EXACT SCIENCES CORP
Form DEFR14A
June 27, 2013

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Exact Sciences Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o 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:

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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:

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

(3) Filing Party:

(4) Date Filed:

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441 Charmany Drive
Madison, Wisconsin 53719
June 27, 2013

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 25, 2013, 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 2013 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 2013 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on July 25, 2013

To the Stockholders of Exact Sciences Corporation:

NOTICE IS HEREBY GIVEN that the 2013 Annual Meeting of Stockholders of Exact Sciences Corporation, a Delaware corporation, will be held on Thursday, July 25, 2013, 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 three members of the Board of Directors nominated by the Board of Directors to serve for three year terms as Class I directors.

2. To hold an advisory vote on executive compensation.

3. To approve an amendment to the 2010 Omnibus Long-Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,800,000 shares and increase the fungible share ratio to 1.55 (from 1.35) and to re-approve individual award limits and performance goals for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

4. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for 2013.

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, 2013, 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 27, 2013

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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 25, 2013, at 10:00 a.m., local time, at the MG&E Innovation Center, 510 Charmany Drive, Room 50, Madison, Wisconsin 53719. This proxy statement and the accompanying notice and form of proxy are expected to be first sent to stockholders on or about June 27, 2013.

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 the annual meeting;
- a proxy card for the annual meeting; and
- the 2012 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the year ended December 31, 2012.

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 three directors nominated by our Board of Directors as Class I directors to serve until the 2016 annual meeting of stockholders;

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

the amendment to the 2010 Omnibus Long-Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,800,000 shares and increase the fungible share ratio to 1.55 (from 1.35) and the re-approval of individual award limits and performance goals for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; and

the ratification of the Audit Committee's appointment of BDO USA, LLP ("BDO") as our independent registered public accounting firm for the fiscal year ending December 31, 2013.

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 three directors nominated by our Board of Directors as Class I directors to serve until the 2016 annual meeting of stockholders;

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

FOR the approval of the amendment to the 2010 Omnibus Long-Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,800,000 shares and increase the fungible share ratio to 1.55 (from 1.35) and the re-approval of individual award limits and performance goals for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; and

FOR the ratification of the Audit Committee's appointment of BDO as our independent registered public accounting firm for 2013.

Who can attend the annual meeting?

Admission to the annual meeting is limited to:

stockholders as of the close of business on May 31, 2013;

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, 2013 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 64,174,095 shares of common

stock outstanding.

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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 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 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. Stockholders of record may vote by signing and returning the proxy 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 24, 2013.

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

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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 approval of the amendment to the 2010 Omnibus Long-Term Incentive Plan ("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 BDO as our independent registered public accounting firm for 2013 ("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 three nominees receiving the highest number of votes will be elected as Class I directors to serve until the 2016 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, Amendment to the 2010 Omnibus Long-Term Incentive Plan. Approval of the amendment to the 2010 Omnibus Long-Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,800,000 shares and increase the fungible share ratio to 1.55 (from 1.35) and re-approval of individual award limits and performance goals for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, will be considered obtained 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 4, Ratification of Appointment of Independent Registered Public Accounting Firm. The ratification of the Audit Committee's appointment of BDO as our independent registered public accounting firm for 2013 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

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directors, the advisory vote on the compensation of our executive officers and the amendment to the 2010 Omnibus Long-Term Incentive Plan. We expect no broker non-votes on the proposal regarding the ratification of the appointment of BDO as our independent registered public accounting firm for 2013, and abstentions will have no effect on this proposal.

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 2014 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 2014 annual meeting of stockholders must be received no later than February 27, 2014. 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 2014 Annual Meeting of Stockholders. Notice of any director nomination or other proposal that you intend to present at the 2014 annual meeting of stockholders, but do not intend to have included in the proxy statement and form of proxy relating to the 2014 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 27, 2014 and not later than the close of business on April 26, 2014. 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 2014 annual meeting of stockholders.

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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 30, 2013 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 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 which may be exercised within 60 days after April 30, 2013 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 30, 2013 is based upon 64,095,153 shares outstanding on that date.

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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
Directors and Executive Officers				
Maneesh K. Arora	53,664(2)	1,263,125	1,316,789	2.0%
Thomas D. Carey				*
James P. Connelly	63,799	18,181	81,980	*
Kevin T. Conroy	103,256(3)	2,531,875	2,635,131	4.0%
Sally W. Crawford	178,171	108,181	286,352	*
Daniel J. Levangie	64,242	30,960	95,202	*
Graham P. Lidgard	111,617(4)	575,625	687,242	1.1%
Katherine S. Napier	48,488	18,181	66,669	*
Lionel N. Sterling	74,611	30,960	105,571	*
Laura S. Stoltenberg	27,273(5)		27,273	*
David A. Thompson	55,820	30,960	86,780	*
All directors and executive officers as a group (11 persons)	780,941	4,608,049	5,388,990	7.8%
Stockholders				
BlackRock, Inc.(6)	3,448,045		3,448,045	5.4%
Gilder, Gagnon, Howe & Co. LLC(7)	4,180,913		4,180,913	6.5%
OrbiMed Advisors LLC(8) OrbiMed Capital LLC Samuel D. Isaly	4,379,000		4,379,000	6.8%
The Vanguard Group(9)	3,451,717		3,451,717	5.4%
Wasatch Advisors, Inc.(10)	2,583,154		2,583,154	4.0%

* Less than one percent.

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

(2) Includes 8,890 shares held through our 401(k) plan.

(3) Includes 16,486 shares held through our 401(k) plan.

(4)

Includes 41,750 shares of restricted stock and 9,748 shares held through our 401(k) plan.

(5)

Includes 468 shares held through our 401(k) plan.

(6)

BlackRock, Inc., a Delaware corporation ("BlackRock"), beneficially owns these shares through its subsidiaries, BlackRock Japan Co. Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited and BlackRock Advisors, LLC, and

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has the sole power to vote or to direct the vote and dispose or to direct the disposition of the shares. The principal address of BlackRock is 40 East 52nd Street, New York, New York 10022. This information has been obtained from Amendment No. 1 to Schedule 13G filed by BlackRock with the SEC on February 8, 2013.

(7)

Consists of 4,180,913 shares beneficially owned by Gilder, Gagnon, Howe & Co. LLC, a New York limited liability company ("Gilder"). Gilder has shared power to dispose or to direct the disposition of 4,109,322 shares, which include 3,649,746 shares held in customer accounts over which partners and/or employees of Gilder have discretionary authority to dispose of or direct the disposition of and 459,576 shares held in accounts owned by the partners of Gilder and their families. Gilder has the sole power to vote or to direct the vote and the sole power to dispose or to direct the disposition of 71,591 shares, which are held in the account of Gilder's profit-sharing plan. The principal business address of Gilder is 3 Columbus Circle, 26th Floor, New York, New York 10019. This information has been obtained from Amendment No. 2 to Schedule 13G filed by Gilder with the SEC on January 10, 2013.

(8)

Consists of 1,705,300 shares beneficially owned by OrbiMed Advisors LLC, a Delaware limited liability company, over which it has shared voting and dispositive powers, 2,673,700 shares beneficially owned by OrbiMed Capital LLC, a Delaware limited liability company, over which it has shared voting and dispositive powers and 4,379,000 shares beneficially owned by Samuel D. Isaly, an individual, over which he has shared voting and dispositive powers. The principal business address for the above named entities and individual is 601 Lexington Avenue, 54th Floor, New York, New York 10022. The information has been obtained from Amendment No. 2 to Schedule 13G filed by the above named entities and individual on February 14, 2013.

(9)

Consists of 3,451,717 shares beneficially owned by The Vanguard Group, Inc. a Pennsylvania corporation ("Vanguard"). Vanguard has the sole power to vote or to direct the vote of 79,562 shares, the sole power to dispose or to direct the disposition of 3,375,655 shares and shared power to dispose or to direct the disposition of 76,062 shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 76,062 shares, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 3,500 shares. The principal address of Vanguard is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. This information has been obtained from a Schedule 13G filed by Vanguard with the SEC on February 12, 2013.

(10)

The address of Wasatch Advisors, Inc. is 150 Social Hall Avenue, Suite 400, Salt Lake City, Utah 84111. This information has been obtained from Amendment No. 3 to Schedule 13G filed by Wasatch Advisors, Inc. with the SEC on March 11, 2013.

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PROPOSAL 1 ELECTION OF DIRECTORS

The Company's Board of Directors currently consists of eight members and is divided into three classes serving terms of three years. Stockholders elect one class of directors at each annual meeting. Three directors are to be elected at this annual meeting to hold office until the 2016 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 Kevin T. Conroy, Katherine S. Napier and David A. Thompson for re-election to the Board of Directors as Class I 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 2013 Annual Meeting and continuing directors and, for each such continuing director, 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
Nominees for Class I Directors:			
Kevin T. Conroy 2009	President, Chief Executive Officer and Director	2016	I
Katherine S. Napier 2009	Director	2016	I
David A. Thompson 2010	Director	2016	I
Continuing Directors:			
James P. Connelly 2009	Chairman of the Board	2014	II
Lionel N. Sterling 2010	Director	2014	II
Thomas D. Carey 2013	Director	2015	III
Sally W. Crawford 1999	Director	2015	III
Daniel J. Levangie 2010	Director	2015	III

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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.

Thomas D. Carey, age 51, has served as a director since April 2013. Mr. Carey has been a member at Spencer Stuart, a global executive search firm, since 2010, where he is responsible for leading the firm's global efforts in providing board services to companies within all segments of the healthcare market. Prior to Spencer Stuart, Mr. Carey was with Russell Reynolds Associates from 2001 to 2010 where he served as a Partner and Co-Head of the firm's Global Life Sciences Practice for the three years preceding his move to Spencer Stuart. Prior to entering the search industry, Mr. Carey served as an investment banker and then chief financial officer of both private and public healthcare and information technology companies. Mr. Carey earned a bachelor's degree from the College of the Holy Cross and an MM degree in management policy from the Kellogg Graduate School of Management at Northwestern University.

