of Control Within 12 Months** (\$)	Death or Disability (\$)
<b>Kevin T. Conroy</b>				
Cash Severance	510,000(1)	680,000(2)	680,000(2)	
Options	3,218,750(3)	7,242,188(3)	7,242,188(3)	7,242,188(3)
Long-Term Incentive Plan		3,119,355(4)	3,119,355(4)	
COBRA Benefits	11,270(5)		11,270(5)	
Outplacement Consulting	10,000		10,000	
Parachute Tax Gross-up		2,232,540(6)	2,243,586(6)	
Total estimated value	3,750,020	13,274,083	13,306,399	7,242,188
<b>Maneesh K. Arora</b>				
Cash Severance	300,000(7)	360,000(1)	360,000(1)	
Options	1,609,375(3)	3,621,094(3)	3,621,094(3)	3,621,094(3)
Long-Term Incentive Plan		1,559,678(4)	1,559,678(4)	
COBRA Benefits	11,270(5)		11,270(5)	
Outplacement Consulting	10,000		10,000	
Total estimated value	1,930,645	5,540,771	5,562,041	3,621,094
<b>Graham P. Lidgard</b>				
Cash Severance	343,750(7)	412,500(1)	412,500(1)	
Options and Restricted Stock	614,500(3)	1,876,750(3)	1,876,750(3)	1,876,750(3)
Long-Term Incentive Plan		1,559,678(4)	1,559,678(4)	
COBRA Benefits	8,347(5)		8,347(5)	
Outplacement Consulting	10,000		10,000	
Total estimated value	976,597	3,848,928	3,867,275	1,876,750
<b>Barry M. Berger</b>				
Cash Severance	230,000(8)	172,500(9)	230,000(8)	
Options	677,688(3)	962,063(3)	962,063(3)	962,063(3)
COBRA Benefits	669(5)		669(5)	
Outplacement Consulting	10,000		10,000	
Total estimated value	918,357	1,134,563	1,202,732	962,063

\*\*

"Severance Eligible Termination" means the executive's termination by the Company without Cause or by the executive for Good Reason.

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- (1) Represents 18 months severance.
- (2) Represents 24 months severance.
- (3) Represents the value of unvested options and shares of restricted stock held on December 31, 2010 accelerated in connection with termination or occurrence of a Change of Control, based upon the closing market price of the common stock on such date (\$5.98).
- (4) Amount represents payment due under the Long Term Incentive Plan assuming a Change of Control transaction at an equity value equal to the Company's market capitalization as of December 31, 2010.
- (5) Represents the cost of paying for premiums for health and/or dental insurance for the maximum of 12 months.
- (6) Amount represents the estimated payment for taxes and tax gross-up that would be paid by us for the excise tax that applies to excess parachute payments.
- (7) Represents 15 months severance.
- (8) Represents 12 months severance.
- (9) Represents 9 months severance.

**Director Compensation**

***2010 Compensation Policy for Non-Employee Directors***

We maintain a compensation package for our non-employee directors (the "Director Compensation Policy") to enable us to attract and retain, on a long-term basis, high-caliber non-employee directors.

Pursuant to the Director Compensation Policy, on the date of each annual stockholders meeting each non-employee director who is continuing as a director following such meeting is paid an annual cash retainer as follows:

<b>Board Member Compensation</b>	<b>Annual Retainer (\$)</b>
Chairman of the Board	37,500
Director	25,000
<b>Committee Chairperson Compensation</b>	<b>Annual Retainer (\$)</b>
Audit Committee	15,000
Compensation Committee	10,000
Corporate Governance and Nominating Committee	10,000
Innovation and Technology Committee	10,000
<b>Committee Member Compensation</b>	<b>Annual Retainer (\$)</b>
Audit Committee	7,000
Compensation Committee	5,000
Corporate Governance and Nominating Committee	5,000
Innovation and Technology Committee	5,000

In lieu of cash, each non-employee director may elect to receive restricted stock having an equivalent dollar value.



