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

FORM 10-K

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

For the fiscal year ended: December 31, 2004

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

Commission File Number: 000-32179

EXACT SCIENCES CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

None

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

Common Stock, $.01 Par Value

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

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

Indicate by checkmark whether or the registrant is an accelerated filer (as defined in the Exchange Act Rule 12B-2). Yes ☒ No ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $144,886,000 (based on the closing price of the Registrant's Common Stock on June 30, 2004 of $6.16 per share).

The number of shares outstanding of the Registrant's $.01 par value Common Stock as of March 4, 2005 was 26,231,157.

DOCUMENT INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2004. Portions of such proxy statement are incorporated by reference into Part III of this Form 10-K.

EXACT SCIENCES CORPORATION

ANNUAL REPORT ON FORM 10-K

YEAR ENDED DECEMBER 31, 2004

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PART I

Item 1. Business

This Business section and other parts of this Form 10-K may contain forward-looking statements relating to, among other things, our expectations concerning our commercial strategy, our marketing, sales and reimbursement efforts and their likely future success, our research and development efforts, and the effectiveness and market acceptance of our technologies. Our forward-looking statements involve risk and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors That May Affect Future Results" and elsewhere in this Form 10-K.

Overview

EXACT Sciences Corporation is an applied genomics company that develops and commercializes proprietary DNA-based tests for the early detection of cancer. Our first commercial test, PreGen-Plus™, is a non-invasive DNA-based test used for screening for colorectal cancer, the second leading cause of cancer death in the U.S. and the leading cause of cancer death among non-smokers. The American Cancer Society recommends that all persons age 50 and above undergo regular colorectal cancer screening. Of the nearly 80 million people in the United States for whom colorectal cancer screening is recommended, more than 42 million have never been screened. This large population of unscreened patients represents an opportunity to reduce the mortality associated with colorectal cancer because patients who are diagnosed early in the progression of their disease are more likely to have a complete recovery and to utilize lower levels of expensive medical resources.

Today, professional guidelines recommend screening by a variety of methods including colonoscopy, flexible sigmiodoscopy and fecal occult blood testing ("FOBT"). Of those people for whom screening is recommended, many reject the option of colonoscopy, which, while accurate as a means of detecting colorectal cancer, is invasive, requires unpleasant bowel preparation and involves certain risks, including, in rare circumstances, colon perforation. Until the commercial launch of PreGen-Plus, the only completely non-invasive option for colorectal cancer detection had been FOBT. FOBT, however, suffers from relatively low sensitivity, particularly in detecting the earliest stage, most curable cancers, and requires dietary modifications, unpleasant stool sampling and stool manipulation by the patient. With the U.S. launch of PreGen-Plus in August 2003 by our strategic partner, Laboratory Corporation of America® Holdings ("LabCorp®"), our test became the first commercially-available, completely non-invasive, DNA-based cancer screening test for the average risk population. In a study published in the December 23, 2004 issue of the *New England Journal of Medicine*, PreGen-Plus was shown to be four times more sensitive in detecting colorectal cancer than the most commonly used FOBT screening test on the market today.

We offer PreGen-Plus through LabCorp, the second largest commercial laboratory in the U.S. with 36 primary laboratories and over 1,000 patient service centers. LabCorp is the exclusive licensee, in the U.S. and Canada, of the technology that surrounds PreGen-Plus. The license is exclusive for five years following the launch of PreGen-Plus, followed by a non-exclusive license for the life of the licensed patents. LabCorp performs the PreGen-Plus test in its laboratories and sells and markets the test through its large, national sales force, and by the terms of the license, pays us a royalty on each test reimbursed. LabCorp has also already paid us $30 million of upfront license fees and milestones in association with this license. In addition, LabCorp has committed to paying an additional $45 million in milestones and performance incentives in the event that certain third party approval and performance levels are achieved. Between commercial launch and December 31, 2004, LabCorp received over 4,800 patient samples for testing from physicians across the country, billed insurers and received payment from numerous third-party payors, including nearly 200 health plans.

Background

Colorectal cancer is the third most common malignant disease and the second most frequent cause of cancer-related death in the United States, with more than 145,000 new cases and more than 56,000 deaths anticipated in 2005. We believe that many of these people die because they are not screened for colorectal cancer or they use ineffective screening methods that either fail to detect the cancer or detect it at a later stage, when the five-year survival rate falls below 50%. Moreover, the number of people who die annually from the disease has remained relatively unchanged over the last 20 years, despite the availability of multiple colorectal cancer screening options, all of which we believe fail to effectively meet the collective needs of patients, doctors and payors.

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

TNM Staging System for Colorectal Cancer*

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

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

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

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

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

Detection of pre-cancerous adenomas and cancer in its earliest stages increases the likelihood of survival and reduces the significant cost associated with treating late-stage colorectal cancer. As a result, the American Cancer Society recommends that the 80 million Americans age 50 and above undergo regular colorectal cancer screening.

Our Solution

Our first commercial product for the general population is PreGen-Plus, a DNA-based test used for screening for colorectal cancer. PreGen-Plus includes proprietary and patented technologies that isolate and analyze the trace amounts of human DNA that are shed into stool every day from the exfoliation of cells that line the colon. When colorectal cancer is present, a minute portion of the total isolated human DNA will represent DNA shed from cancerous or pre-cancerous lesions. Once the human DNA in the sample is isolated, PreGen-Plus looks for specific mutations and other abnormalities in that DNA associated with colorectal cancer.

We believe that PreGen-Plus has several advantages that will lead to increased patient compliance and decreased mortality, including:

High Sensitivity. We believe that the current commercial version of PreGen-Plus can lead to increased detection of colorectal cancer. We have conducted several clinical studies supporting the performance of PreGen-Plus, including a 5,500 patient multi-center study, the results of which were published in the December 23, 2004 issue of the *New England Journal of Medicine* . Based on this study data, PreGen-Plus demonstrated sensitivity four times greater than the leading FOBT, currently the most common non-invasive screening method for colorectal cancer, and was more than four times as effective as the leading FOBT in detecting cancer at its early stages, when survival rates approach 90%. Moreover, the version of PreGen-Plus that is commercially available incorporates several technical improvements, including the Effipure™ sample preparation technology and improved sample handling methods, which we believe result in higher assay sensitivity than that seen in our multi-center study.

Simple, non-invasive, painless and convenient testing. Unlike current invasive screening and diagnostic methods, PreGen-Plus requires no pre-examination preparation, invasive procedures or anesthesia, and a sample can be collected in the privacy of one's home. In addition, our post-market data indicates that more than half of the people who have been screened with PreGen-Plus had never been screened before, which we believe indicates that PreGen-Plus will result in greater patient screening compliance.

DNA-based test allows for continual and efficient improvements. PreGen-Plus is a DNA-based test and therefore its performance can be enhanced through technical innovations related to DNA isolation and purification. Because PreGen-Plus looks for the *threshold* indications of colorectal cancer at the molecular level (e.g., genetic changes in DNA) rather than the more traditional clinical manifestations of colorectal cancer (e.g., blood in stool, viewable polyps or identifiable lesions), we believe that it can be a more powerful screening tool for the detection of colorectal cancer at its earliest stages.

Commercial Strategy

Our goal is to become a market leader in the development and commercialization of tests for the early detection of cancer, beginning with the early detection of colorectal cancer. To accomplish this goal, we have developed a commercial strategy with respect to PreGen-Plus that includes the following components:

Increased sales growth through our joint sales and marketing efforts with LabCorp. LabCorp is the second largest commercial laboratory in the country and processes over 300,000 patient specimens daily through its system of 36 primary laboratories and over 1,000 patient service centers across the U.S. LabCorp's large sales force is devoted to selling a wide range of diagnostic tests to physicians across all specialties. We maintain a strategic sales team who focus exclusively on the sales and marketing of PreGen-Plus and guide and support LabCorp's large sales force on PreGen-Plus initiatives. In an effort to increase physician orders of PreGen-Plus, we expanded our strategic sales team in 2004 to 18 highly experienced individuals and began participating in direct sales pilot programs. We continue to work with LabCorp to evaluate ways in which we and LabCorp can best leverage each others' skills in order to capitalize on selling opportunities for PreGen Plus.

Obtain inclusion of stool-based DNA screening in colorectal cancer screening guidelines. Today, professional guidelines recommend screening by a variety of methods including colonoscopy, flexible sigmiodoscopy and FOBT. In general, the guidelines range from the use of colonoscopy every ten years to the use of FOBT annually. Inclusion in screening guidelines is an important precondition to a test's broad acceptance and commercial use in the market as both physicians and payors frequently follow such guidelines in evaluating new technologies. The first colorectal cancer screening guidelines promulgated in 1997 by the GI Consortium, which includes physicians from the American College of Gastroenterology and the American Gastroenterological Association, among other groups, stated that future studies of new technologies did not themselves have to encompass a mortality endpoint, but instead should be shown to be equivalent to currently available technologies that had already proven such a benefit. We therefore designed the multi-center study with this in mind, believing that demonstration of superiority over FOBT with statistical significance would satisfy the directive from the GI Consortium, and thus increase the likelihood that the PreGen-Plus test would be included as an option in colorectal cancer screening guidelines. We consider inclusion in the guidelines of the American Cancer Society and the GI Consortium important to our commercial success and we continue to pursue the inclusion of PreGen-Plus within these organizations' screening guidelines. Although we believe that our published study results provide the information necessary for thought leaders to evaluate PreGen-Plus for inclusion into colorectal cancer screening guidelines, we do not expect that we will be included within any of these organizations' screening guidelines until sometime in 2006, at the earliest.