Mr. Carey brings to the Board more than 20 years of broad life sciences industry expertise. His background in the executive search industry also provides the Board of Directors a valuable perspective with respect to key executive hires and other personnel-related matters.

James P. Connelly, age 66, has served as a director since April 2009 and as Chairman of our Board 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 the Board more than 25 years experience providing strategic business and legal advice to large healthcare systems, medical group practices, national and regional laboratories, and 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 47, 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 degree in electrical engineering at Michigan State University and a law degree from the University of Michigan.

Mr. Conroy brings extensive business, legal and executive leadership experience to the Board. With his significant knowledge of, and breadth of experience in, the healthcare industry in general and the

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molecular diagnostics industry in particular, he provides the Board with a vital understanding of our business and industry.

Sally W. Crawford, age 59, has served as a director since August 1999 and served as our Chairperson from January 2006 to April 2008. Ms. Crawford has been an independent healthcare consultant since 1997, 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 biopharmaceutical company (Nasdaq: ZLCS), Hologic, Inc., a diagnostic, imaging systems and surgical products company (Nasdaq: HOLX), Universal American Corp., a Medicare managed care company (NYSE: UAM), Insulet Corporation, a medical device company (Nasdaq: PODD) and Prolacta Bioscience, a life sciences company. She previously served as a director of Chittenden Corporation, a bank holding company, Cytyc 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, 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 62, has served as a director since July 2010. Mr. Levangie has served as the chief executive officer of Dune Medical Devices, a medical device company, since October 2011 and previously served as president and chief executive officer of Keystone Dental, a dental products company, from March 2009 to February 2011. Mr. Levangie is co-founder and managing partner of Constitution Medical Investors, Inc., a private investment firm focused on healthcare sector-related acquisitions. Mr. Levangie previously served as president, surgical products division, of Cytyc Corporation, a medical equipment and device company, from July 2006 to October 2007. Prior to that, Mr. Levangie held a variety of positions with Cytyc, including executive vice president and chief operating officer from July 2000 to June 2002, chief executive officer and president of Cytyc Health Corporation from July 2002 to December 2003 and executive vice president and chief commercial officer from January 2004 to June 2006. Prior to joining Cytyc Corporation in 1992, Mr. Levangie held a number of sales, marketing and management positions with Abbott Laboratories. Mr. Levangie is currently a director of Insulet Corporation, a medical device company (Nasdaq: PODD), and Liposcience, Inc., a diagnostics company (Nasdaq: LPDX). He previously served as chairman and director of ev3, Inc., a medical device company, and as a director of Hologic, Inc., a diagnostic, imaging systems and surgical products company (Nasdaq: HOLX). Mr. Levangie is a member of the Advisory Board of the Barnett Institute of Northeastern University and is a trustee of Excel Charter School. Mr. Levangie earned a bachelor's degree in pharmacy from Northeastern University.

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

Katherine S. Napier, age 58, has served as a director since April 2009. She has served as chief executive officer of Arbonne International, a 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 Trustees of Xavier University. She previously served as a director of Hill-Rom Holdings, Inc., a worldwide manufacturer and provider of medical technologies and related services (NYSE: HRC), 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. Her business acumen and experience on the boards of directors of numerous companies make her a valuable addition to the Board.

Lionel N. Sterling, age 75, has served as a director since July 2010. Since 1987, he has served as president of Equity Resources, Inc., a private investment firm. He previously co-founded and served as managing partner of the private investment firm Whitehead/Sterling. He also has served as chairman of the board of directors of Rayovac Corporation, executive vice president and director of United Brands Company, and sector executive and chief financial officer of American Can Company. He also held various investment and operating positions at ITT Corporation and Donaldson, Lufkin & Jenrette Inc. Mr. Sterling currently serves as a director of GlucoTec, Inc., a medical software firm focusing on in-hospital Insulin control. He previously served as a director of i-STAT Corporation, a medical diagnostics company, Third Wave Technologies, Inc., a molecular diagnostics company, and Molecular Insight Pharmaceuticals, Inc., a clinical-stage biopharmaceutical company. Mr. Sterling earned a bachelor's degree from Brooklyn College and an MBA from New York University.

Mr. Sterling brings financial and investment expertise to our Board acquired through his finance education and his experience as a chief financial officer and as an operating executive. 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 71, 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 30 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

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services company (NYSE: STJ), and as a director of each of Hycor Biomedical, Inc., a medical diagnostic products company, LifeCell Corporation, a biological products company, NABI, a biopharmaceutical company, and TriPath Imaging, Inc., an automated imaging company. Mr. Thompson earned a bachelor's degree from South Dakota State University.

Mr. Thompson brings to the Board extensive executive and leadership experience in the healthcare industry in general and the molecular diagnostics industry in particular. His prior service as lead independent director for other companies provides a valuable perspective to our Board.

INFORMATION CONCERNING EXECUTIVE OFFICERS

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

Name	Age	Position
Kevin T. Conroy	47	President, Chief Executive Officer and Class I Director
Maneesh K. Arora	44	Senior Vice President, Chief Operating Officer and Chief Financial Officer
Graham P. Lidgard, Ph.D.	64	Senior Vice President and Chief Science Officer

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

Maneesh K. Arora has served as our Chief Operating Officer since February 2012 and as our Senior Vice President and Chief Financial Officer since April 2009 when he joined Exact. Prior to joining Exact, Mr. Arora worked for Third Wave Technologies, Inc., a molecular diagnostics company, from 2003 until the acquisition of Third Wave by Hologic, Inc. in July 2008. During his time at Third Wave, Mr. Arora was responsible for business strategy and commercial operations before being promoted to chief financial officer in January, 2006. 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. has served as our Senior Vice President and Chief Science Officer since 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, Dr. Lidgard 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 70 510(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 and a doctorate in biological chemistry from the University of Manchester in England.

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Board Independence

The Board of Directors has determined that each of Thomas D. Carey, James P. Connelly, Sally W. Crawford, Daniel J. Levangie, Katherine S. 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 scheduled 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.

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

As set forth in our Corporate Governance Guidelines, a copy of which is available at www.exactsciences.com, 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. The Secretary reviews any such security holder communication and forwards relevant communications to the addressee.

Policies Regarding Director Nominations

The Board of Directors has adopted a policy concerning director nominations, a copy of which is available at www.exactsciences.com. Set forth below is a summary of certain provisions of this policy.

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

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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.

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;

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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 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

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stockholder meetings. All of our board members attended the 2012 annual meeting of stockholders, except Mr. Levangie.

Code of Business Conduct Ethics

We have in place a Code of Business Conduct and Ethics (the "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 of Ethics 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 of Ethics via reporting mechanisms approved by our Audit Committee.

A current copy of the Code of Ethics is available at 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 and/or in our public filings with the SEC.

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 eight.

Our Board of Directors met eight times during the year ended December 31, 2012. All directors attended at least 75% of the aggregate of all meetings of the Board of Directors and all committees of the Board of Directors on which he or she served during 2012, except Mr. Levangie who attended six of eight meetings of the Board of Directors, two of three meetings of the Corporate Governance and Nominating Committee and one of two meetings of the Innovation and Technology Committee. 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. Each committee reviews the appropriateness of its charter annually or at such other intervals as each committee determines.

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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 S. Napier	**x**	**x**		**Chair**
Lionel N. Sterling	**Chair**			
David A. Thompson		**x**	**Chair**	

Committees

Audit Committee. Our Audit Committee consists of Ms. Crawford, Ms. Napier and Mr. Sterling. 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 three times during 2012.

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 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 2012.

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Corporate Governance and Nominating Committee. Our Corporate Governance and Nominating Committee consists of Mr. Connelly, Mr. Levangie and Mr. 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 three times during 2012.

Innovation and Technology Committee. Our Innovation and Technology Committee consists of Mr. Connelly, Mr. Levangie and Ms. Napier. 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 two times during 2012.

Compensation Committee Interlocks and Insider Participation

Sally W. Crawford, Katherine S. Napier and David A. Thompson served on the Compensation Committee in 2012. None of the directors who served on the Compensation Committee in 2012 served as one of our employees in 2012 or has ever served as one of our officers. During 2012, 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.

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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 Audit Committee regularly discusses 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 and reviews with management annually a summary of risk management activities including an insurance review and management's precautionary plans for disaster protection. Additionally, the Audit Committee assists the Board in its oversight of the Company's compliance with legal and regulatory matters. The Compensation Committee, together with management, has reviewed the Company's compensation policies and practices and concluded that such policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. 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 S. 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 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, 2012 and 2011 and the related statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2012, and has discussed them with both management and BDO USA, LLP ("BDO"), 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, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has reviewed permitted services under rules of the SEC as currently in effect and discussed with BDO their 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 BDO 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 fiscal year ended December 31, 2012.

Respectfully submitted by the Audit Committee.

THE AUDIT COMMITTEE:
Lionel N. Sterling, *Chairperson*
Sally W. Crawford
Katherine S. 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, 2012 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, 2012 and in this proxy statement.

THE COMPENSATION COMMITTEE:
Sally W. Crawford, *Chairperson*
Katherine S. Napier
David A. Thompson

COMPENSATION AND OTHER INFORMATION CONCERNING DIRECTORS AND OFFICERS

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis explains our executive compensation program as it relates to our "named executive officers," whose compensation information is presented in the following tables and discussion in accordance with SEC rules:

Name	Position
Kevin T. Conroy	President and Chief Executive Officer
Maneesh K. Arora	Senior Vice President, Chief Operating Officer and Chief Financial Officer
Graham P. Lidgard	Senior Vice President and Chief Science Officer
Laura S. Stoltenberg	Former Senior Vice President and Chief International Officer

Our executive compensation programs are designed to focus executive behavior on achievement of both our annual and long-term objectives and strategy as well as align the interests of management to

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those of our stockholders. To that end, executive compensation consists of three primary elements: salary, long-term equity interest and a cash bonus opportunity based on annual individual and corporate performance.