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Pursuant to the Director Compensation Policy, on the date of each annual stockholders meeting each non-employee director who is continuing as a director following such meeting is also granted an annual equity award having a value equal to \$40,000. This annual equity award is comprised of (1) stock options having a value equal to \$20,000 and (2) at the election of the director, either restricted stock or deferred stock units having a value equal to \$20,000. If the Chairman of the Board will continue in that role following the date of the annual stockholder meeting, he or she receives an additional annual award having a value equal to \$12,500. The Chairman may elect to receive such award in either restricted stock or deferred stock units. These annual equity grants vest upon the earlier of the first anniversary of the grant date or the date of the next annual stockholders meeting; provided upon the death of a director such director's awards vest in full, upon a director's ceasing to serve for any other reason such director's awards vest pro rata based on the number of days since the grant date and upon a change of control all awards vest in full.

Additionally, upon his or her initial election to the Board of Directors, a new director receives stock options having a value equal to \$50,000. Such options vest in three equal annual installments.

The foregoing compensation is in addition to reimbursement of all out-of-pocket expenses incurred by directors in attending meetings of the Board of Directors.

***Non-Employee Director Compensation in 2010***

The following table provides compensation information for the one-year period ended December 31, 2010 for each non-employee member of our Board of Directors. No member of our Board employed by us receives separate compensation for services rendered as a member of our Board.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Option Awards \$(2)	Total (\$)
James P. Connelly	47,500(3)	32,500	20,000	100,000
Sally W. Crawford	42,000(3)	20,000	20,000	82,000
Daniel N. Levangie	35,000	20,000	70,000	125,000
Katherine Napier	47,000	20,000	20,000	87,000
Lionel A. Sterling	40,000	20,000	70,000	130,000
David A. Thompson	40,000(3)	20,000	70,000	130,000

(1)

The amounts shown in this column indicate the full grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Generally, the full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For additional information regarding the assumptions made in calculating these amounts, see the Notes to our audited, consolidated financial statements included in our Annual Report on Form 10-K. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the directors.

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As of December 31, 2010, the non-employee members of our Board of Directors held unvested shares of restricted stock as follows:

Name	Unvested Shares of Restricted Stock
James P. Connelly	9,475
Sally W. Crawford	5,831
Daniel J. Levangie	5,831
Katherine Napier	5,831
Lionel N. Sterling	5,831
David A. Thompson	5,831

(2)

The amounts shown in this column indicate the full grant date fair value of option awards computed in accordance with FASB ASC Topic 718. Generally, the full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For additional information regarding the assumptions made in calculating these amounts, see the Notes to our audited, consolidated financial statements included in our Annual Report on Form 10-K. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be recognized by the directors.

As of December 31, 2010, the non-employee members of our Board of Directors held outstanding option awards as follows:

Name	Securities Underlying Unexercised Options
James P. Connelly	7,667
Sally W. Crawford	117,667
Daniel J. Levangie	26,835
Katherine Napier	7,667
Lionel N. Sterling	26,835
David A. Thompson	26,835

(3)

Amount represents fees earned in cash but which per the election of the director and in accordance with the Director Compensation Policy was paid in shares of common stock having an equivalent dollar value.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

We maintain the following five 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, the 2000 Employee Stock Purchase Plan, the 2010 Omnibus Long-Term Incentive Plan and the 2010 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, 2010.

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities outstanding)</b>
Equity compensation plans approved by security holders	6,217,199	\$ 1.93	4,024,864
Equity compensation plans not approved by security holders	None	None	None
<b>Total</b>	<b>6,217,199</b>	<b>\$ 1.93</b>	<b>4,024,864</b>

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**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

This Proposal 2 enables our stockholders to cast a non-binding, advisory vote to approve the compensation of our executive officers as disclosed in this proxy statement pursuant to Section 14A of the Exchange Act and in accordance with the rules of the SEC.

As described in detail under the heading "*Compensation and Other Information Concerning Directors and Officers Compensation Discussion and Analysis*" beginning on page 19 our executive compensation programs are designed to attract, motivate and retain our executive officers, who are critical to our success. Please read the "*Compensation and Other Information Concerning Directors and Officers*" section beginning on page 19 for additional details about our executive compensation programs, including information about the 2010 compensation of our named executive officers.