Obtain formal acceptance of stool-based DNA screening for reimbursement by Medicare and other third-party payors. Our reimbursement strategy consists primarily of educating large managed care organizations, large self-insured employers and large physician groups about the clinical benefits and cost-effectiveness of using PreGen-Plus. We believe that both the publication of our multi-center study results in the *New England Journal of Medicine* in December 2004 and our cost-effectiveness study results that were presented at the Digestive Disease Week conference in May 2003 will aid in our efforts to gain reimbursement for the test. Accordingly, on December 29, 2004 we submitted our application to the Centers for Medicare and Medicaid Services ("CMS") for inclusion into the Medicare program. CMS may accept our application, deeming it complete, or it may reject our application and request additional information or reject it outright. Although the timing of any acceptance of our application or coverage decision by CMS is out of our control, we would not expect CMS to make a coverage decision sooner than nine months from the date of any acceptance of our application.

Continue to improve PreGen-Plus performance characteristics. Our commercial strategy also includes investment in research and development activities that we believe could lead to continued optimization of PreGen-Plus. Specifically, we are working on developing methods to improve assay sensitivity and to reduce assay cost in order to enable the most cost effective commercial test. In November of 2004, we published a study in the *Journal of Molecular Diagnostics* that showed a 5.4 fold increase in the amount of DNA that could be captured using our Effipure technology as compared to our older, bead-based technology used in our multi-center study, which, in turn, suggested an increased sensitivity of PreGen-Plus with Effipure of 70%. Moreover, we are undertaking efforts to automate and reduce the cost of the PreGen-Plus testing process by seeking to eliminate certain manual steps, reduce the use of expensive reagents and increase processing throughput.

Our Testing Process

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

Specimen Collection and Transportation. Our technologies for colorectal cancer are based on collecting a single whole stool sample in an easy, non-invasive manner. Utilizing our specially designed

sample container, samples can be either brought by the patient to a LabCorp patient service center, a physician's office or sent directly from the patient's home using one of the many national couriers.

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

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

Cancer Detection Methods. We have designed proprietary methods for detecting and identifying genomic markers associated with colorectal cancer that can be performed on existing instruments commonly available in clinical laboratories conducting molecular testing.

Clinical Studies

PreGen-Plus has been the subject of extensive research and clinical studies. In numerous studies to date, the performance of PreGen-Plus has been examined in thousands of tissue and stool samples. In addition to several smaller clinical studies designed to measure the sensitivity and specificity of PreGen-Plus in detecting colorectal cancer, the performance of PreGen-Plus was compared to the most widely-used FOBT in a multi-center study that enrolled approximately 5,500 average-risk, asymptomatic patients from more than 80 sites across the United States. The study was designed to determine whether PreGen-Plus was clinically superior to Hemoccult II®, an FOBT that is currently the most widely used non-invasive colorectal cancer screening test. The primary endpoint of this study was achieved with statistical significance, with a p-value of less than 0.001. Results from the study, which were published in the *New England Journal of Medicine* in December 2004, indicated that PreGen-Plus was four times more sensitive than this FOBT in detecting colorectal cancer (52% for PreGen-Plus versus 13% for FOBT), and more than four times more sensitive in detecting colorectal cancer in its earliest, most curable stages (57% for PreGen-Plus versus 13% for FOBT). There was no difference in specificity between PreGen-Plus and this FOBT, with both tests demonstrating a specificity of approximately 95%.

Sensitivity and specificity results from our clinical studies that have been published are summarized in the table below. The results of these studies may not be directly comparable as these studies were conducted across a variety of patient populations and clinical settings and employed varying sample collection protocols. Moreover, the studies disclosed below do not include any non-published studies regarding PreGen-Plus, the results of which may differ significantly from those set forth below. All of the published studies referenced below, except the Effipure study, reflect the performance of our original, bead-based version of PreGen-Plus. Effipure is an improvement to the commercial assay designed to increase DNA yield.

Published Studies:

Pre-Commercial Technology	Completed	Number of Cancer Samples Analyzed	Sensitivity	Specificity*
Mayo Clinic I Pilot Study	1999	22	91%	93%
University of Nebraska	2002	16	69%	*
Kaiser Clinic	2002	52	63%	98%
Boston	2002	68	63%	*
Multi-Center Study	2003	31	52%**	95%

New Technology Validation Studies	Completed	Number of Cancer Samples Analyzed	Sensitivity	Specificity*
Effipure	2004	86	70%***	95%

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

** We believe that the sample collection protocols used in this study resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology than that demonstrated in our prior published studies.

*** In November of 2004, we published a study in the *Journal of Molecular Diagnostics* that showed a 5.4 fold increase in the amount of DNA that could be captured using the Company's Effipure technology rather than its older, bead-based technology. The study suggested that increased DNA yield can increase the sensitivity of the stool-DNA assay resulting in a sensitivity with Effipure of 70% in this study. The sensitivity result from this study is not a conclusion regarding the sensitivity of the commercial test on the market today.

In October 2001, Mayo Clinic initiated a study of the bead-based version of our PreGen-Plus test that was intended to include approximately 4,000 patients at average risk for developing colorectal cancer. This NIH-funded multi-center study, similar to our multi-center study, was designed to compare the results of our bead-based technologies with those of the Hemoccult II, a common first-line colorectal cancer screening option. After this study commenced, Hemoccult Sensa®, another brand of FOBT, was added to the study. Subsequently, we and the Mayo Clinic sought to include EXACT Sciences' Effipure technology in the study, rather than our older, bead based technology. In connection with this technology transition, Mayo Clinic reviewed preliminary data from the study which showed that, while PreGen-Plus was nearly twice as sensitive as Hemoccult II and as sensitive as Hemoccult Sensa in detecting screen-relevant neoplasia (a category that includes high grade displasia, invasive cancer, and adenomas ≥ 1cm), Hemoccult II and Hemoccult Sensa appeared to have outperformed, at a preliminary stage, the older, bead-based version of our technology in the detection of cancer among the thirteen cancer samples collected in the study. We believe that the sample collection protocols used

in this study, which were the same as those used in our multi-center study, resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology than that demonstrated in our prior published studies. In addition, although our older technology detected some adenomas, our bead-based technology was designed only to detect cancer, not "high grade dysplasia." Although we continue to collect samples for Mayo Clinic, we are not analyzing the samples under the existing study protocol. We are working with Mayo Clinic on plans to re-analyze tissue and stool samples from subjects with and without screen-relevant neoplasia against more advanced versions of our technology using banked biospecimens from the NIH-funded study. Mayo Clinic continues to process and analyze samples with Hemoccult II and Hemoccult Sensa under the existing study protocol.

In addition, we have had numerous abstracts accepted for presentation at industry and scientific meetings and have published articles in peer-reviewed journals, including *Gastroenterology*, the *New England Journal of Medicine* and the *Journal of the National Cancer Institute* .

Research and Development

Our research and development efforts are primarily focused on developing multiple, DNA-based methodologies for the early detection of cancer and pre-cancerous lesions. Our research and development expense, including stock-based compensation, for fiscal 2002, 2003, and 2004 was $20.5 million, $17.3 million and $11.1 million, respectively. Our research and development efforts are primarily focused on the following areas:

Assay performance improvement. We continue to focus our research and development efforts on improving the sensitivity of PreGen-Plus for both invasive cancer and pre-cancerous lesions. We have demonstrated that increasing the yield and purity of human DNA extracted from a stool sample will result in an increase in the sensitivity of the test. The commercial version of PreGen-Plus that was launched in August 2003 incorporates Effipure, our new sample preparation technology that results in a higher yield of DNA as compared to our first generation, bead-based test. We intend to continue development work to improve human DNA yield and purity from a sample, increase the sensitivity of the test using its current gene marker configuration, and develop new marker configurations of the test to optimize performance.

While our research efforts to date have focused on the detection of colorectal cancer, some of the new technologies that we are investigating may enable us to better detect pre-cancerous lesions, especially those that are most likely to progress to invasive colorectal cancer. As part of this effort, we have developed and are evaluating a new method for scanning regions of DNA at sites often associated with pre-cancerous lesion development.

Process improvement. We are undertaking efforts to automate and reduce the cost of the PreGen-Plus testing process by seeking to eliminate certain manual steps, reduce the use of expensive reagents and increase processing throughput. These efforts are intended to enable us to continue to offer LabCorp and future strategic partners the most sensitive, robust and low-cost genomics-based tests possible.

Extensions to other cancers. DNA Integrity Assay, or DIA®, is an epigenetic marker for the presence of cancer, as indicated by longer, less degraded strands of DNA. The presence of these longer strands of DNA is believed to be associated with escape from apoptosis (natural cell death), which itself is a hallmark of cancer. We have validated the DIA theory through a collaboration with a bioinformatics company using a virtual model of cancer. In addition, several independent papers were recently published that support our observations around DIA. We believe our proprietary DIA may potentially be applicable to the detection of other cancers in addition to colorectal cancer.

Sales and Marketing

The primary focus of our sales and marketing organization is the commercialization of PreGen-Plus for colorectal cancer. Since the August 2003 commercial launch of PreGen-Plus, we have

been working with LabCorp on various sales and marketing initiatives to help stimulate demand for the test. LabCorp's large sales force calls on primary care physicians and promotes numerous products, including PreGen-Plus. We have built a strategic sales team of 18 highly experienced individuals to help strategically guide and support the LabCorp sales force on PreGen-Plus initiatives.

Our PreGen-Plus commercialization strategy being executed with LabCorp is designed to address the needs of four major constituencies:

Primary Care Physicians (including family practice, generalists, internists, and obstetricians and gynecologists, together "PCPs"). PCPs are principal targets of our promotional activities as we believe that they drive most colorectal cancer screening activities.

Gastroenterology Thought Leaders. Gastroenterologists are highly vocal in advocating colorectal cancer screening, and perform the vast majority of the reference standard diagnostic procedure, colonoscopy. Because they are key to establishing new tests as standard of care and are highly influential with local primary care physicians, we are working closely with gastroenterology thought leaders.

Consumers. Consumers are important promotional targets as we believe they can be very influential in selecting the screening option most appealing to them.