Based on our assessment of the performance of the executives and our compensation philosophy as described in this *Compensation Discussion and Analysis,* we took the following actions regarding 2012 compensation:

- Increased the base salaries of Mr. Conroy, Mr. Arora and Dr. Lidgard to $448,900, $330,000 and $330,000, respectively, to bring them in line with the market 25th percentile;
- Increased Mr. Conroy's target bonus opportunity from 50% to 60% of base salary to bring his target total cash compensation between the market 25th and 50th percentile;
- Granted annual equity awards to Mr. Conroy, Mr. Arora and Dr. Lidgard at the market 75th percentile consisting of stock option awards covering 127,500, 52,500 and 52,500 shares, respectively, and performance-based restricted stock unit awards covering up to 142,500, 60,000, and 60,000 shares, respectively; and
- Awarded cash bonuses to Mr. Conroy, Mr. Arora, Dr. Lidgard and Ms. Stoltenberg of $269,340, $132,000, $132,000 and $97,501, respectively.

Our executive compensation is discussed in greater detail in the sections that follow. Our Compensation Committee will continue to evaluate our overall compensation structure and awards to ensure that they are reflective of the performance of our executive officers and our Company and are consistent with our compensation objectives.

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 life sciences industry for which we would compete for talent and which consists of a mix of base salary, equity and cash incentives; and
- Align the interests of management and stockholders by providing management with long-term incentives through equity ownership.

Elements of Executive Compensation

Our executive compensation program consists of three primary elements: salary, long-term equity interest, 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

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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 compensation data for companies of generally similar employee size and complexity in the biotechnology and diagnostics 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. On an annual basis, the Compensation Committee reviews tally sheets reflecting each executive officer's compensation history with respect to each element of compensation, as well as projected payouts that would come due in connection with a termination or change in control.

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 Compensation Committee, evaluates the Chief Executive Officer's performance and reviews the evaluation with him. Based on that evaluation and review and consultation with its independent compensation consultant, the Compensation Committee then 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.

The Compensation Committee has engaged Radford, an Aon Hewitt Consulting Company ("Radford"), as its independent executive compensation consultant. The Compensation Committee has assessed the independence of Radford pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Radford from serving as an independent consultant to the Compensation Committee.

Analysis of Executive Compensation

Pursuant to its engagement, in early 2012 Radford provided the Compensation Committee an annual review of the competitiveness of our executive compensation program, including the competitiveness of our base salaries, target total cash compensation, long-term incentives, and target total direct compensation.

Radford analyzed the components of our executive compensation program against information blended from (1) proxy statement data from a peer group of companies (listed below) that consisted of publicly traded biotechnology and pharmaceutical companies that are similar to the Company in terms

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of headcount, stage of development and market capitalization and (2) survey data from a broader group of public life sciences companies with headcount between 25 and 250 employees.

The Compensation Committee seeks to identify an executive compensation peer group of approximately 20 companies in the diagnostic, biotechnology and medical device industries at a similar stage of development and comparable financial profile that may compete with the Company for executive talent. Based on Radford's review and recommendations regarding the Company's executive compensation peer group, the Compensation Committee approved a new peer group for 2012. In its review, Radford focused on creating a peer group that:

Represented companies operating in the biotechnology and pharmaceutical industries;

Contained a mix of primarily pre-commercial research and development companies and some commercial stage companies;

Captured comparable companies in terms of employee size and market capitalization; and

Provided sufficient room for growth without over- or under-extending.

Based on Radford's recommendations, the Compensation Committee (1) removed two companies from the prior year peer group (Icagen and SenoRX) that had been acquired and three companies (EntreMed, Idera Pharma and Palatin Technologies) with market capitalizations below $40 million and (2) and added three companies (AVEO Pharmaceuticals, Idenix Pharmaceuticals and NPS Pharmaceuticals) that met the stated criteria.

The companies in the peer group were:

Company	Product Focus
Acadia Pharmaceuticals	Central Nervous Systems
Anadys Pharmaceuticals	Hepatitis
ARIAD Pharmaceuticals	Oncology
ArQule	Oncology
AspenBio Pharmaceuticals	General Diseases
AVEO Pharmaceuticals	Oncology
BioCryst Pharmaceuticals	Infectious Diseases
Celldex Therapeutics	Oncology / General Diseases
Cytokinetics	Medical Therapeutics
GenVec	Vaccines
Idenix Pharmaceuticals	Infectious Diseases
Immunomedics	Medical Diagnostics
Nanosphere	Medical Diagnostics
NPS Pharmaceuticals	General Diseases
Oculus Innovative Sciences	Chronic / Accute Wounds
OncoGenex Pharmaceuticals	Oncology
Sangamo BioSciences	Gene Modification
Sequenom	Medical Diagnostics
Synta Pharmaceuticals	Oncology / Inflammatory Diseases
Vical	General Diseases

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Based on Radford's analysis, we reached the following conclusions regarding our executive compensation program:

- Base salary levels for the named executive officers were slightly below the 25th percentile (target philosophy is between 25th and 50th percentile).
- Target total cash compensation (base salary plus annual cash bonus opportunity) levels for the named executive officers were slightly below the 25th percentile (target philosophy is between 40th and 50th percentile).
- The aggregate value of the long-term incentive compensation awarded to the named executive officers in 2011 (comprised of performance-based restricted stock units) approximated the 50th percentile.
- Target total direct compensation (target total cash compensation plus long-term incentive compensation) levels for the named executive officers approximated the 50th percentile.

Radford also provided us with an assessment of our annual equity burn rate and the retentive value of equity awards held by our executives as well as an analysis of the alignment of Company performance and CEO compensation.

Based on our assessment of the performance of the executives and our compensation philosophy as described in this *Compensation Discussion and Analysis,* in early 2012 we took the following actions:

- Increased the base salaries of Mr. Conroy, Mr. Arora and Dr. Lidgard to $448,900, $330,000 and $330,000, respectively, to bring them in line with the market 25th percentile;
- Increased Mr. Conroy's target bonus opportunity from 50% to 60% of base salary to bring his target total cash compensation between the market 25th and 50th percentile; and
- Granted annual equity awards to Mr. Conroy, Mr. Arora and Dr. Lidgard at the market 75th percentile consisting of stock option awards covering 127,500, 52,500 and 52,500 shares, respectively, and performance-based restricted stock unit awards covering up to 142,500, 60,000, and 60,000 shares, respectively.

2012 Bonus Plan

The Compensation Committee believes that a significant portion of our executives' compensation should be "at risk," i.e., contingent upon successful implementation of our strategy and goals. Accordingly, one component of our executive compensation program is an annual cash bonus opportunity pursuant to which 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 2012 bonus awards, the Compensation Committee considered the executive team's achievement of a variety of business plan goals related to:

- The clinical trial and related FDA submissions for our Cologuard test;
- Research and development and operations; and
- Market development activities.

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After considering the executive team's achievement of key business plan goals, the Compensation Committee determined to award cash bonuses to Mr. Conroy, Mr. Arora, Dr. Lidgard and Ms. Stoltenberg of $269,340, $132,000, $132,000 and $97,501, respectively (100% of target).

Annual Equity Awards

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 over annual salary and incentive compensation awards.

To provide additional performance-based equity compensation, in February 2012, we made annual equity awards to the executives consisting of performance-based restricted stock unit and stock options. Mr. Conroy, Mr. Arora and Dr. Lidgard received performance-based restricted stock unit awards covering up to142,500, 60,000 and 60,000 shares, respectively. These awards were made subject to performance-based vesting requirements relating to the FDA clinical trial for our Cologuard colorectal cancer and pre-cancer screening test and were subject to forfeiture to the extent these requirements were not satisfied. Based upon the Company's missing by approximately three weeks the target date for completion of the FDA clinical trial for its Cologuard test, none of these awards were earned by the executives. For further information concerning these awards see *"2012 Performance RSU Awards"* below.

Mr. Conroy, Mr. Arora and Dr. Lidgard received stock option awards covering 127,500, 52,500 and 52,500 shares, respectively. The shares underlying these options vest and become exercisable in four equal annual installments beginning on the first anniversary of the grant date.

These awards were intended to further align compensation with achievement of key business plan goals and to motivate the retention of our executives. The Compensation Committee believes that annual equity awards provide the executive officers with the opportunity to acquire long-term stock ownership positions that directly motivates executive officers to maximize long-term stockholder value and that time-based vesting of these awards 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 2012. 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.

Role of Stockholder Say-on-Pay Votes

We provide our stockholders with the opportunity to cast an annual advisory vote on executive compensation (a "say-on-pay proposal"). At the Company's annual meeting of stockholders held in July 2012, approximately 94% of the votes cast on the say-on-pay proposal at the meeting were voted in favor of the proposal. The Compensation Committee believes this vote affirms the stockholders'

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support of the Company's approach to executive compensation and did not make specific changes to our executive compensation program in response to the vote. However, the Compensation Committee continues to review and refine the design and administration of our executive pay practices. The Compensation Committee also will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the named executive officers.

Stock Ownership Guidelines

In January 2012, the Board of Directors adopted guidelines to encourage ownership of shares of the Company's Common Stock by directors and senior executives. Under these guidelines, directors and senior executives have until the later of five years from the adoption of the guidelines (or, if later, the date of employment, election or promotion, whichever applies) to achieve an ownership target determined as follows:

	Ownership Targets: Lower of:	
Position	**Base Salary Multiple**	**Fixed Share Target**
Board of Directors	Stock value equal to or greater than 3 times annual retainer	Number of shares equal to or greater than annual retainer, divided by stock value, multiplied by 3
CEO	Stock value equal to or greater than 6 times base salary	Number of shares equal to or greater than base salary, divided by stock value, multiplied by 6
Senior Executive Officers	Stock value equal to or greater than 2 times base salary	Number of shares equal to or greater than base salary, divided by stock value, multiplied by 2

Under the Base Salary Multiple, "stock value" is calculated annually at the end of each fiscal year based on the average of the closing prices of the Company's Common Stock for the last 30 trading days of the fiscal year.