We are asking our stockholders to indicate their support for our executive compensation programs as described in this proxy statement. This Proposal 2 gives our stockholders the opportunity to express their views on the compensation of our executive officers. This vote is not intended to address any specific term of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we are asking our stockholders to vote FOR the following resolution at the annual meeting:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, including the "*Compensation Discussion and Analysis*", the compensation tables and any related material disclosed in this proxy statement, is hereby APPROVED."

Although the vote on this Proposal 2 regarding the compensation of our named executive officers is not binding on our Board of Directors, we value the opinions of our stockholders and will consider the result of the vote when determining future executive compensation arrangements.

**Vote Required for Approval**

The foregoing resolution will be approved if holders of a majority of the shares present or represented at the 2010 Annual Meeting, in person or by proxy, and voting on Proposal 2 vote in favor of such resolution.

**Board Recommendation**

The Board recommends that the stockholders vote **FOR** approval of this Proposal 2.

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**PROPOSAL 3 ADVISORY VOTE ON FREQUENCY OF HOLDING AN ADVISORY  
VOTE ON EXECUTIVE COMPENSATION**

As described in Proposal 2 above, our stockholders are being provided the opportunity to cast a non-binding, advisory vote on the compensation of our executive officers pursuant to Section 14A of the Exchange Act. The advisory vote is typically referred to as a "say-on-pay vote."

This Proposal 3 affords our stockholders the opportunity to cast a non-binding, advisory vote on how frequently say-on-pay votes should be held in the future. Under this Proposal 3, our stockholders may vote to hold say-on-pay votes every year, every other year or every three years. Alternatively, you may abstain from casting a vote.

After careful consideration, the Board believes that say-on-pay votes should be held every three years.

In formulating its recommendation, our Board of Directors determined that giving our stockholders the right to cast an advisory vote on the compensation of our named executive officers every three years is the best approach for the Company and its stockholders. We make this recommendation based on several considerations, including the fact that holding the advisory vote every three years will give our Board of Directors sufficient time to thoughtfully consider the results of the previous advisory votes and to implement any desired changes to our executive compensation policies and procedures. A three-year voting cycle will also provide our stockholders with enough time to evaluate the effectiveness of our short- and long-term compensation strategies and the related business outcomes before being asked to cast the next advisory vote.

Because this vote is advisory and will not be binding, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

**Vote Required for Approval**

If the majority of the votes cast by stockholders present in person or by proxy are cast in favor of a particular frequency alternative (whether every year, every two years or every three years), such frequency will be considered to be the recommendation of the stockholders on the advisory vote regarding the frequency of future say-on-pay votes. Notwithstanding our Board of Directors' recommendation and the outcome of the stockholder vote, our Board of Directors may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to our compensation programs and policies.

**Board Recommendation**

The Board recommends that the stockholders vote to hold say-on-pay votes every three years.

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**PROPOSAL 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

Grant Thornton was initially selected as our independent registered public accounting firm for the fiscal year ended December 31, 2009 following completion of a competitive process to select a firm conducted by the Audit Committee. As a result of this process, the Audit Committee dismissed Ernst & Young LLP ("Ernst & Young") as the Company's independent registered public accounting firm on May 12, 2009. Grant Thornton was engaged as the Company's independent registered public accounting firm as of June 16, 2009.

The Audit Committee of the Board of Directors has appointed Grant Thornton as our independent registered public accounting firm for the fiscal year ending December 31, 2011. However, Grant Thornton recently informed us that beginning with the review of our second quarter 2011 financial statements our audit service team and related support activities will change significantly. The Audit Committee is reviewing these developments and assessing their implications in relation to this appointment.

During the fiscal year ended December 31, 2008 and through May 12, 2009, there were: (1) no disagreements between the Company and Ernst & Young on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ernst & Young, would have caused Ernst & Young to make reference to the subject matter of the disagreement in their reports on the financial statements for such years, and (2) no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

A representative of Grant Thornton is expected to be present at the 2010 Annual Meeting. In addition to having the opportunity to make a statement, Grant Thornton's representative will be available to respond to any appropriate questions.