Third-Party Payors. We believe that all promotional targets, PCPs, gastroenterologists and consumers, could bring important pressure on the fourth major constituency, third party payors, such as Medicare, major national and regional managed care organizations and insurance carriers, and self-insured employer groups with the goal being payment for PreGen-Plus and, eventually, formal inclusion in plan reimbursement policies.

To address these four important constituencies, the following broad sales and marketing activities have been pursued:

Direct Sales To Physicians. Sales initiatives to date have included direct detailing of medical professionals at numerous conventions and in their offices. In addition to our own promotional efforts, we continue to conduct ongoing training programs designed to educate LabCorp's sales representatives on PreGen-Plus, and continue to provide updated training as appropriate.

Medical Education Programs. We have and will continue to execute on numerous educational initiatives directed at luminaries in the field, as well as local PCPs, to promote the potential value of PreGen-Plus in their practices. These include continuing medical education ("CME") and non-CME symposia, publications, and speaker's bureau programming. The goal of these efforts is to increase awareness of PreGen-Plus and its potential role in reducing colorectal cancer mortality as well as to increase the likelihood of PreGen-Plus being included in formal clinical practice guidelines.

Advocacy Development. We continue to work with influential advocacy groups to promote their awareness of PreGen-Plus, its performance characteristics, and its potential value in clinical practice toward the goal of reducing mortality from colorectal cancer. We intend to continue to build on growing public awareness of colorectal cancer through our activities with these advocacy groups. Our efforts to date have led to inclusion of PreGen-Plus in various well-circulated brochures, radio and television broadcasts, and support of several consumer-oriented programs designed to increase awareness of the importance of colorectal cancer screening.

Consumer Marketing Initiatives. Because PreGen-Plus promises to be a more consumer-friendly screening option, patients who are aware of PreGen-Plus are more likely to ask their doctor for PreGen-Plus which, in turn, could help drive test volumes. Consumer initiatives may include print and other media advertising, grassroots programs, and celebrity spokespeople.

Managed Care Activities. We continue to educate Medicare, major national and regional managed care organizations and insurance carriers, and self-insured employer groups about the need and clinical rationale for PreGen-Plus. Along with LabCorp, we are having discussions with key decision makers at many of the major payors, with the goal of shortening the review time and gaining approval for the inclusion of PreGen-Plus in formal practice guidelines within each payor's plan. In addition, we also continue to address reimbursement for PreGen-Plus from government payors, primarily CMS, formerly known as the Health Care Financing Administration, by educating their senior staff about the need and clinical rationale for PreGen-Plus (See "Reimbursement"). At the end of 2004 we submitted a national coverage decision (NCD) memorandum to CMS relating to the inclusion of PreGen-Plus in Medicare.

Reimbursement

We are currently working to obtain national coverage and reimbursement approval for PreGen-Plus tests using our technologies from Medicare as well as major national and regional managed care organizations and insurance carriers, and self-insured employer groups. In connection with the commercialization of PreGen-Plus, we have been developing and implementing a reimbursement strategy, consisting primarily of educating large managed care organizations, large self-insured employers and large physician groups about the clinical benefits and cost-effectiveness of using PreGen-Plus.

Medicare and other third-party payors will independently evaluate our technologies by, among other things, reviewing the published literature with respect to the results obtained from our clinical studies. We believe that both the publication of results in the *New England Journal of Medicine* and our cost-effectiveness study results that were presented at the Digestive Disease Week conference in May 2003 will aid in our efforts to gain reimbursement for the test. Current molecular diagnostic procedural terminology ("CPT") codes are available which will allow our technologies to be billed following completion of a test prescribed (ordered) by a physician for a patient. We believe that the existence of current CPT codes with applicability to our screening test will help facilitate Medicare's reimbursement process. On December 29, 2004, we submitted our application to CMS for inclusion into the Medicare program. CMS may accept our application, deeming it complete, or it may reject our application and request additional information or reject it outright. Although the timing of any acceptance of our application or coverage decision by CMS is out of our control, we would not expect CMS to make a coverage decision sooner than nine months from the date of any acceptance of our application.

In addition, we continue to work on building support in Congress and have met with several members of Congressional staffs and national organizations with an interest in colorectal cancer to support our application.

Government Regulation

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

Generally, certain categories of medical devices, a category that may be deemed to include products based upon our technologies, require FDA pre-market approval or clearance before they may be marketed and placed into commercial distribution. The FDA has not, however, actively regulated in-house laboratory tests that have been developed and validated by the laboratory providing the tests. Additionally, the FDA has demonstrated prior enforcement discretion and is currently undergoing internal review on its legal authority for regulating these products. Pre-market clearance or approval is

not currently required for this category of products. The FDA does regulate the sale of certain reagents, including some of our reagents, used in laboratory tests. The FDA refers to the reagents used in these tests as analyte specific reagents. Analyte specific reagents react with a biological substance including those intended to identify a specific DNA sequence or protein. These reagents generally do not require FDA pre-market approval or clearance if they are (i) sold to clinical laboratories certified by the government to perform high complexity testing and (ii) labeled in accordance with FDA requirements, including a statement that their analytical and performance characteristics have not been established. A similar statement would also be required on all advertising and promotional materials relating to analyte specific reagents such as those used in our test. Laboratories also are subject to restrictions on the labeling and marketing of tests that have been developed using analyte specific reagents. We believe that in-house testing based upon our technologies, and any analyte specific reagents that we intend to sell to leading clinical reference laboratories currently do not require FDA approval or clearance. We cannot be sure, however, that the FDA will not change its policy in a manner that would result in tests based upon our technologies, or a combination of reagents, to require pre-market approval or clearance. In addition, we cannot be sure that the FDA will not change its position in ways that could negatively affect our operations either through regulation or new enforcement initiatives.

Regardless of whether a medical device requires FDA approval or clearance, a number of other FDA requirements apply to its manufacturer and to those who distribute it. Device manufacturers must be registered and their products listed with the FDA, and certain adverse events, correction and removals must be reported to the FDA. The FDA also regulates the product labeling, promotion, and in some cases, advertising, of medical devices. Manufacturers must comply with the FDA's Quality System Regulation which establishes extensive requirements for design, quality control, validation and manufacturing. Thus, manufacturers and distributors must continue to spend time, money and effort to maintain compliance, and failure to comply can lead to enforcement action. Analyte specific reagents must be manufactured in an environment designed to establish certain quality and consistency parameters. We currently rely on external third party manufactures to meet these standards. The FDA periodically inspects facilities to ascertain compliance with these and other requirements.

We and our strategic partner, LabCorp, are also subject to U.S. and state laws and regulations regarding the operation of clinical laboratories. The federal Clinical Laboratory Improvement Amendments of 1988 ("CLIA") and laws of certain other states impose certification requirements for clinical laboratories, and establish standards for quality assurance and quality control, among other things. Clinical laboratories are subject to inspection by regulators, and the possible sanctions for failing to comply with applicable requirements. Sanctions available under CLIA include prohibiting a laboratory from running tests, requiring a laboratory to implement a corrective plan, and imposing civil monetary penalties. If LabCorp fails to meet any applicable requirements of CLIA or state law, it could interrupt the commercial sale of PreGen-Plus and otherwise cause us to incur significant expense.

In addition, the specimen containers that are used in connection with the PreGen-Plus test may also be deemed to be medical devices regulated by the FDA. Once a physician orders a test, the patient will need to receive a specimen container to collect the patient's stool. Specimen transport and storage containers generally have been exempted by regulation from the FDA's pre-market clearance or approval requirement and much of the Quality System Regulation. We believe that our specimen container falls within an applicable exemption, but we cannot be sure that the FDA will not assert that our container is not exempt and seek to impose a pre-market clearance or approval requirement.

Intellectual Property

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

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

As of December 31, 2004, we had 32 patents issued and 27 pending patent applications in the United States and, in foreign jurisdictions, 33 patents issued and 44 pending applications. Our success depends to a significant degree upon our ability to develop proprietary products and technologies and to obtain patent coverage for such products and technologies. We intend to continue to file patent applications covering newly-developed products or technologies.

Each of our patents generally has a term of 20 years from its respective priority filing dates. Consequently, our first patents are set to expire in 2018. We have filed terminal disclaimers in certain later-filed patents, which means that such later-filed patents will expire earlier than the twentieth anniversary of their priority filing dates.

A third-party institution has co-inventorship rights with respect to one of our issued patents relating to use of our enumerated loss of heterozygosity ("e-LOH") detection method on pooled samples from groups of patients. Our current cancer screening detection methods do not include pooled samples. If any third party asserts co-inventorship rights with respect to any of our patents and is successful in challenging our inventorship determination, such patent may become unenforceable or we may be required to add that third party inventor to the applicable patent, resulting in co-ownership of such patent with the third party. Co-ownership of a patent allows the co-owner to exercise all rights of ownership, including the right to use, transfer and license the rights protected by the applicable patent.

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

We license on an exclusive basis, in the field of stool-based colorectal cancer screening, from Matrix Technologies Corporation, d/b/a Apogent Discoveries, certain patents owned by Apogent relating to its Acrydite™ technologies. The license provides us and our sublicensees, with the ability to manufacture and use the Acrydite technology in the PreGen-Plus test. The Acrydite technology is useful in connection with our proprietary electrophoretic DNA gel capture technology used in the isolation of nucleic acids and the diagnosis of disease that we purchased from MT Technologies.

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

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

LabCorp also maintains and is currently negotiating additional third-party technology license and supply agreements that are necessary for the PreGen-Plus test.

Competition

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

Currently, we face competition from procedure-based detection technologies such as flexible sigmoidoscopy, colonoscopy and virtual colonoscopy, a new procedure being performed in which a radiologist views the inside of the colon through a scanner, as well as existing and possibly improved traditional screening tests such as immunochemical FOBT. In addition, some competitors are developing serum-based tests, or screening tests based on the detection of proteins or nucleic acids produced by colon cancer in the blood. We believe that pharmaceutical and medical device marketing efforts directed at physicians represent competition for physician attention for the sales force selling our test.