Under the Fixed Share Target, "stock value" is calculated as of the later of (1) the date of adoption of these stock ownership guidelines, and (2) the date of the director's, CEO's or senior executive's hire or appointment, as the case may be, based on the average of the closing prices of the Company's Common Stock for the 30 days leading up to, and inclusive of, the applicable date.

Shares of the Company's Common Stock that count toward satisfaction of the ownership targets include:

Shares directly owned individual, immediate family or trust (including without limitation shares purchased on the open market or acquired upon the exercise of a stock option);

Vested restricted shares, restricted stock units and deferred stock units;

"In the money" vested stock options; and

Shares held in the Company's 2010 Employee Stock Purchase Plan.

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Shares that do not count toward the ownership targets include:

- Unvested stock options, restricted shares, restricted stock units, and deferred stock units;
- "Out of the money" vested stock options; and
- Performance restricted shares or performance equity units not yet vested.

Employment Agreements with Executive Officers

In April 2009, Kevin T. Conroy and Maneesh K. Arora joined us as our President and Chief Executive Officer and Senior Vice President and Chief Financial Officer, respectively. On February 16, 2012, Mr. Arora was promoted to Chief Operating Officer in addition to his title of Chief Financial Officer. In August 2009, Graham P. Lidgard joined us as our Senior Vice President and Chief Science Officer. Ms. Stoltenberg joined us as our Chief Commercial Officer in March 2012 and served in that position until April 2013. In April 2013, Ms. Stoltenberg became our Senior Vice President and Chief International 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.

The compensation packages for Mr. Conroy and Mr. Arora were established by the Compensation Committee with assistance from DolmatConnell & Partners, a compensation consultant. The compensation packages for Dr. Lidgard and Ms. Stoltenberg were designed to be consistent with those of Mr. Conroy and Mr. Arora. Each of these packages was determined based on negotiations with the applicable executive officer and taking into account his or her 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 minimum 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. Pursuant to his employment agreement, 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 Benefits Upon Termination or Change of Control*" beginning on page 35 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.

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Arora Employment Agreement

Mr. Arora's employment agreement provides for a minimum 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. Pursuant to his employment agreement, 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 Benefits Upon Termination or Change of Control*" beginning on page 35 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 minimum 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 Madison, Wisconsin. Pursuant to his employment agreement, 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).

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 Benefits Upon Termination or Change of Control*" beginning on page 35 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.

Stoltenberg Employment Agreement

Ms. Stoltenberg's employment agreement provided for a minimum base salary of $310,000 and for a target bonus opportunity equal to 40 percent of her 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 Board and/or the Compensation Committee. In addition, Ms. Stoltenberg received a $100,000 payment to reimburse her for relocation expenses associated with her move to Madison, Wisconsin. Pursuant to her employment agreement, Ms. Stoltenberg also received an initial grant of 165,000 restricted stock units.

On June 7, 2013 the Company accepted Ms. Stoltenberg's resignation. In connection with her departure we entered into a separation and general release with Ms. Stoltenberg (the "Separation Agreement").

Under the terms of the Separation Agreement, Ms. Stoltenberg will receive (1) severance payments equal to 12 months of her current annual base salary, (2) a $100,000 guaranteed bonus for

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2013, payable in 2014, (3) a payment of $102,500 towards the cost of an outplacement consulting package and relocation assistance, (4) continuation of group health benefits through no later than June 30, 2014, and (5) payment by the Company of Ms. Stoltenberg's reasonable attorneys' fees. Further, pursuant to the Separation Agreement, the Company and Ms. Stoltenberg agreed that Ms. Stoltenberg will retain a total of 100,000 restricted stock units, 41,250 of which vested upon execution of the Separation Agreement, 10,000 of which will vest in March, 2014, and the balance of which will vest in twenty-four equal monthly installments beginning in April, 2014, subject to Ms. Stoltenberg's continuing to provide consulting services pursuant to a separate consulting agreement entered into between Ms. Stoltenberg and the Company. Ms. Stoltenberg forfeited all other restricted stock unit and stock option awards.

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 Benefits Upon Termination or Change of Control"* beginning on page 35 below.

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Summary Compensation Table for 2012

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, Chief Operating Officer and Chief Financial Officer, Graham P. Lidgard, our Senior Vice President and Chief Science Officer, and Laura S. Stoltenberg, our former Senior Vice President and Chief International Officer (collectively, our "named executive officers"), for the three years ended December 31, 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)	Total ($)
Kevin T. Conroy	2012	445,750	269,340	872,100	1,103,425(3)	17,000(4)	2,707,615
President and Chief	2011	418,750	251,550		635,613	16,500(4)	1,322,413
Executive Officer	2010	340,000	170,000		63,750	16,500(4)	590,250
Maneesh K. Arora	2012	325,000	132,000	359,100	464,600(3)	17,000(4)	1,297,700
Chief Operating Officer and	2011	292,500	140,400		280,500	16,500(4)	729,900
Chief Financial Officer	2010	240,000	96,000		36,000	16,500(4)	388,500
Graham P. Lidgard	2012	325,000	132,000	359,100	464,600(3)	22,500(4)	1,303,200
Senior Vice President and	2011	296,875	140,400		280,500	22,000(4)	739,775
Chief Science Officer	2010	275,000	125,000		771,980	22,000(4)	1,193,980
Laura S. Stoltenberg	2012	244,423	97,501		1,656,600	105,425(5)	2,103,949
Former Senior Vice President and Chief International Officer							

(1) The amounts shown in this column indicate the grant date fair value of option awards computed in accordance with FASB Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). Generally, the 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 grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Generally, the 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 the grant date fair value of certain performance-based restricted stock unit awards plus the incremental fair value resulting from certain modifications made to the performance-based conditions associated with these awards computed in accordance with FASB ASC Topic 718. Based upon the Company's missing by approximately three weeks the target date for completion of the FDA clinical trial for its Cologuard test, none of these awards were earned by the executives. For further information concerning these performance-based restricted stock unit awards see *"2012 Performance RSU Awards"* below. Assuming that the highest level of performance conditions would

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be achieved, the grant date value of these awards would have been as follows: Mr. Conroy ($1,292,475); Mr. Arora ($544,200) and Dr. Lidgard ($544,200).

(4) Represents a matching contribution to our 401(k) plan paid in shares of our common stock.

(5) Represents a matching contribution to our 401(k) plan paid in shares of our common stock and a relocation expenses payment of $100,000.

Grants of Plan-Based Awards in 2012

The following table sets forth all plan-based awards made to our named executive officers in 2012.

			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(1)
Name	**Award Type**	**Grant Date**	**Threshold (#)**	**Target (#)**	**Maximum (#)**				
Kevin T. Conroy	Stock Option(2)	02/27/12					127,500	9.07	872,100
	Restricted Stock Units(3)	02/27/12	71,250	118,750	142,500				1,103,425
Maneesh K. Arora	Stock Option(2)	02/27/12					52,500	9.07	359,100
	Restricted Stock Units(3)	02/27/12	30,000	50,000	60,000				464,600
Graham P. Lidgard	Stock Option(2)	02/27/12					52,500	9.07	359,100
	Restricted Stock Units(3)	02/27/12	30,000	50,000	60,000				464,600
Laura S. Stoltenberg	Restricted Stock Units(4)	03/19/12				165,000			1,656,600

(1) The amounts shown in this column indicate the grant date fair value of option awards and the grant date fair value of certain performance-based restricted stock unit awards plus the incremental fair value resulting from certain modifications made to the performance-based conditions associated with these awards computed in accordance with FASB ASC Topic 718. Generally, the grant date fair value or incremental 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 shares underlying this option vest and become exercisable in four equal annual installments beginning on the first anniversary of the grant date.

(3) Represents a performance-based Restricted Stock Unit Award. For further information see *"2012 Performance RSU Awards"* below.

(4)

Represents a restricted stock unit award which vests as follows: 25% on the first anniversary of the grant date and the balance in equal monthly installments over the following three year period.

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2012 Performance RSU Awards

In February 2012 the named executive officers were awarded performance-based restricted stock unit awards ("RSUs") as follows: Mr. Conroy (142,500 RSUs); Mr. Arora (60,000 RSUs) and Mr. Lidgard (60,000 RSUs). Each RSU represented a contingent right to receive one share of our common stock. These RSUs were made subject to the following performance-based vesting conditions. The executives were eligible to earn fifty percent of these awards based upon the Company's completion of the FDA clinical trial for its Cologuard test and meeting trial endpoints as agreed with the FDA (the "Trial Completion Goal") by a specified date. Subject to satisfaction of the Trial Completion Goal, the executives were eligible to earn the remaining fifty percent of these awards based on the achievement of three additional enumerated clinical trial milestones (submission of manufacturing module of premarket approval submission, submission of the analytical and clinical modules of the premarket approval submission and scheduling of an FDA panel approval) by specified dates (with one-third of the remaining amount being earned up completion of each milestone). In July 2012, due to changes in the anticipated timing and sequencing of these clinical trial goals the Compensation Committee approved changing the performance-measurement date for each of the goals from December 31, 2012 to: (1) in the case of the Trial Completion Goal, March 31, 2013, and (2) in the case of the other goals, April 30, 2013. Based on the Company's missing by approximately three weeks the target date for completion of the Trial Completion Goal the executives did not earn any of these RSUs.

Outstanding Equity Awards at December 31, 2012

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, 2012.

	Options Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
Kevin T. Conroy	2,343,750	156,250(3) 127,500(5)	0.83 9.07	03/18/19 02/27/22	37,768(4)	399,963	71,250	754,538
Maneesh K. Arora	1,171,875	78,125(3) 52,500(5)	0.83 9.07	03/18/19 02/27/22	16,668(4)	176,514	30,000	317,700
Graham P. Lidgard	487,500	112,500(6) 52,500(5)	2.88 9.07	08/03/19 02/27/22	66,668(7)	706,014	30,000	317,700
Laura S. Stoltenberg					165,000(8)	1,747,350		

(1) The market value of unvested and unearned shares of restricted stock and restricted stock units is based on the closing price of our common stock on December 31, 2012 ($10.59).