**Vote Required for Approval**

Ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of a majority of the shares present or represented at the 2011 Annual Meeting, in person or by proxy, and voting on such ratification. If our stockholders fail to ratify the selection of Grant Thornton as the independent registered public accounting firm for 2011, the Audit Committee will reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year.

**Board Recommendation**

The Board recommends that the stockholders vote **FOR** ratification of the appointment of Grant Thornton as our independent registered public accounting firm for 2010.

Table of Contents**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Other than compensation agreements and other arrangements which are described in "*Compensation And Other Information Concerning Directors And Officers*" beginning on page 19, in 2010 there was not, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed \$120,000 in which any director, executive officer, holder of five percent or more of any class of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

In April 2007, our Board of Directors adopted a written related person transaction approval policy, which sets forth our policies and procedures for the review, approval or ratification of any transaction required to be reported in our filings with the SEC. Our policy is that the Audit Committee shall review the material facts of all related person transactions (as defined in the related person transaction approval policy) and either approve or disapprove of the entry into any related person transaction (as defined in the related person transaction approval policy). In the event that obtaining the advance approval of the Audit Committee is not feasible, the Audit Committee shall consider the related person transaction and, if the Audit Committee determines it to be appropriate, may ratify the related person transaction. In determining whether to approve or ratify a related person transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms comparable to those available from an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The following table sets forth the aggregate fees billed or expected to be billed by Grant Thornton for 2010 and 2009 for audit and non-audit services, including "out-of-pocket" expenses incurred in rendering these services. The nature of the services provided for each category is described following the table.

<b>Fee Category</b>	<b>2010</b>	<b>2009</b>
Audit Fees(1)	\$ 243,803	\$ 179,493
Audit-Related Fees		
Tax Fees(2)		25,469
All Other Fees(3)	4,650	3,950
<b>Total</b>	<b>\$ 248,453</b>	<b>\$ 208,912</b>

- 
- (1) Audit fees include fees for professional services rendered for the audit of our consolidated annual statements, quarterly reviews, consents and assistance with and review of documents filed with the SEC.
- (2) Tax fees include fees for preparation of the Company's federal and state tax returns.
- (3) All other fees include fees related to an internet portal that provides technical accounting research materials.

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**PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has adopted a policy that requires that all services to be provided by the Company's independent public accounting firm, including audit services and permitted non-audit services, to be pre-approved by the Audit Committee. The Audit Committee approved all audit and permitted non-audit services provided by Grant Thornton during 2010 pursuant to this policy.

**HOUSEHOLDING OF ANNUAL MEETING MATERIALS**

Some banks, brokers and other nominee record holders may be participating in the practice of "householding." This means that only one copy of our annual report and proxy statement will be sent to stockholders who share the same last name and address. Householding is designed to reduce duplicate mailings and save significant printing and postage costs.

If you receive a household mailing this year and would like to receive additional copies of our annual report and/or proxy statement, please submit your request in writing to: Exact Sciences Corporation, 441 Charmany Drive, Madison, Wisconsin 53719, Attention: Secretary or by calling the Company at (608) 284-5700. Any stockholder who wants to receive separate copies of the proxy statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all such filings. Based solely on our review of copies of such filings, we believe that all reporting persons complied on a timely basis with all Section 16(a) filing requirements during the year ended December 31, 2010, with the exception of Messrs. Conroy and Arora and Drs. Lidgard and Berger, each of whom made one late report failing to timely report one transaction.

**OTHER BUSINESS**

The Board of Directors knows of no business that will be presented for consideration at the 2011 Annual Meeting other than those items stated above. If any other business should come before the 2011 Annual Meeting, votes may be cast pursuant to proxies in respect to any such business in the best judgment of the person or persons acting under the proxies.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE STOCKHOLDER MEETING TO BE HELD ON JULY 28, 2011.**

The proxy statement and annual report to stockholders are available at  
<http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=11534>.