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

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

Employees

As of December 31, 2004, we had seventy-one employees, five of whom have Ph.D.s and one of whom has an M.D. We terminated ten employees effective February 15, 2005, of which nine were engaged in research and development and one was engaged in sales and marketing. Accordingly, we currently have twenty-seven employees engaged in research and development, twenty-four employees in sales and marketing and ten employees in general and administration. None of our employees are represented by a labor union. We consider our relationship with our employees to be good.

Available Information

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

Item 2. Properties

As of December 31, 2004, we occupied approximately 56,000 square feet of space in our headquarters located in Marlborough, Massachusetts under a lease which expires in July 2010. We amended this lease, effective January 20, 2005, to reduce the total space occupied under the lease from approximately 56,000 square feet to 37,000 square feet. We also lease approximately 4,500 square feet in Maynard, Massachusetts under a lease that expires on August 31, 2006. We believe that these facilities will be adequate to meet our space requirements for the foreseeable future.

Item 3. Legal Proceedings

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

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

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2004.

PART II

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

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

	High	Low
2004		
First quarter	$ 10.49	$ 6.57
Second quarter	8.40	5.58
Third quarter	6.14	3.17
Fourth quarter	4.09	2.41
2003		
First quarter	$ 12.17	$ 6.30
Second quarter	15.10	8.87
Third quarter	18.00	10.65
Fourth quarter	16.00	8.50

As of December 31, 2004, there were approximately 26,199,517 shares of our common stock outstanding held by approximately 104 holders of record.

We have never paid any cash dividends on our capital stock and do not plan to pay any cash dividends in the foreseeable future. Our current policy is to retain all of our earnings to finance future growth.

During the quarter ended December 31, 2004, there were no repurchases made by us or on our behalf, or by any "affiliated purchaser," of shares of our common stock registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Item 6. Selected Financial Data

The selected historical financial data set forth below as of December 31, 2003 and 2004 and for the years ended December 31, 2002, 2003 and 2004 are derived from our financial statements, which have been audited by Ernst & Young LLP, independent auditors and which are included elsewhere in this Form 10-K. The selected historical financial data as of December 31, 2000 and 2001 and for the years ended December 31, 2000 and 2001 are derived from our audited financial statements not included elsewhere in this Form 10-K.

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

	Year Ended December 31,				
	2000	2001	2002	2003	2004
	(In thousands, except per share data)				
Statements of Operations Data:					
Revenue:					
Product royalty fees	$ —	$ —	$ —	$ 8	$ 166
License fees	—	51	886	2,871	4,514
Product	—	—	11	22	255
	—	51	897	2,901	4,935
Cost of revenue	—	—	9	22	487
Gross profit	—	51	888	2,879	4,448
Operating expenses:					
Research and development	5,332	13,335	19,989	17,084	10,901
Selling, general and administrative	4,814	9,078	9,701	13,515	12,244
Stock-based compensation (1)	3,184	3,788	2,043	1,118	498
	13,330	26,201	31,733	31,717	23,643
Loss from operations	(13,330)	(26,150)	(30,845)	(28,838)	(19,195)
Interest income	1,447	2,665	962	498	672
Net loss	$ (11,883)	$ (23,485)	$ (29,883)	$ (28,340)	$ (18,523)
Net loss per common share:					
Basic and diluted	$ (8.13)	$ (1.42)	$ (1.62)	$ (1.50)	$ (0.73)
Weighted average common shares outstanding:					
Basic and diluted	1,462	16,487	18,433	18,911	25,334
Balance Sheet Data:					
Cash and cash equivalents	$ 26,470	$ 56,843	$ 17,439	$ 14,200	$ 13,092
Marketable securities	—	—	26,407	13,606	37,188
Total assets	29,059	63,100	50,086	34,681	56,111
Total liabilities	1,359	4,133	11,737	22,453	18,128
Stockholders equity	27,700	58,967	38,349	12,228	37,983

(1) The following table summarizes the departmental allocation of stock based compensation:

	2000	2001	2002	2003	2004
Research and development	$ 810	$ 898	$ 478	$ 249	$ 221
Selling, general and administrative	2,374	2,890	1,565	869	277
Total	$ 3,184	$ 3,788	$ 2,043	$ 1,118	$ 498

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

The information contained in this section has been derived from our consolidated financial statements and should be read together with our consolidated financial statements and related notes included elsewhere in this Form 10-K. This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and are subject to the "safe harbor" created by those sections. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "could," "seek," "intends," "plans," "estimates," "anticipates" or other comparable terms. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. We urge you to consider the risks and uncertainties discussed at the end of this section under "Factors That May Impact Future Results of Operations" in evaluating our forward-looking statements. We have no plans to update our forward-looking statements to reflect events or circumstances after the date of this report. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

Overview

We are an applied genomics company that develops and commercializes proprietary DNA-based tests for the early detection of cancer. Our first commercial test, PreGen-Plus™, is used for screening colorectal cancer, the second leading cause of cancer death in the U.S. and the leading cause of cancer death among non-smokers. Since our inception on February 10, 1995, our principal activities have included:

- researching and developing our technologies for colorectal cancer screening;
- conducting clinical studies to validate our colorectal cancer screening tests;
- negotiating licenses for intellectual property of others;
- developing relationships with opinion leaders in the scientific and medical communities;
- conducting market studies and analyzing alternative approaches for commercializing our technologies;
- hiring research and clinical personnel, sales personnel, management and other support personnel;
- raising capital;
- licensing our proprietary technologies to LabCorp and
- working with LabCorp on activities necessary for the commercialization, marketing and sale of PreGen-Plus.

On June 26, 2002, we entered into a license agreement, subsequently amended on January 19, 2004, with LabCorp for an exclusive, long-term strategic alliance to commercialize PreGen-Plus, our proprietary, non-invasive DNA-based technology for the early detection of colorectal cancer in the average-risk population. Pursuant to this agreement, we exclusively licensed to LabCorp all U.S. and Canadian patents and patent applications owned or exclusively licensed by us relating to our technology through August 2008, followed by a non-exclusive license for the life of the patents. In return for the license, LabCorp agreed to pay us certain up-front and per-test royalty fees. LabCorp made an initial payment of $15 million upon the signing of the agreement, and a second payment of $15 million was made in August 2003 upon the commercial launch of PreGen-Plus. In addition to the per-test royalty fee, under our amended license agreement, we may also be eligible for milestone payments from LabCorp totaling up to $15 million based upon Company deliverables related to the acceptance and inclusion of PreGen-Plus in certain clinical guidelines and certain policy-level reimbursement approvals from third-party payors, as well as performance-based payments totaling up to $30 million based upon

the achievement of certain significant LabCorp revenue thresholds. The amended license agreement also clarified the obligations of each party with respect to certain third-party technology which has been incorporated into the commercial version of the PreGen-Plus test.

In conjunction with the strategic alliance, we issued to LabCorp a warrant to purchase 1,000,000 shares of our common stock, exercisable over a three-year period at an exercise price of $16.09 per share. We assigned a value to the warrant of $6.6 million under the Black-Scholes option-pricing model which was recorded as a reduction in the initial up-front deferred license fee of $15 million. We are amortizing the two up-front payments totaling $30 million, net of the $6.6 million value of the warrant, as license fee revenue over the exclusive license period.

We have generated limited operating revenues since our inception and, as of December 31, 2004, we had an accumulated deficit of approximately $123.3 million. Our losses have historically resulted from costs incurred in conjunction with our research and development initiatives, salaries and benefits associated with the hiring of additional personnel, and more recently, the initiation of marketing programs and the build-out of our sales infrastructure to support the commercialization and marketing of PreGen-Plus. We expect that our losses will continue for the next several years as a result of continuing research, development, sales and marketing expenses. Our future revenues will depend, in large part, upon whether our technologies are broadly ordered by medical practitioners, requested by patients, and ultimately reimbursed by third-party payors.

We believe that the market demand for our first commercial product, PreGen-Plus, which is being sold through LabCorp, is dependent upon a number of factors, including the following:

- inclusion of stool-based DNA screening in colorectal cancer screening guidelines;
- formal acceptance of stool-based DNA screening for reimbursement by Medicare and other third-party payors;
- patient acceptance of PreGen-Plus, including its novel sample collection process;
- stool-based DNA screening becoming a standard of care among prescribing physicians;
- the impact the publication of our multi-center study results and accompanying editorial in a peer-reviewed journal have on market acceptance of PreGen-Plus and
- effective sales processes to educate physicians and their office staff to facilitate patient compliance.

Our revenue is comprised of product royalty fees on PreGen-Plus tests sold by LabCorp, product revenue from the sale to LabCorp of certain components of our Effipure™ technology, which is incorporated into the PreGen-Plus test, and the amortization of license fees for the licensing of product rights to LabCorp under our license agreements. We account for PreGen-Plus royalty fees on a cash basis and will continue to do so until such time as we have sufficient history and experience to estimate the percentage of PreGen-Plus accessions that will ultimately result in revenue for us. Laboratory operating factors incurred at LabCorp such as turnaround times for the testing process, possible pre- and post-analytical sample deficiencies and third-party reimbursement all influence whether an accession by LabCorp will eventually be recognized as revenue by us. We recognize our license fee revenue on a straight-line basis over the applicable exclusive license period. We expect that product royalty fees and product revenue will increase in 2005 on an aggregate basis as compared to 2004 due to the ongoing commercial sales of PreGen-Plus by LabCorp. License fee revenue for 2005 is expected to be consistent with license fee revenue recorded in 2004 due to the ratable recognition of upfront license fees received from LabCorp.

Research and development expenses include costs related to scientific and laboratory personnel, research and clinical studies and reagents and supplies used in the development of our technologies. Our research and development efforts in 2005 will focus on improving the sensitivity and other performance aspects of PreGen-Plus and thus we do not expect to engage in large-scale clinical trials.