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(2) Represents fifty percent (threshold) of the unearned portion of a performance-based restricted stock unit award granted in February 2012. See "*2012 Performance RSU Awards*" above.

(3) Represents the unvested portion of an option grant that vests on March 19, 2013.

(4) Represents the unvested portion of a restricted stock unit award that vests on December 31, 2013.

(5) Represents the unvested portion of an option grant that vests in four equal annual installments beginning on February 27, 2013.

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

(7) Represents the unvested portions of restricted stock and restricted stock unit awards that vest as follows: (1) 16,500 shares that vest in two equal annual installments beginning on April 15, 2013, (2) 33,500 shares that vest in two equal annual installments beginning on October 26, 2013 and (3) 16,668 shares that vest on December 31, 2013.

(8) Represents the unvested portion of a restricted stock unit award that vests as follows: (1) 41,250 shares that vest on March 19, 2013 and (2) 123,750 shares that vest in equal monthly installments beginning June 19, 2013.

2012 Option Exercises and Stock Vested Table

The following table sets forth the total number of shares received by the named executive officers upon vesting of restricted stock and restricted stock unit awards in 2012 and the value of such shares based on the closing price of our common stock on the vesting date.

	Stock Awards	
Name	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Kevin T. Conroy	37,767	399,953
Maneesh K. Arora	16,667	176,504
Graham P. Lidgard	41,667	416,621

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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

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

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

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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;

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;

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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

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, Lidgard and Stoltenberg 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

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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 or her 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.

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

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successor, if requested, for a period of at least six months following the Change of Control at his or her 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.

Ms. Stoltenberg was party to an employment agreement with terms substantially similar to those of Mr. Arora and Dr. Lidgard. Ms. Stoltenberg's employment agreement was terminated in connection with her departure from the Company in June 2013.

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, Dr. Lidgard's and Ms. Stoltenberg'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 or she may have against the Company which such release he or she does not revoke within 21 days after his or her date of termination;

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

The executive's compliance with the 18 month (12 month solely in respect to Ms. Stoltenberg's employment agreement) non-competition covenant set forth in the executive's employment agreement; and

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The executive's compliance with the 18 month (12 months solely in respect to Ms. Stoltenberg's employment agreement) non-solicitation covenant set forth in the executive's employment agreement.

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.

	Portion of Equity Value			
Name	**From $100 million to $500 million**	**Each incremental $50 million from $500 million to $1 billion**	**Each incremental $50 million from $1 billion to $2 billion**	**Any amount over $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 $400,000,000, Mr. Conroy would receive a cash payout of $4,000,000, 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).

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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, 2012.

Name and Benefit	Severance Eligible Termination** ($)	Change of Control ($)	Severance Eligible Termination and Change of Control Within 12 Months** ($)	Death or Disability ($)
Kevin T. Conroy				
Cash Severance	673,350(1)	897,800(2)	897,800(2)	
Pro rata bonus	269,340(3)	269,340(3)	269,340(3)	
Options, Restricted Stock and RSUs	1,973,403(4)	2,118,763(4)	2,118,763(4)	2,118,763(4)
Long-Term Incentive Plan		6,768,048(5)	6,768,048(5)	
COBRA Benefits	10,898(6)		10,898(6)	
Outplacement Consulting	10,000		10,000	
Parachute Tax Gross-up		4,301,660(7)	4,313,636(7)	
Total estimated value	2,936,991	14,355,611	14,388,485	2,118,763
Maneesh K. Arora				
Cash Severance	412,500(8)	495,000(1)	495,000(1)	
Pro rata bonus	132,000(3)	132,000(3)	132,000(3)	
Options, Restricted Stock and RSUs	958,954(4)	1,018,814(4)	1,018,814(4)	1,018,814(4)
Long-Term Incentive Plan		3,384,024(5)	3,384,024(5)	
COBRA Benefits	10,898(6)		10,898(6)	
Outplacement Consulting	10,000		10,000	
Total estimated value	1,524,352	5,029,838	5,050,736	1,018,814
Graham P. Lidgard				
Cash Severance	412,500(8)	495,000(1)	495,000(1)	
Pro rata bonus	132,000(3)	132,000(3)	132,000(3)	
Options, Restricted Stock and RSUs	1,328,586(4)	1,653,189(4)	1,653,189(4)	1,653,189(4)
Long-Term Incentive Plan		3,384,024(5)	3,384,024(5)	
COBRA Benefits	8,040(6)		8,040(6)	
Outplacement Consulting	10,000		10,000	
Total estimated value	1,891,126	5,664,213	5,682,253	1,653,189
Laura S. Stoltenberg				
Cash Severance	310,000(9)		310,000(9)	
Pro rata bonus	95,701(3)	95,701(3)	95,701(3)	
Options, Restricted Stock and RSUs	764,466(4)	1,747,350(4)	1,747,350(4)	1,747,350(4)
Long-Term Incentive Plan				
COBRA Benefits	10,898(6)		10,898(6)	
Outplacement Consulting	10,000		10,000	
Total estimated value	1,191,065	1,843,051	2,173,949	1,747,350

**

"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 2012 bonus award.

(4) Represents the value of unvested options, restricted stock units and shares of restricted stock held on December 31, 2012 accelerated in connection with termination or occurrence of a Change of Control, based upon the closing market price of the common stock on December 30, 2012 ($10.59).

(5) 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 total market capitalization as of December 31, 2012.

(6) Represents the estimated cost of paying for premiums for health and/or dental insurance for the maximum of 12 months.

(7) 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.

(8) Represents 15 months severance.

(9) Represents 12 months severance.

Director Compensation

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 continues to serve as a director following such meeting is paid an annual cash retainer as follows:

Board Member Compensation	**Annual Retainer ($)**
Chairman of the Board	55,000
Director	35,000

Committee Chairperson Compensation	**Annual Retainer ($)**
Audit Committee	15,000
Compensation Committee	13,000
Corporate Governance and Nominating Committee	10,000
Innovation and Technology Committee	10,000

Committee Member Compensation	**Annual Retainer ($)**
Audit Committee	7,000
Compensation Committee	6,000
Corporate Governance and Nominating Committee	5,000
Innovation and Technology Committee	5,000

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

In addition, non-employee directors are paid cash compensation of $1,500 per meeting in unusual circumstances when (i) the Board or any committee has met more than 10 times per year or (ii) the Board creates a special committee.

Pursuant to the Director Compensation Policy, on the date of each annual stockholders meeting, each non-employee director who is continuing to serve as a director following such meeting is also granted an annual equity award having a value equal to $68,000. This annual equity award is comprised of (1) stock options having a grant date fair value computed in accordance with FASB Accounting Standards Codification Topic 718 ("ASC 718") equal to $34,000 and (2) at the election of the director, either restricted stock or deferred stock units having a grant date fair value computed in accordance with ASC 718 equal to $34,000. 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 grant date fair value computed in accordance with ASC 718 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.

Upon his or her initial election to the Board of Directors, a new director receives stock options having a grant date fair value computed in accordance with ASC 718 equal to $102,000. 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.

On August 27, 2012, the Company entered into a one year consulting agreement with James P. Connelly under which he provides advisory services in support of the Company's commercialization activities. In accordance with the agreement, Mr. Connelly is paid $5,000 per month for his services and was granted 4,873 restricted stock units on August 27, 2012 that vest in full on the one year anniversary of the grant date.

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Non-Employee Director Compensation in 2012

The following table provides compensation information for the one-year period ended December 31, 2012 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 ($)(2)	All Other Compensation ($)	Total ($)
James P. Connelly	65,000	96,500	34,000	15,000(4)	210,500
Sally W. Crawford	55,000	34,000	34,000		123,000
Daniel J. Levangie	45,000(3)	34,000	34,000		113,000
Katherine S. Napier	58,000(3)	34,000	34,000		126,000
Lionel N. Sterling	50,000	34,000	34,000		118,000
David A. Thompson	51,000(3)	34,000	34,000		119,000

(1) The amounts shown in this column indicate the grant date fair value of stock awards computed in accordance with FASB ASC Topic 718. Generally, the 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, 2012, the non-employee members of our Board of Directors held unvested shares of restricted stock and restricted stock units as follows:

Name	Unvested Shares of Restricted Stock and Restricted Stock Units
James P. Connelly	9,441
Sally W. Crawford	3,340
Daniel N. Levangie	3,340
Katherine S. Napier	3,340
Lionel N. Sterling	3,340
David A. Thompson	3,340

(2) The amounts shown in this column indicate the grant date fair value of option awards computed in accordance with FASB ASC Topic 718. Generally, the 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, 2012, the non-employee members of our Board of Directors held outstanding option awards as follows:

Name	Number of Securities Underlying Unexercised Options
James P. Connelly	33,304
Sally W. Crawford	123,304
Daniel N. Levangie	52,472
Katherine S. Napier	33,304
Lionel N. Sterling	52,472
David A. Thompson	52,472

(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.

(4) Amount represents consulting fees.

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 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, 2012.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities outstanding)(3)
Equity compensation plans approved by security holders	6,610,523	$ 2.62	1,674,450
Equity compensation plans not approved by security holders	None	None	None
Total	6,610,523	$ 2.62	1,674,450

(1) Includes 428,527 outstanding restricted stock units under plans approved by our security holders.

(2) Does not reflect restricted stock units included in the first column that do not have an exercise price.

(3) Includes 1,489,918 shares of common stock available for future issuance under our 2010 Omnibus Long-Term Incentive Plan and 184,532 shares of common stock available for future issuance under our 2010 Employee Stock Purchase Plan.

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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.

As described in detail under the heading "*Compensation and Other Information Concerning Directors and Officers Compensation Discussion and Analysis*" beginning on page 21, 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 21 for additional details about our executive compensation programs, including information about the 2012 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 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 the proxy statement for the Company's 2013 annual meeting, 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 2013 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 APPROVAL OF FIRST AMENDMENT TO 2010 OMNIBUS LONG-TERM INCENTIVE PLAN

The Company currently maintains the 2010 Omnibus Long-Term Incentive Plan (the "Omnibus Plan"), which was adopted by our Board of Directors on April 15, 2010, and approved by stockholders at our 2010 Annual Meeting, on July 16, 2010.

We are asking stockholders to approve an amendment to the Omnibus Plan (the "First Amendment") to add 2,800,000 shares of common stock to the pool of shares available for equity awards and to increase the fungible share ratio to 1.55 (from 1.35). We are also asking stockholders to re-approve individual award limits and business criteria that can be used in establishing performance goals for performance awards granted under the Omnibus Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Under the Omnibus Plan, the Company initially reserved 4,400,000 shares of common stock for issuance to employees, officers, non-employee directors, consultants and advisors of the Company, or of any affiliate, as the Compensation Committee may determine and designate from time to time, in the form of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, cash- or stock-based performance awards and other stock-based awards. The Omnibus Plan is scheduled to expire on July 16, 2020.

The Board of Directors believes that the Omnibus Plan is a key part of the Company's compensation philosophy and programs. Our ability to attract, retain and motivate highly qualified officers, non-employee directors, key employees, consultants and advisors is critical to our success. The Board believes that the interests of the Company and its stockholders will be advanced if we can continue to offer our officers, non-employee directors, key employees, consultants and advisors the opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company.

As of April 30, 2013, 891,622 shares of common stock remained reserved for issuance pursuant to awards under the Omnibus Plan. As we stated in our Proxy Statement for the 2010 Annual Meeting of Stockholders, when the Omnibus Plan was submitted for stockholder approval in 2010, we expected that the shares reserved for awards at that time would be sufficient to cover our equity awards for at least three years.

In order to increase the pool of shares available for future equity award grants to continue to operate our compensation program in a manner consistent with past practices and to accommodate anticipated growth, the Board of Directors has adopted, subject to stockholder approval, the First Amendment, to add 2,800,000 shares of common stock to the pool of shares available for equity awards. In connection with increasing the share pool, the First Amendment also increases the fungible share ratio from 1.35 to 1.55, so that each share of common stock covered by an award other than an option or SAR will reduce the share pool by 1.55 shares. For further information concerning the fungible share ratio see "*Share Counting*" below. Other than the proposed increase to the share pool and the increase to the fungible share ratio, the First Amendment does not make any other changes to the existing Omnibus Plan. We currently anticipate that if the First Amendment is approved, the number of shares reserved for awards under the Omnibus Plan will be sufficient to cover our equity awards for at least the next two years.

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The following table summarizes information regarding all the Company's outstanding equity awards and shares available for future awards under the company's equity plans as of March 31, 2013.

	Total
Total shares underlying all outstanding options	6,378,496
Weighted average exercise price of outstanding options	$ 2.89
Weighted average years remaining contractual life of outstanding options	6.5
Total shares underlying all other outstanding equity awards	1,002,561
Shares available for awards, all plans	891,622

The material terms of the Omnibus Plan, as amended by the First Amendment, are summarized below. This summary of the Omnibus Plan is not intended to be a complete description of the Omnibus Plan, as amended by the First Amendment, and is qualified in its entirety by the actual text of the Omnibus Plan, as amended by the First Amendment, which is attached as Appendix A to this proxy statement. The proposed changes to the Omnibus Plan as a result of the First Amendment are set forth in Appendix A.

Material Features of the Omnibus Plan, as Amended by the First Amendment

Administration of the Plan.

Our Board of Directors has such powers and authorities related to the administration of the Omnibus Plan as are consistent with our corporate governance documents and applicable law. Pursuant to its charter, the Compensation Committee administers the Omnibus Plan.

Type of Awards.

The following types of awards are available for grant under the Omnibus Plan: incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock, restricted stock units, cash- or stock-based performance awards (as defined in the Omnibus Plan) and other stock-based awards.

Number of Authorized Shares.

Subject to adjustment (in connection with certain changes in capitalization), the number of shares of our common stock reserved for issuance under the Omnibus Plan, as amended by the First Amendment, is equal to: (1) 4,400,000, plus (2) effective upon April 30, 2013 (subject to stockholder approval) 2,800,000. 4,400,000 of such shares of our common stock available for issuance under the Omnibus Plan shall be available for issuance under ISOs. The maximum number of each type of award (other than cash-based performance awards (as defined in the Omnibus Plan)) intended to constitute "performance-based compensation" under Section 162(m) of the Code ("Section 162(m)") granted to any grantee in any 36-month period shall not exceed the following: Options: 4,400,000; SARs: 4,400,000; Restricted Stock: 3,250,000; Restricted Stock Units: 3,250,000; and Other Stock-based Performance Awards: 3,250,000.

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Share Counting.

The Omnibus Plan uses a "fungible share" concept under which the awards of options and SARs cause one share per covered share to be removed from the available share pool, while the award of restricted stock, restricted stock units, or other stock-based awards where the price charged for the award is less than 100% of the fair market value of our common stock will be counted against the pool as 1.55 shares. This number, known as the "fungible share ratio", is being increased from 1.35 to 1.55, as a result of the First Amendment. The number of shares of common stock available for the purpose of awards under the Omnibus Plan shall be reduced by: (1) the total number of SARs exercised, regardless of whether any of the shares of common stock underlying such awards are not actually issued to the Grantee as the result of a net settlement; and (2) any shares of common stock used to pay any exercise price or tax withholding obligation with respect to any award. Shares of our common stock underlying any outstanding stock option or other award granted under our 2000 Stock Option and Incentive Plan or any other predecessor employee stock plan of the Company that is forfeited, terminated or cancelled for any reason without issuance of such shares shall be available for the grant of new awards under the Omnibus Plan. Any award settled in cash shall not be counted as shares of our common stock for any purpose under the Omnibus Plan. If any award under the Omnibus Plan expires, or is terminated, surrendered or forfeited, in whole or in part, the unissued shares of our common stock covered by such award shall again be available for the grant of awards under the Omnibus Plan. If shares of our common stock issued pursuant to the Omnibus Plan are repurchased by, or are surrendered or forfeited to the Company at no more than cost, such shares of our common stock shall again be available for the grant of awards under the Omnibus Plan. In addition, in the case of any substitute award (as defined in the Omnibus Plan), such substitute award shall not be counted against the number of shares reserved under the Omnibus Plan.

Eligibility and Participation.

Eligibility to participate in the Omnibus Plan is limited to such employees, officers, non-employee directors, consultants and advisors of the Company, or of any affiliate, as the Compensation Committee may determine and designate from time to time. As of April 30, 2013, approximately 90 employees, four executive officers, seven directors, two consultants and zero advisors would have been eligible to receive awards under the Omnibus Plan.

Stock Options and SARs

Grant of Options and SARs. The Compensation Committee may award ISOs, NSOs (together, "options"), and SARs to grantees under the Omnibus Plan. SARs may be awarded either in tandem with or as a component of other awards or alone.

Exercise Price of Options and SARs. The exercise price per share of an option will be at least 100% of the fair market value per share of our stock underlying the award on the grant date. A SAR will confer on the grantee a right to receive, upon exercise, a payment of the excess of (1) the fair market value of one share of our stock on the date of exercise over (2) the grant price of the SAR as determined by the Compensation Committee. The grant price will be fixed at the fair market value of a share of stock on the date of grant. SARs granted in tandem with an outstanding option following the grant date of such option will have a grant price that is equal to the option's exercise price; provided, however, that the SAR's grant price may not be less than the fair market value of a share of stock on the grant date of the SAR.

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Vesting of Options and SARs. The Compensation Committee will determine the terms and conditions (including any performance requirements) under which an option or SAR will become exercisable and will include such information in the award agreement.

Special Limitations on ISOs. In the case of a grant of an option intended to qualify as an ISO to a grantee that owns more than ten percent of the total combined voting power of all classes of our outstanding stock (a "Ten Percent Stockholder"), the exercise price of the option will not be less than 110% of the fair market value of a share of our stock on the grant date. Additionally, an option will constitute an ISO only (1) if the grantee is an employee of the Company or a subsidiary of the Company, (2) to the extent such option is specifically designated as an ISO in the related award agreement, and (3) to the extent that the aggregate fair market value (determined at the time the option is granted) of the shares of stock with respect to which all ISOs held by such grantee become exercisable for the first time during any calendar year (under the Omnibus Plan and all other plans of the grantee's employer and its affiliates) does not exceed $100,000.

Exercise of Options and SARs. An option may be exercised by the delivery to us of written notice of exercise and payment in full of the exercise price (plus the amount of any taxes which we may be required to withhold). The Compensation Committee has the discretion to determine the method or methods by which a SAR may be exercised.

Expiration of Options and SARs. Options and SARs will expire at such time as the Compensation Committee determines; provided, however, that no option may be exercised more than ten years from the date of grant, or in the case of an ISO held by a Ten Percent Stockholder, not more than five years from the date of grant.

Restricted Stock and Restricted Stock Units

Restricted Stock. At the time a grant of restricted stock is made, the Compensation Committee may establish the applicable "restricted period" and prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate or individual performance objectives. Unless the Compensation Committee otherwise provides in an award agreement, holders of restricted stock will have the right to vote such stock and the right to receive any dividends declared or paid with respect to such stock. The Compensation Committee may provide that any such dividends paid must be reinvested in shares of stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such restricted stock. All distributions, if any, received by a grantee with respect to restricted stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction will be subject to the restrictions applicable to the original grant.

The grantee will be required, to the extent required by applicable law, to purchase the restricted stock at a price equal to the greater of (1) the aggregate par value of the shares of stock represented by such restricted stock or (2) the price, if any, specified in the award agreement relating to such restricted stock. If specified in the award agreement, the price may be deemed paid by services already rendered.