We expect research and development expenses to decrease in 2005 from 2004 levels as we plan on allocating more resources to sales and marketing efforts than in previous years.

Selling, general and administrative expenses consist primarily of non-research personnel salaries, office expenses and professional fees. We expect selling, general and administrative expenses to be flat in 2005 as compared 2004. However, we do expect a shift in the allocation of spending which will result in higher sales and marketing expenses as we supplement the direct sales efforts of LabCorp and implement marketing initiatives in certain regions of the U.S. and lower headcount and professional fees in the general and administrative functions.

Stock-based compensation expense, a non-cash expense, primarily represents the difference between the exercise price and fair value of common stock on the date of grant for certain options granted prior to our initial public offering as well as charges resulting from stock option grants to non-employees which are recorded at fair value based on the fair value measurement criteria of Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock Based Compensation.* The stock-based compensation expense related to options granted prior to our initial public offering is being amortized on an accelerated method over the vesting period of the applicable options, which is generally 60 months, and will end in 2005. The amount of stock-based compensation expense that we record each quarter in connection with options granted to non-employees may fluctuate with changes in our stock price.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), *Share-Based Payment* ("SFAS No. 123(R)"), which is a revision of SFAS No. 123. SFAS No. 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* , and amends FASB Statement No. 95, *Statement of Cash Flows* . Generally, the approach to accounting for share-based payments in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Pro forma disclosure of the fair value of share based payments is no longer an alternative to financial statement recognition. SFAS No. 123(R) is effective for public companies (excluding small business issuers) at the beginning of the first interim or annual period beginning after June 15, 2005.

We expect the adoption of SFAS No. 123(R) to have a material effect on our financial statements, in the form of additional compensation expense, on a quarterly and annual basis. It is not possible to precisely determine the expense impact of adoption since a portion of the ultimate expense that is recorded will likely relate to awards that have not yet been granted, but are likely to be granted prior to the July 1, 2005 adoption date. The expense associated with these future awards can only be determined based on factors such as the price of our common stock, the volatility of our stock price and risk free interest rates as measured at the grant date. However, the pro forma disclosures related to SFAS No. 123 included in our historic financial statements are relevant data points for gauging the potential level of expense that might be recorded in future periods.

Significant Accounting Policies

Financial Reporting Release No. 60, which was issued in December 2001 by the Securities and Exchange Commission, requires all registrants to discuss critical accounting policies or methods used in the preparation of the financial statements. The notes to the consolidated financial statements included in this report on Form 10-K include a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements.

Further, we have made a number of estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, and actual results may differ from those estimates. The areas that require the greatest degree of management judgment are the assessment of the recoverability of long-lived assets, primarily intellectual property, and revenue recognition.

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

Revenue Recognition. License fees for the licensing of product rights on initiation of strategic agreements are recorded as deferred revenue upon receipt and recognized as revenue on a straight-line basis over the license period.

Royalties fees earned on PreGen-Plus tests performed by LabCorp are based upon the customer's remittance to LabCorp, not the amount billed. Service revenue is recognized when services are performed (earned), amounts can be objectively determined (measurable), and collection is reasonably assured (collectible or realizable). Until such time that estimates utilized are supported by measurable, historical remittance data, we will recognize royalties as LabCorp customers make payments. The timing of payments is uncertain because of the number of parties involved in the reimbursement process.

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

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

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

Results of Operations

Comparison of the years ended December 31, 2004 and 2003

Revenue. Revenue increased to $4.9 million for the year ended December 31, 2004 from $2.9 million for the year ended December 31, 2003. Revenue is primarily composed of amortization of up-front technology license fees associated with agreements signed with LabCorp that are being amortized on a straight-line basis over the license period. The increase in revenue for the year ended December 31, 2004 as compared to the year ended December 31, 2003 was primarily due to the amortization of the second $15 million up-front license fee received upon the commercial launch of PreGen-Plus in August 2003 as well as an increase in revenues related to sales of Effipure components to LabCorp.

Cost of revenue. Total cost of revenue increased to $487,000 for the year ended December 31, 2004 from $22,000 for the year ended December 31, 2003. The cost of product revenue includes the costs of Effipure components while the cost of product royalty revenue represents royalties owed to third-parties for technology currently incorporated into PreGen-Plus. The increase in the cost of product revenue for the year ended December 31, 2004 as compared to the year ended December 31, 2003 was primarily the result of an increase in the number of Effipure components shipped to LabCorp. In addition, we recorded charges of approximately $239,000 during 2004 to write-off excess and expired Effipure inventory units. We have contractual commitments to certain of our Effipure contract manufacturers which require us to pay minimum aggregate dollar amounts over the life of the commitments, which expire in April 2006. A portion of the 2004 charges to write-off excess and expired Effipure inventory units was based upon payments related to these minimum purchase commitments. As we fulfill these minimum purchase commitments, we may need to make additional provisions for

excess or obsolete inventory. For the year ended December 31, 2003, product cost of sales primarily represented the cost of performing commercial colorectal screening tests at our facilities.

Research and development expenses. Research and development expenses, excluding departmental allocations of stock-based compensation, decreased to $10.9 million for the year ended December 31, 2004 from $17.1 million for the year ended December 31, 2003. This decrease was primarily the result of the completion of our multi-center study in the fourth quarter of 2003 and the completion of certain other research and development initiatives in 2003 to support of the commercialization of PreGen-Plus. Included in the decrease in research and development expenses were decreases of $2.3 million in laboratory expenses, $1.4 million in personnel-related expenses, $1.2 million in clinical study expenses and $682,000 in professional fees. Also included in the decrease in research and development expenses for the year ended December 31, 2004 as compared to the year ended December 31, 2003 was a decrease of $297,000 in laboratory space costs as a result of the accelerated amortization of leasehold improvements recorded in 2003 associated with our former facility. The decreases noted above were partially offset by an increase of $334,000 in severance costs associated with the termination of certain officers and employees during the year ended December 31, 2004. See Note 6 to the consolidated financial statements included in this Form 10-K for additional information on employee terminations.

Selling, general and administrative expenses. Selling, general and administrative expenses, excluding departmental allocations of stock-based compensation, decreased to $12.2 million for the year ended December 31, 2004 from $13.5 million for the year ended December 31, 2003. This decrease was primarily the result of the completion of programs related to the pre-marketing of PreGen-Plus which ended in 2003 resulting in lower professional fees and expenses of $1.7 million as well as a decrease in facility related expenses of $130,000. These decreases were partially offset by an increase of $689,000 in severance costs in connection with the termination of certain officers and employees during 2004. See Note 6 to the consolidated financial statements included in this Form 10-K for additional information on employee terminations.

Stock-based compensation. Stock-based compensation, which is a non-cash expense, decreased to $498,000 for the year ended December 31, 2004 from $1.1 million for the year ended December 31, 2003. The decrease in stock-based compensation was primarily due to the accelerated method of amortization being utilized to amortize the deferred compensation recorded in connection with options granted prior to our initial public offering. In addition, during the first quarter of 2004, we recorded $228,000 of stock-based compensation associated with our agreement to forgive an outstanding loan of a former executive officer, which was offset by a reduction of $272,000 in stock- based compensation associated with the forfeitures of restricted stock and the cancellation of unvested stock options due to the departure of certain officers and employees.

Interest income. Interest income increased to $672,000 for the year ended December 31, 2004 from $498,000 for the year ended December 31, 2003. This increase was due to an increase in our average cash, cash equivalents and marketable securities balances during 2004 as compared to 2003 as a result of the completion of our public offering of 6.9 million shares of common stock in February 2004, which generated net proceeds to us of approximately $43.3 million.

Comparison of the years ended December 31, 2003 and 2002

Revenue. Revenue increased to $2.9 million for the year ended December 31, 2003 from $897,000 for the year ended December 31, 2002. Revenue is primarily composed of amortization of up-front technology license fees associated with agreements signed in July 2001 and June 2002 with LabCorp that are being amortized on a straight-line basis over the respective license periods .

Cost of revenue. Cost of revenue increased to $22,000 for the year ended December 31, 2003 from $9,000 for the year ended December 31, 2002. The cost of product revenue includes the costs of Effipure components sold to LabCorp as well as the estimated cost of performing commercial

colorectal screening tests at our facilities while the cost of product royalty fees represents royalties owed to third-parties for technology currently incorporated into PreGen-Plus.

Research and development expenses. Research and development expenses, excluding departmental allocations of stock-based compensation, decreased to $17.1 million for the year ended December 31, 2003 from $20.0 million for the year ended December 31, 2002. This decrease was primarily attributable to the completion of our 5,500 patient multi-center study which was initiated in October 2001 and included a decrease of $4.5 million in trials and studies expenses partially offset by increases of $452,000 in personnel-related expenses, $148,000 in professional fees and expenses, $347,000 in laboratory expenses, and $667,000 related to the leasing of additional laboratory space. The increase in the expenses noted above were primarily attributable to an increase in the number of tests being performed in support of our multi-center study and the Mayo Clinic study, in addition to other research and development initiatives undertaken to further develop our technologies in support of the commercial launch of PreGen-Plus.

Selling, general and administrative expenses. Selling, general and administrative expenses, excluding departmental allocations of stock-based compensation, increased to $13.5 million for the year ended December 31, 2003 from $9.7 million for the year ended December 31, 2002. This increase was attributable primarily to increases in sales personnel and marketing programs in support of the commercial launch of PreGen-Plus and included increases of $1.3 million in personnel-related expenses, $2.3 million in professional fees and expenses, $125,000 in travel-related expenses and $110,000 related to office space and related office expenses.

Stock-based compensation. Stock-based compensation, a non-cash expense, decreased to $1.1 million for the year ended December 31, 2003, of which $249,000 related to research and development personnel and $869,000 related to general and administrative personnel from $2.0 million for the year ended December 31, 2002. The decrease in stock-based compensation in 2003 from 2002 is due to the accelerated method of amortization being used to record this expense.