Restricted Stock Units. A restricted stock unit is a bookkeeping entry representing the equivalent of shares of stock awarded to a grantee. At the time a grant of restricted stock units is made, the Compensation Committee may establish the applicable "restricted period" and prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate

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or individual performance objectives. Restricted stock units will not confer stockholder rights to grantees. The Compensation Committee may provide that the holder of restricted stock units will be entitled to receive dividend equivalent rights, which may be deemed reinvested in additional restricted stock units.

Cash- and Stock-Based Performance Awards

The right of a grantee to exercise or receive a grant or settlement of any award, and the timing thereof, may be subject to such performance conditions as may be specified by the Compensation Committee. The Compensation Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may, subject to certain limitations in the case of a performance award intended to qualify under Section 162(m), exercise its discretion to reduce the amounts payable under any award subject to performance conditions.

We intend that performance awards granted to persons who are designated by the Compensation Committee as likely to be "Covered Employees" within the meaning of Section 162(m) and regulations thereunder will, if so designated by the Compensation Committee, constitute "qualified performance-based compensation" within the meaning of Section 162(m) and regulations thereunder. The grant, exercise and/or settlement of such performance awards will be contingent upon achievement of pre-established performance goals which will consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criterion. Performance goals will be objective and will otherwise meet the requirements of Section 162(m) and regulations thereunder. In addition, the maximum amount of each cash-based performance award intended to constitute "performance-based compensation" under Section 162(m) granted to a grantee in any 12-month period will not exceed $5,000,000.

One or more of the following business criteria for the Company will be used exclusively by the Compensation Committee in establishing performance goals for such awards: net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre-or after-tax income (before or after allocation of corporate overhead and bonuses); net earnings; earnings per share; net income (before or after taxes); return on equity; total stockholder return; return on assets or net assets; appreciation in and/or maintenance of, share price; market share; gross profits; earnings (including earnings before taxes, earnings before interest and taxes or earnings before interest, taxes depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reduction in costs; cash flows or cash flows per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels; operating margins; gross margins or cash margin; year-end cash; debt reductions; stockholder equity; regulatory performance; implementation, completion or attainment of measurable objectives with respect to research, development, products or projects and recruiting and maintaining personnel; and, to the extent permitted by applicable law, any other business criteria as determined by the Compensation Committee.

Other Stock-Based Awards

The Compensation Committee may, in its discretion, grant other stock-based awards, consisting of stock units or other awards, valued in whole or in part by reference to, or otherwise based upon, our

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common stock. The terms of such other stock-based awards will be set forth in the applicable award agreements.

Effect of Certain Transactions.

Except as otherwise provided in an award agreement (as defined in the Omnibus Plan), in the event of the liquidation or dissolution of the Company or a reorganization, merger, exchange or consolidation of the Company or involving the shares of our common stock (a "transaction"), the Omnibus Plan and the awards issued pursuant to the plan shall continue in effect in accordance with their respective terms, except that following a transaction either (1) each outstanding award will be treated as provided for in the agreement entered into in connection with the transaction or (2) if not so provided in such agreement, each grantee will be entitled to receive in respect of each share of our common stock subject to any outstanding awards, upon exercise or payment or transfer in respect of any award, the same number and kind of stock, securities, cash, property or other consideration that each holder of a share of our common stock was entitled to receive in the transaction in respect of a share of common stock; provided, however, that, unless otherwise determined by the Compensation Committee, such stock, securities, cash, property or other consideration shall remain subject to all of the conditions, restrictions and performance criteria which were applicable to the awards prior to such transaction. Without limiting the generality of the foregoing, the treatment of outstanding options and SARs in connection with a transaction in which the consideration paid or distributed to our stockholders is not entirely shares of common stock of the acquiring or resulting corporation may include the cancellation of outstanding options and SARs upon consummation of the transaction as long as, at the election of the Compensation Committee, (x) the holders of affected options and SARs have been given a period of at least fifteen days prior to the date of the consummation of the transaction to exercise the options or SARs (whether or not they were otherwise exercisable) or (y) the holders of the affected options and SARs are paid (in cash or cash equivalents) in respect of each share covered by the option or SAR being canceled an amount equal to the excess, if any, of the per share price paid or distributed to our stockholders in the transaction (the value of any non-cash consideration to be determined by the Compensation Committee in its sole discretion) over the option or SAR exercise price, as applicable. For avoidance of doubt, (1) the cancellation of options and SARs as described in the preceding sentence may be effected notwithstanding anything to the contrary contained in the Omnibus Plan or any award agreement and (2) if the amount determined pursuant to the preceding sentence is zero or less, the affected option or SAR may be cancelled without any payment therefor.

Change in Control. Except as otherwise specifically provided in the applicable award agreement, upon the consummation of a change in control (as defined in the Omnibus Plan): all outstanding awards shall remain the obligation of the Company or be assumed by the surviving or acquiring entity, and there shall be automatically substituted for the shares of our common stock then subject to such awards the consideration payable with respect of the outstanding shares of our common stock in connection with the change in control and all outstanding awards shall vest as if the vesting start date with respect to such award was one year prior to the vesting start date set forth in the award agreement relating to such award. In addition to the foregoing, with respect to awards granted prior to the consummation of the change in control, in the event that any such grantee who remains an employee of the Company or the acquiring or surviving entity immediately following the consummation of the change in control is terminated without cause (as defined in the Omnibus Plan) or terminates his or her own employment for good reason (as defined in the Omnibus Plan) prior to the first

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anniversary of the consummation of the change in control: (1) all options outstanding on the date such grantee's employment is terminated, shall become immediately exercisable in full and will terminate, to the extent unexercised, on their scheduled expiration date, and if the shares of our common stock subject to such options are subject to repurchase provisions then such repurchase restrictions shall immediately lapse; (2) all restricted stock awards outstanding on the date such grantee's employment is terminated, shall become free of all repurchase provisions; and (3) all other stock-based awards shall become exercisable, realizable or vested in full, or shall be free of all repurchase provisions, as the case may be.

Deferral Arrangements.

The Compensation Committee may permit or require the deferral of any award payment into a deferred compensation arrangement.

Nontransferability of Awards.

Generally, during the lifetime of a grantee, only the grantee may exercise rights under the Omnibus Plan and no award will be assignable or transferable other than by will or laws of descent and distribution. If authorized in the award agreement, a grantee may transfer, not for value, all or part of an award (other than an ISO) to certain family members (including trusts and foundations for the benefit thereof). Neither restricted stock nor restricted stock units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other restrictions prescribed by the Compensation Committee.

Separation from Service.

The Compensation Committee may provide in the applicable award agreements for actions that will be taken upon a grantee's separation from service from the Company, including but not limited to, accelerated vesting or termination of awards.

Tax Withholding and Tax Offset Payments.

We will have the right to deduct from payments of any kind otherwise due to a grantee any federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to an award or upon the issuance of any shares of stock upon the exercise of an option or pursuant to an award.

Term of Plan.

Unless earlier terminated by our Board of Directors, the authority to make grants under the Omnibus Plan will terminate on July 16, 2020.

Amendment and Termination.

The Compensation Committee may, at any time and from time to time, amend, suspend, or terminate the Omnibus Plan as to any shares of stock as to which awards have not been made. An amendment will be contingent on approval of our stockholders to the extent stated by our Board of Directors, required by applicable law or required by applicable stock exchange listing requirements. No awards will be made after termination of the Omnibus Plan. No amendment, suspension, or

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termination of the Omnibus Plan will, without the consent of the grantee, impair rights or obligations under any award theretofore awarded under the Omnibus Plan.

New Plan Benefits.

All grants of awards under the Omnibus Plan will be discretionary. Therefore, in general, the benefits and amounts that will be received under the Omnibus Plan are not determinable.

Federal Income Tax Consequences.

The following is a summary of the general federal income tax consequences to the Company and to U.S. taxpayers of awards granted under the Omnibus Plan. Tax consequences for any particular individual or under state or non-U.S. tax laws may be different.

NSOs and SARs.

No taxable income is reportable when a NSO or SAR is granted. Upon exercise, generally, the recipient will have ordinary income equal to the fair market value of the underlying shares of stock on the exercise date minus the exercise price. Any gain or loss upon the disposition of the stock received upon exercise will be capital gain or loss to the recipient if the appropriate holding period under federal tax law is met for such treatment.

ISOs.

No taxable income is reportable when an ISO is granted or exercised (except for grantees who are subject to the alternative minimum tax, who may be required to recognize income in the year in which the ISO is exercised). If the recipient exercises the ISO and then sells the underlying shares of stock more than two years after the grant date and more than one year after the exercise date, the excess of the sale price over the exercise price will be taxed as long-term capital gain or loss. If the recipient exercises the ISO and sells the shares before the end of the two- or one-year holding periods, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the ISO.

Restricted Stock and Restricted Stock Units.

A recipient of restricted stock or restricted stock units will not have taxable income upon the grant unless, in the case of restricted stock, he or she elects to be taxed at that time. Instead, he or she will have ordinary income at the time of vesting equal to the fair market value on the vesting date of the shares (or cash) received minus any amount paid for the shares.

Cash- and Stock-Based Performance Awards and Other Stock-Based Awards.

Typically, a recipient will not have taxable income upon the grant of cash or stock-based performance awards or other stock-based awards. Subsequently, when the conditions and requirements for the grants have been satisfied and the payment determined, any cash received and the fair market value of any common stock received will constitute ordinary income to the recipient.

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Tax Effect for the Company.

We generally will receive a tax deduction for any ordinary income recognized by a grantee in respect of an award under the Omnibus Plan (for example, upon the exercise of a NSO). In the case of ISOs that meet the holding period requirements described above, the grantee will not recognize ordinary income; therefore, we will not receive a deduction.

Because we are a public company, special rules limit the deductibility of compensation paid to our CEO and to each of our three most highly compensated executive officers other than our CEO whose compensation is required to be reported annually in our proxy statement. Under Section 162(m), the annual compensation paid to each of these executives may not be deductible to the extent that it exceeds $1 million. The limitation on deductions does not apply, however, to qualified "performance-based compensation." Certain awards under the Omnibus Plan, including options, SARs and cash- and stock-based performance awards, may constitute qualified performance-based compensation and, as such, would be exempt from the $1 million limitation on deductible compensation.

Vote Required for Approval

The First Amendment to the 2010 Omnibus Long-Term Incentive Plan will be approved if holders of a majority of the shares present or represented at the 2013 Annual Meeting, in person or by proxy, and voting on Proposal 3 vote in favor of the First Amendment.

Board Recommendation

The Board recommends that the stockholders vote FOR approval of the First Amendment to the Omnibus Plan and re-approval of individual award limits and business criteria that can be used in establishing performance goals for performance awards granted under the Omnibus Plan for the purposes of Section 162(m).

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PROPOSAL 4 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed BDO USA, LLP ("BDO") as our independent registered public accounting firm for the fiscal year ending December 31, 2013. BDO was selected as our independent registered public accounting firm for the fiscal year ending December 31, 2012 following completion of a competitive process to select a firm conducted by the Audit Committee. As a result of this process, on April 26, 2012 the Audit Committee dismissed Grant Thornton LLP ("Grant Thornton") as the Company's independent registered public accounting firm effective upon the filing of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. BDO was engaged as the Company's independent registered public accounting firm on April 26, 2012.

The reports of Grant Thornton LLP on the financial statements of the Company for the past two fiscal years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the two most recent fiscal years, there were: (1) no disagreements between the Company and Grant Thornton 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 Grant Thornton, would have caused Grant Thornton 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 not expected to be present at the 2013 Annual Meeting.

During 2010 and 2011, the Company did not consult with BDO regarding (1) the application of accounting principles to a specified transaction or transactions, either completed or proposed, or the type of audit opinion BDO might render on the Company's financial statements or (2) any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to that Item, or a "reportable event" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

A representative of BDO is expected to be present at the 2013 Annual Meeting. In addition to having the opportunity to make a statement, the BDO 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 2013 Annual Meeting, in person or by proxy, and voting on such ratification. If our stockholders fail to ratify the selection of BDO as the independent registered public accounting firm for 2013, 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 BDO as our independent registered public accounting firm for 2013.

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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 21, in 2012 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 October 2009, our Board of Directors adopted a written policy with regard to related person transactions, which sets forth our procedures and standards for the review, approval or ratification of any transaction required to be reported in our filings with the SEC or in which one of our executive officers or directors has a direct or indirect material financial interest, with limited exceptions. 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. 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 related person 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 BDO for 2012 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. BDO did not provide any services in 2011.

Fee Category	**2012**
Audit Fees(1)	$ 342,300
Audit-Related Fees	
Tax Fees	
All Other Fees	
Total	$ 342,300

(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. Includes fees paid to BDO for auditing our financial statements for the years ending December 31, 2011 and 2010.

The following table sets forth the aggregate fees billed or expected to be billed by Grant Thornton for 2012 and 2011 for audit and non-audit services, including "out-of-pocket" expenses incurred in

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rendering these services. The nature of the services provided for each category is described following the table.

Fee Category	2012	2011
Audit Fees(1)	$ 98,100	$ 228,300
Audit-Related Fees		
Tax Fees(2)	32,100	12,700
All Other Fees(3)	4,900	4,600
Total	$ 135,100	$ 245,600

(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.

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 BDO during 2012 pursuant to this policy.

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, 2012, with the exception of Dr. Lidgard who made one late filing reporting one transaction.

OTHER BUSINESS

The Board of Directors knows of no business that will be presented for consideration at the 2013 Annual Meeting other than those items stated above. If any other business should come before the 2013 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 25, 2013

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

APPENDIX A

FIRST AMENDMENT TO THE EXACT SCIENCES CORPORATION 2010 OMNIBUS LONG-TERM INCENTIVE PLAN

THIS FIRST AMENDMENT TO THE EXACT SCIENCES CORPORATION 2010 OMNIBUS LONG-TERM INCENTIVE PLAN (this "**First Amendment**"), dated as of April 30, 2013, is made and adopted by Exact Sciences Corporation, a Delaware corporation (the "**Company**"), subject to approval by the stockholders of the Company.

WHEREAS, the Company maintains the Exact Sciences Corporation 2010 Omnibus Long-Term Incentive Plan (the "**Plan**").

WHEREAS, the Board of Directors of the Company (the "**Board**") may amend the Plan at any time, pursuant to Section 5.2 of the Plan, contingent on approval by stockholders of the Company, if stockholder approval is required by applicable law.

WHEREAS, the Board has determined that it is advisable and in the best interest of the Company and its stockholders to amend the Plan to increase the number of shares of common stock available for issuance under the Plan by 2,800,000 shares.

NOW, THEREFORE, the Plan is hereby amended as follows, subject to approval by the stockholders of the Company:

1. Section 4.1 of the Plan (Authorized Number of Shares) is hereby is amended and restated in its entirety as follows:

"Subject to adjustment under Section 15, the aggregate number of shares of Common Stock that may be initially issued pursuant to the Plan is (a) 4,400,000, plus (b) effective upon April 30, 2013 (subject to stockholder approval) 2,800,000. 4,400,000 of such shares of Common Stock available for issuance under the Plan shall be available for issuance under Incentive Stock Options. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares, treasury shares, or shares purchased on the open market or otherwise, all as determined by the Company from time to time. The maximum number of each type of Award (other than cash-based Performance Awards) intended to constitute "performance-based compensation" under Code Section 162(m) granted to any Grantee in any thirty-six (36) month period shall not exceed the following: Options: 4,400,000; SARs: 4,400,000; Restricted Stock: 3,250,000; Restricted Stock Units: 3,250,000; and Other Stock-based Performance Awards: 3,250,000."

2. Section 4.2 of the Plan (Fungible Share Pool) is hereby is amended and restated in its entirety as follows:

"Subject to adjustment under Section 15, any Award that is not a Full-Value Award shall be counted against the share limits specified in Section 4.1 as one share for each share of Common Stock subject to such Award and any Award that is a Full-Value Award shall be counted against the share limits specified in Section 4.1 as 1.55 shares for each one share of Common Stock subject to such Full-Value Award. To the extent a share that was subject to an Award that counted as one share is returned to the Plan pursuant to Section 4.3, each applicable share reserve will be credited with one share. To the extent that a share that was subject to an Award that counts as

1.55 shares is returned to the Plan pursuant to Section 4.3, each applicable share reserve will be credited with 1.55 shares."

3. Upon the approval by the stockholders of the Company, this First Amendment shall be incorporated in and form a part of the Plan.

4. Except as expressly or by necessary implication amended hereby, the Plan shall remain in full force and effect.

[*signature page follows*]

IN WITNESS WHEREOF, I hereby certify that the foregoing First Amendment was duly adopted by the Board of Directors of Exact Sciences Corporation on April 30, 2013.

EXACT SCIENCES CORPORATION

By: _____

Name: _____

Title: _____

* * * * * * * * *

IN WITNESS WHEREOF, I hereby certify that the foregoing First Amendment was approved by the stockholders of Exact Sciences Corporation on , 2013.

EXACT SCIENCES CORPORATION

By: _____

Name: _____

Title: _____

EXACT SCIENCES CORPORATION

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS

JULY 25, 2013

SOLICITED BY THE BOARD OF DIRECTORS

The undersigned hereby appoints Kevin T. Conroy and Maneesh K. Arora together, and each of them singly, proxies, with full power of substitution to vote all shares of stock of Exact Sciences Corporation (the Company) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of Exact Sciences Corporation to be held on Thursday, July 25, 2013, at 10:00 a.m. local time, at the MG&E Innovation Center, 510 Charmany Drive, Room 50, Madison, WI 53719 and at any adjournments or postponements thereof, upon matters set forth in the Notice of Annual Meeting of Stockholders and Proxy Statement dated June 27, 2013, a copy of which has been received by the undersigned.

ANNUAL MEETING OF STOCKHOLDERS OF

EXACT SCIENCES CORPORATION

JULY 25, 2013

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE STOCKHOLDER MEETING TO BE HELD ON JULY 25, 2013.

THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT

http:www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=11534

Please sign, date and mail
your proxy card in the
envelope provided as soon
as possible.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES FOR DIRECTOR AND FOR EACH OTHER PROPOSAL.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPMENT. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOW HERE x

1. To elect three members of the board of directors to serve for three-year terms as Class I Directors, each such director to serve for such term and until his or her respective successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. **The Board recommends a vote FOR all nominees.**

o FOR ALL NOMINEES

o WITHHOLD AUTHORITY FOR ALL NOMINEES

o FOR ALL EXCEPT

(see instructions below)

O Kevin T. Conroy

O Katherine S. Napier

O David A. Thompson

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold as shown here: •

2. Proposal to approve on an advisory basis the compensation of the Company s named executive officers.

o FOR o AGAINST o ABSTAIN

3. Proposal to approve the amendment to 2010 Omnibus Long-Term Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,800,000 shares and increase the fungible share ratio to 1.55 (from 1.35) and to re-approve individual award limits and performance goals for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

o FOR o AGAINST o ABSTAIN

4. Proposal to ratify the selection of BDO USA, LLP as independent registered public accounting firm for 2013.

o FOR o AGAINST o ABSTAIN

5. To transact such other business as may properly come before the annual meeting and any adjournment thereof.

THIS PROXY, WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR ELECTION OF ALL NOMINEES FOR DIRECTOR AND FOR EACH OTHER PROPOSAL.

PLEASE COMPLETE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE

MARK X HERE IFYOU PLAN TO ATTEND THE MEETING o

To change the address on your account, please check the box at right and indicate your new address in the address space above. o
Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Stockholder Date:

Signature of Stockholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signor is a corporation, please sign in full corporate name by duly authorized officer, giving full title as such. If signor is a partnership, please sign in partnership name by authorized person.