Interest income. Interest income decreased to $498,000 for the year ended December 31, 2003 from $962,000 for the year ended December 31, 2002. This decrease was primarily due to lower interest rates on our investments and overall decreases in our average cash, cash equivalents and marketable securities balances.

Employee terminations

On February 9, 2005, we reduced our workforce by ten employees, principally in the research and development functions. Employees terminated were eligible to receive three to four months of salary and benefits, depending on their position and length of service with the Company. In connection with the employee terminations, we expect to record severance charges ranging from $200 to $250 in the quarter ended March 31, 2005. With the completion of our 5,500-patient multi-center study in 2003, and with no large clinical studies anticipated in the near term, we determined that a reduction in force was warranted to reduce costs. This workforce reduction reflects our intention to validate product improvements through smaller, less expensive research studies that leverage the results of our prior studies including our large-scale multi-center study that was published in the *New England Journal of Medicine* in December 2004.

Liquidity and Capital Resources

We have financed our operations since inception primarily through private sales of preferred stock, our initial public offering of common stock in February 2001, cash received from LabCorp in connection with our strategic alliance and a public offering of 6.9 million shares of common stock in February 2004. As of December 31, 2004, we had approximately $50.3 million in cash, cash equivalents and marketable securities, of which approximately $1.0 million has been pledged as collateral for an outstanding letter of credit.

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

Net cash used in operating activities was $21.2 million, $13.9 million and $11.9 million for the years ended December 31, 2004, 2003 and 2002, respectively. Excluding the impact of the upfront deferred licensing fees from LabCorp, net cash used in operating activities would have been $28.9 million and $26.9 million for the years ended December 31, 2003 and 2002, respectively. On this basis, the decrease in net cash used in operating activities for the year ended December 31, 2004 as compared to the year ended December 31, 2003 was primarily due to the decrease in our operating loss, which was the result of lower research and development spending due to the completion of our 5,500 patient multi-center study in late 2003, partially offset by approximately $1.0 million in severance costs associated with the termination of certain employees and officers during 2004. The increase in net cash used in operating activities for the year ended December 31, 2003 as compared to the year ended December 31, 2002 was primarily due to the increase in our operating loss, which was the result of higher research and development spending during our 5,500 patient multi-center study as well as an increases in selling, general and administrative expenses to support the commercial launch of PreGen-Plus in 2003.

Net cash used in investing activities was $23.9 million for the year ended December 31, 2004, as compared to net cash provided by investing activities of $9.5 million in 2003 and net cash used by investing activities of $28.1 million in 2002. Excluding the impact of the purchases and maturities of marketable securities, net cash used in investing activities was $180,000, $3.2 million and $1.8 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Purchases of property and equipment of $287,000 during 2004 were significantly lower than purchases of property and equipment of $2.6 million in 2003 and $1.3 million in 2002. Investment in property and equipment in 2003 was related to the relocation of our corporate headquarters and lab operations to Marlborough, Massachusetts while the investment in 2002 related to the expansion of our laboratory operations to prepare for our multi-center study and the Mayo Clinic study. We expect that purchases of property and equipment in 2005 will be consistent with amounts spent in 2004.

Cash used for the expansion of our intellectual property portfolio was $353,000 for the year ended December 31, 2004, as compared to $608,000 in 2003 and $417,000 in 2002. Patent costs, which historically consisted of related legal fees, are capitalized as incurred and are amortized beginning when patents are issued in the United States over an estimated useful life of five years.

Net cash provided by financing activities was $43.9 million for the year ended December 31, 2004, as compared to $1.2 million in 2003 and $615,000 in 2002. In February 2004, we completed an offering of 6.9 million shares of our common stock which generated net proceeds to us of approximately $43.3 million. Also in 2004, issuances of common stock under our stock option and employee stock purchase plans and the repayment of notes receivable provided an additional $636,000 in cash to us. During the years ended December 31, 2003 and 2002, issuances of common stock under our stock

option and employee stock purchase plans and the repayment of notes receivable provided $1.2 million and $615,000, respectively, in cash flows from financing activities.

We expect that cash, cash equivalents and short-term investments currently on hand at December 31, 2004, will be sufficient to fund our operations for the at least the next two years, based upon our current operating outlook. Product royalty fee payments and milestone payments from LabCorp may supplement our liquidity position. However, as we are in the early stage of commercialization of PreGen-Plus, we cannot forecast how rapidly sales of PreGen-Plus and, consequently, royalty payments from LabCorp, will increase, if at all. Further, milestone and other performance-based payments from LabCorp for which we may be eligible under our strategic agreement may supplement our liquidity position. However, the timing and receipt of milestone and performance-based payments is similarly unpredictable at this time. Of the remaining $45 million of payments for which we may be eligible under our amended agreement with LabCorp, $15 million relates to milestone payments associated with the inclusion of PreGen-Plus into certain clinical guideline acceptance and policy-level reimbursement approvals that, in large part, depend upon decisions to be made by third parties, and $30 million relates to the achievement of certain significant cumulative LabCorp revenue thresholds that depend upon LabCorp's success with respect to its sales of PreGen-Plus and are not expected for the next several years, if at all. As such, no assurance can be given that any payments pursuant to our agreement with LabCorp will be sufficient or timely enough to meet our liquidity needs. If revenue and other payments from LabCorp are insufficient to meet our liquidity needs, we will be required to raise additional capital or reduce the scale of our operations.

Our shelf registration statement on Form S-3 filed with the SEC was declared effective on September 26, 2003, which permits us to offer, from time to time, any combination of common stock, preferred stock, debt securities and warrants to purchase each of the foregoing, up to an aggregate of $100 million. On February 10, 2004, we completed an offering of 6.9 million shares of common stock under this shelf registration statement which generated net proceeds of $43.3 million. While we may, from time to time, seek to access the capital markets, there can be no assurance that we will be successful in any future capital raising efforts, or that we would be able raise additional funds at an acceptable price level.

The table below reflects our estimated fixed obligations and commitments as of December 31, 2004:

	Payments Due by Period				
	Total	Less Than One Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
	(in Thousands)				
Operating lease obligations	$ 5,622	$ 1,088	$ 1,928	$ 2,004	$ 602
Purchase obligations	339	339	—	—	—
Obligations under license and collaborative agreements	5,216	766	530	530	3,390
Total	$ 11,177	$ 2,193	$ 2,458	$ 2,534	$ 3,992

Operating leases reflect remaining obligations associated with leased facilities in Marlborough and Maynard, Massachusetts. Effective January 20, 2005, we amended the lease for our corporate headquarters in Marlborough to reduce the total space leased at that facility from approximately 56,000 square feet to approximately 37,000 square feet. In connection with this lease amendment, we expect to write off approximately $300 in the quarter ended March 31, 2005, relating to leasehold improvements to the space being vacated. In addition, we expect to save approximately $1.8 million in lease costs over the remaining term of the lease as a result of this amendment. The fixed obligation and commitments table above reflects this lease amendment. Purchase obligations represent purchase commitments associated with the manufacture and production of Effipure. Obligations under license and collaboration agreements represent on-going commitments under various research collaborations and

licensing agreements. Commitments under license agreements generally expire concurrent with the expiration of the intellectual property licensed from the third party. We do not have any special purpose entities or any other off balance sheet financing arrangements.

Our future capital requirements include, but are not limited to, continued investment in our research and development programs and related initiatives, supporting research and clinical study efforts on our technologies, sales and marketing efforts associated with the commercialization of PreGen-Plus, capital expenditures primarily associated with purchases of laboratory equipment and continued investment in our intellectual property estate. Our future capital requirements will depend on many factors, including the following:

- the success of our applied research efforts and clinical studies;
- the inclusion of stool DNA screening in colorectal cancer screening guidelines;
- formal acceptance of stool DNA screening for reimbursement by Medicare and other third-party payors;
- our ability to achieve milestones under our strategic agreement with LabCorp:
- the scope of and progress made in our research and development activities and
- the successful commercialization and sales growth of PreGen-Plus.

We cannot assure you that our business will generate sufficient cash flow from operations, or that we will be able to liquidate our investments or obtain financing when needed or desirable. An inability to fund our operations would have a material adverse effect on our business, financial condition and results of operations.

Net Operating Loss Carryforwards

As of December 31, 2004, we had net operating loss carryforwards of approximately $86.7 million and tax credit carryforwards of approximately $2.6 million. The net operating loss and tax credit carryforwards will expire at various dates through 2024, if not utilized. The Internal Revenue Code and applicable state laws impose substantial restrictions on a corporation's utilization of net operating loss and tax credit carryforwards if an ownership change is deemed to have occurred.

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

Factors That May Affect Future Results

We operate in a rapidly changing environment that involves a number of risks, some of which are beyond our control. This discussion highlights some of the risks which may affect future operating results. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer.

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

We have incurred losses since we were formed and have had only modest product and royalty fee revenues since product introduction in August 2003. From our date of inception on February 10, 1995 through December 31, 2004, we have accumulated a total deficit of approximately $123.3 million. We expect that our losses will continue for the next several years as a result of continuing research and development expenses, as well as increased sales and marketing expenses. If our revenue does not grow significantly to offset these expenses, we will not be profitable. We cannot assure you that the revenue from the sale of any of our technologies will be sufficient to make us profitable. Our future revenues will depend, in large part, upon whether our technologies are broadly ordered by medical practitioners, requested by patients, and ultimately reimbursed by third-party payors. We believe that the market demand for our first commercial product, PreGen-Plus, which is being sold through LabCorp, is dependent upon a number of factors, including the following:

- inclusion of stool-based DNA screening in colorectal cancer screening guidelines;
- formal acceptance of stool-based DNA screening for reimbursement by Medicare and other third-party payors;
- patients acceptance of PreGen Plus, including its novel sample collection process;
- stool-based DNA screening becoming a standard of care among prescribing physicians;
- the impact the publication of our multi-center study results and accompanying editorial in a peer-reviewed journal have on market acceptance of PreGen Plus and
- effective sales processes to educate physicians and their office staff to facilitate patient compliance **.**

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

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

Pursuant to our exclusive license agreement with LabCorp, our current operating revenue is primarily dependent upon LabCorp's commercial sales of PreGen-Plus. Although we are actively working together with LabCorp on initiatives designed to promote our joint success with regard to PreGen-Plus, we cannot assure you that we or LabCorp will be successful in achieving sufficient sales of PreGen-Plus for us to become profitable. Such initiatives include the following:

- physician and consumer education and demand;
- implementation of marketing and sales initiatives and programs;
- broad-based reimbursement initiatives;
- advocacy development;
- sales force training and
- contracting with manufacturers and suppliers.

If we or LabCorp are unsuccessful in our efforts with respect to one or more of the foregoing initiatives, our revenues could be materially adversely affected. Moreover, given the number of products that LabCorp sells, we cannot assure you that LabCorp will devote the resources and attention necessary to make PreGen-Plus commercially successful. Any failure of the LabCorp sales force or our sales and marketing employees, in whole or in part, to give continued and sustained focus to PreGen-Plus would harm the demand creation for PreGen-Plus and, in turn, could materially adversely effect our revenues and delay any performance-based payments for which we might otherwise be

eligible under our strategic agreement with LabCorp. Any change in the senior management or organizational structure within LabCorp or EXACT Sciences, could negatively impact our ability to successfully commercialize PreGen-Plus.

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

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

We have a strategic alliance with LabCorp, under which we licensed to LabCorp certain of our technologies that are required for the commercialization of PreGen-Plus, a proprietary, non-invasive DNA-based screening test for the early detection of colorectal cancer in the average-risk population. The license to LabCorp is exclusive within the United States and Canada for a five-year term followed by a non-exclusive license for the life of the underlying patents. LabCorp has the ability to terminate this agreement for, among other things, a material breach by us. If LabCorp were to terminate the agreement, fail to meet its obligations under the agreement or otherwise decrease its commitment to PreGen-Plus, our revenues would be materially adversely affected, the commercialization of PreGen-Plus would be interrupted and we could become insolvent. Further, we cannot guarantee that we would be able to enter into a similar agreement with another company to commercialize this technology. Moreover, if we do not achieve certain milestones, or LabCorp does not achieve certain revenue and performance thresholds within the time periods prescribed in the agreement, we may not fully realize the expected benefits of the agreement to us.

In January 2004, we and LabCorp amended our license agreement, to among other things, restructure certain product development milestones and increase the level of our collaboration on sales and product enhancement initiatives. Although this amendment does not change the $45 million of total milestone payments that we may be eligible to receive under the agreement, the amendment makes it more difficult for us to fully realize these payments if LabCorp is unable to achieve significant revenue thresholds with respect to its sales of PreGen-Plus or if we are unable to obtain clinical guideline acceptance and policy-level reimbursement approvals for PreGen-Plus. Moreover, we cannot assure you that this amendment or other strategic initiatives with LabCorp will accomplish the long-term goals of either party. If one or more additional amendments to our agreement with LabCorp become necessary as a result of the continuing evolution of PreGen-Plus, developments in our relationship with LabCorp or otherwise, we cannot assure you that any such amendment could be entered into on more favorable terms, if at all.

We cannot effectively control whether LabCorp will devote sufficient resources to PreGen-Plus under our strategic agreement or whether it will elect to pursue the development or commercialization of competing products or services. Disagreements with LabCorp could delay or terminate the continued commercialization of PreGen-Plus by LabCorp or result in litigation or arbitration, any of which would have a material adverse effect on our business, financial condition and results of operations. Moreover, if we are unsuccessful in managing our strategic relationship with LabCorp, we would be required to enter into other strategic relationships for the commercialization of PreGen-Plus or commercialize the test ourselves. We cannot assure you that we would be able to license our technology to another commercial laboratory or otherwise successfully commercialize the technology, and our failure to do either of the foregoing would materially and adversely affect our ability to generate revenues.

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

The current configuration of PreGen-Plus that we have commercialized with LabCorp requires access to certain technologies and supplies of raw materials, including components for our Effipure technology, for which licensing and supply agreements are required. There can be no assurance that we, or LabCorp, can obtain these technologies and raw materials on acceptable terms, if at all. Any such licenses may require us to pay royalties or other fees to third parties, which would have an adverse effect on our revenues or gross margin. Furthermore, there can be no assurance that any current contractual arrangements between us and third parties, us and LabCorp, or between our strategic partners and other third parties, will be continued, or not breached or terminated early, or that we or our strategic partners will be able to enter into any future relationships necessary to the continued commercial sale of PreGen-Plus or necessary to our realization of material revenues. Any failure to obtain necessary technologies or raw materials would require PreGen-Plus to be re-configured which could negatively impact its commercial sale and increase the costs associated with PreGen-Plus, which could have a material adverse effect on our revenues and gross margin, respectively.

The time and attention of our management team may be diverted from domestic sales and operational issues if opportunities in foreign markets are pursued.

Our license with LabCorp is exclusive in North America and Canada and we have the ability to license our technologies for colorectal cancer screening in other markets beyond these territories. Our success materially depends upon our management team devoting adequate time and attention to sales and operational issues within the United States. In the event we enter into business relationships with entities abroad, there can be no assurance that our management team will be able to continue to devote the time and attention necessary to adequately manage and support domestic initiatives.

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

If the results of our research and clinical studies do not convince third party payors, physicians, thought leaders and colorectal cancer screening guideline writers of the clinical value of PreGen-Plus, we may never successfully commercialize PreGen-Plus and, as a consequence, we may not be able to remain a viable business.

In 2003, we completed our multi-center study of our PreGen-Plus technology that included approximately 5,500 asymptomatic, average-risk patients aged 50 and older from over 80 academic and community-based medical practices. The goal of this study was to provide additional data supporting the superiority of tests utilizing our technology versus the most widely used brand of FOBT, Hemoccult II, in detecting colorectal cancer in this average-risk population. Although this study achieved its primary endpoint of showing that our original, bead-based DNA capture version of PreGen-Plus was more sensitive than Hemoccult II, the point sensitivity from our multi-center study was lower than that seen in our previous research and clinical studies. Accordingly, we and LabCorp may experience reluctance or refusal on the part of third-party payors to pay for tests using our technologies which could slow the demand for the PreGen-Plus test and adversely and materially impact revenues and profitability.

In October 2001, Mayo Clinic initiated a study of the bead-based version of our PreGen-Plus test that was intended to include approximately 4,000 patients at average risk for developing colorectal cancer. This three-year study, similar to our multi-center study, was designed to compare the results of our bead-based technologies with those of the Hemoccult II, a common first-line colorectal cancer screening option. After this study commenced, Hemoccult Sensa®, another brand of FOBT, was added to the study. Subsequently, we and the Mayo Clinic sought to include EXACT Sciences' Effipure technology in the study, rather than our older, bead based technology. In connection with this technology transition, Mayo Clinic reviewed preliminary data from the study which showed that, while

PreGen-Plus was nearly twice as sensitive as Hemoccult II and as sensitive as Hemoccult Sensa in detecting screen-relevant neoplasia (a category that includes high grade displasia, invasive cancer, and adenomas ≥ 1cm), Hemoccult II and Hemoccult Sensa appeared to have outperformed, at a preliminary stage, the older, bead-based version of our technology in the detection of cancer among the thirteen cancer samples collected in the study. While we believe that the sample collection protocols used in this study, which were the same as those used in our multi-center study, resulted in DNA degradation that, in turn, resulted in lower sensitivity of our technology than that demonstrated in our prior published studies, this preliminary data is susceptible to varying interpretations that could negatively impact the market acceptance of our technologies. Moreover, although we believe that the preliminary data from the Mayo Clinic study is clinically inconclusive given the small sample size of significant colorectal lesions and the DNA degradation that resulted from the sample collection methods used in the study, thought-leading gastroenterologists and primary care physicians may be reluctant to order tests using our technologies based on this preliminary data, which would materially harm our business and materially adversely affect our revenues. There is additional risk that thought-leading gastroenterologists, guidelines organizations, primary care physicians and others may, despite the small sample size referenced above, assign disproportionate significance to this preliminary data, if published by the NCI and/or Mayo Clinic, which may significantly adversely affect commercialization.

Although we may work with Mayo Clinic in the future on studies involving our newer technologies, we cannot assure you that we will reach an agreement with Mayo Clinic regarding acceptable study protocols or that the NCI will agree to fund such a study. If the NCI declines to fund a study with us, we may decide to devote considerable financial resources to such a study on our own, which could harm our results of operations. Moreover, if we cannot work with Mayo Clinic on a study of our technologies, under study protocols that are mutually acceptable to us and Mayo Clinic, such an outcome could materially harm the ability of PreGen-Plus to be included in colorectal cancer screening guidelines, to obtain adequate third-party reimbursement, or to achieve market acceptance.

If the results of our clinical studies, including the results of a Mayo Clinic study, do not show that tests using our technologies are superior to existing screening methods, including Hemoccult II and Hemoccult Sensa, or show that our tests are superior but not by a large enough margin to affect prevailing clinical practice, we may experience reluctance or refusal on the part of physicians to order, and third-party payors to pay for tests using our technologies, which could slow the demand for, and successful commercialization of, PreGen-Plus.

If Medicare and other third-party payors, including managed care organizations, do not provide adequate reimbursement for PreGen-Plus, the commercial success of PreGen-Plus could be compromised.

Many physicians may decide not to order colorectal cancer screening tests using our technologies unless the tests are adequately reimbursed by third-party payors, including Medicare, and covered by managed care organizations. There is significant uncertainty concerning third-party reimbursement for the use of any test incorporating new technology. Reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that tests using our technologies are: sensitive for colorectal cancer; not experimental or investigational; medically necessary; appropriate for the specific patient; and cost-effective. While we and LabCorp have had some success in obtaining reimbursement from third-party payors for tests performed to date, neither we nor LabCorp has secured any broad-based policy-level reimbursement approval from Medicare or a sufficient amount of third-party payors to ensure the long-term commercial success of PreGen-Plus.

If PreGen-Plus cannot be effectively sold at a price acceptable to the market, we may not be able to successfully commercialize PreGen-Plus.

The success of PreGen-Plus depends, in material part, on the ability of LabCorp to price the test at a level acceptable to consumers, physicians, and third-party payors. Currently, screening for colorectal using our technology is more expensive than FOBT because it is labor-intensive and uses highly complex processes and expensive reagents. In order to make our technologies less costly and

more commercially attractive to consumers, physicians and third party payors, we or LabCorp will need to reduce the costs of tests using our technologies through significant automation of key operational processes or other cost savings procedures. There can be no assurance that such parties, including Medicare, will pay for PreGen-Plus at levels that will enable us to earn a profit, if at all. If we or LabCorp fail to create and improve technologies that sufficiently reduce costs, LabCorp's sales of PreGen-Plus and, as a result, our revenues may be limited. Moreover, if we and LabCorp are unable to sell a sufficient number of tests at favorable pricing levels, we will not be successful and we may not be able to remain viable as a company.

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

We continue to work to improve the performance characteristics of PreGen-Plus through research on technical innovations such as our Effipure technology. However, there can be no assurance that future generations of PreGen-Plus, or the commercial version of the PreGen-Plus test currently offered by LabCorp, which incorporates Effipure and other technology improvements, will have sufficient sensitivity or performance to be commercially successful. We have conducted studies of the PreGen-Plus test, which included our Effipure technology. These studies, which have consisted of cohorts from previously conducted clinical studies, including the multi-center study, have shown that the PreGen-Plus test, which includes Effipure, detected cancer in additional samples that the original bead-based version of our technology did not. However, the number of samples in each of these studies has been small and the ranges of sensitivity improvement with Effipure have been broad, thus making it difficult to definitively quantify the increase in sensitivity of the PreGen-Plus test including Effipure, as compared to the original bead-based test. If future generations of the PreGen-Plus test, or the commercial version of the PreGen-Plus test with Effipure, does not significantly increase the sensitivity or performance over that of the original bead-based technology in a cost effective manner, we may never achieve the expected demand for tests using our technologies or such demand could be significantly reduced, either of which would have a material adverse effect on our revenues.

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

If we, or LabCorp, fail to convince a sufficient number of medical practitioners to order tests using our technologies, we will not be able to create sufficient demand for tests using our technologies in sufficient volume for us to become profitable. An important element to the successful commercialization of PreGen-Plus is the inclusion of the test in colorectal cancer screening guidelines. We and LabCorp will need to make gastroenterologists and primary care physicians aware of the benefits of tests using our technologies through published papers, presentations at scientific conferences, favorable results from clinical studies and obtaining reimbursement from insurers. Our failure to be successful in these efforts or to be included within colorectal cancer screening guidelines would make it difficult for us, or LabCorp, to convince medical practitioners to order colorectal cancer screening tests using our technologies for their patients which could materially adversely affect our revenues.

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

Even if our technologies are superior to other colorectal cancer screening options, adequate third-party reimbursement is obtained and we convince medical practitioners to order tests using our technologies, only a small number of people may decide to be screened for colorectal cancer. Despite the availability of current colorectal cancer screening methods as well as the recommendations of the American Cancer Society that all Americans over the age of 50 be screened for colorectal cancer, most of these individuals do not complete a colorectal cancer screening test. If only a small portion of the

recommended population is regularly screened for colorectal cancer or decides to utilize colorectal cancer screening tests using our technologies, we will, despite our efforts, experience limits on our revenue and profitability.

If we or our partners fail to comply with FDA requirements, we may be limited or restricted in our ability to market our products and services and may be subject to stringent penalties.

The FDA does not actively regulate laboratory tests that are developed and used by a laboratory to conduct in-house testing. The FDA does regulate specific reagents and certain components, some of which are used with our technologies and react with a biological substance including those designed to identify a specific DNA sequence or protein. For instance, a key component of our technologies includes our Effipure technology for the recovery of DNA from biological samples. The FDA's regulations provide that most such reagents, which the FDA refers to as analyte specific reagents, or ASRs, are exempt from the FDA's pre-market review requirements. We believe the ASRs that we provide currently fall within these exemptions. However, if the FDA were to decide to more actively regulate in-house developed laboratory tests, or significantly change the regulations for ASRs, commercial sales of PreGen-Plus and the sale of Effipure components to LabCorp could be delayed, halted or prevented. If the FDA were to view any of our or LabCorp's actions as non-compliant, it could initiate enforcement action, which could involve criminal or civil penalties. Moreover, while we believe that Effipure qualifies as an ASR, and is therefore exempt from the FDA's pre-market review requirements, there can be no assurance that the FDA or other regulatory bodies will agree with our assessment and the commercialization of our products and services could be impacted by being delayed, halted or prevented altogether. Finally, any ASRs that we provide will be subject to a number of FDA requirements, including compliance with restrictions regarding performance claims as well as the FDA's Quality System Regulation, which establishes extensive regulations for quality assurance and control as well as manufacturing procedures. Failure to comply with these regulations could result in enforcement action against us, our partners, or our contract manufacturers. Adverse FDA action in any of these areas could significantly increase our expenses and limit our revenue and profitability.

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

Third parties may assert infringement or other intellectual property claims against our licensors, our licensees, our suppliers, our strategic partners, or us. We pursue a patent strategy that we believe provides us with a competitive advantage in the non-invasive early detection of colorectal cancer and is designed to maximize our patent protection against third parties in the U.S. and in foreign countries. We have filed patent applications that we believe cover methods we have designed to detect colorectal cancer and other cancers, including our testing process. In order to protect or enforce our patent rights, we may have to initiate actions against third parties. Any actions regarding patents could be costly and time-consuming, and divert our management and key personnel from our business. Additionally, such actions could result in challenges to the validity or applicability of our patents. Because the U.S. Patent & Trademark Office maintains patent applications in secrecy until a patent application publishes or the patent is issued, others may have filed patent applications covering technology used by us or our partners. Additionally, there may be third-party patents, patent applications and other intellectual property relevant to our technologies that may block or compete with our technologies. Even if third-party claims are without merit, defending a lawsuit may result in substantial expense to us and may divert the attention of management and key personnel. In addition, we cannot provide assurance that we would prevail in any of these suits or that the damages or other remedies, if any, awarded against us would not be substantial. Claims of intellectual property infringement may require that we, or our strategic partners, enter into royalty or license agreements with third parties that may not be available on acceptable terms, if at all. These claims may also result in injunctions against the further development and commercial sale of PreGen-Plus, which would have a material adverse effect on our business, financial condition and results of operations.

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

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

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

As of December 31, 2004, we have 32 issued patents, 5 allowed patent applications and 23 pending patent applications in the United States and we also have 34 issued foreign patents and 43 pending foreign patent applications. We cannot assure you that any of our currently pending or future patent applications will result in issued patents, and we cannot predict how long it will take for such patents to be issued. Further, we cannot assure you that other parties will not challenge any patents issued to us, or that courts or regulatory agencies will hold our patents to be valid or enforceable. A third-party institution is a co-owner of one of our issued patents relating to pooling patient samples in connection with our loss of heterozygosity detection method. We cannot guarantee you that we will be successful in defending challenges made in connection with our patents and patent applications. Any successful third-party challenge to our patents could result in co-ownership of such patents with a third party or the unenforceability or invalidity of such patents. In addition, we and a third-party institution have filed a joint patent application that is co-owned by us and that third-party institution relating to the use of various DNA markers, including one of our detection methods, to detect cancers of the lung, pancreas, esophagus, stomach, small intestine, bile duct, naso-pharyngeal, liver and gall bladder in stool under the Patent Cooperation Treaty. This patent application designates the United States, Japan, Europe and Canada. Co-ownership of a patent allows the co-owner to exercise all rights of ownership, including the right to use, transfer and license the rights protected by the applicable patent.

In addition to our patents, we rely on contractual restrictions to protect our proprietary technology. We require our employees and third parties to sign confidentiality agreements and employees to sign agreements assigning to us all intellectual property arising from their work for us. Nevertheless, we cannot guarantee that these measures will be effective in protecting our intellectual property rights.

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

If we become subject to additional regulations from the U.S. Department of Transportation, or other domestic and international regulatory agencies, for the transport of diagnostic specimens, it could increase the cost of transporting stool specimens and limit revenue growth.

On August 14, 2002, the U.S. Department of Transportation, or DOT, issued revised Hazardous Materials Regulations for the packaging and transport of infectious materials, including diagnostic specimens. In anticipation of the application of these regulations to our current specimen container and transport system, we submitted an exemption request to the DOT to minimize the changes that would be necessary for our specimen collection system, while still providing an equivalent level of safety. On February 13, 2003, the DOT issued a formal determination that stool samples intended for clinical

research or diagnostic purposes would not be deemed an infectious substance subject to the Hazardous Materials Regulations. While this decision is favorable, we cannot be certain that the DOT, or other domestic and international regulatory agencies, will not more actively regulate or restrict the transportation of stool samples, such as those used in our diagnostic tests. Any regulation or restriction on the transportation of stool samples used in the PreGen-Plus test could require us to make time consuming and costly changes to the specimen collection system which could materially adversely impact our revenues and profitability.

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

The market for colorectal cancer screening is large, approximating 80 million Americans age 50 and above, of which over 42 million fail to follow the American Cancer Society's screening guidelines. As a result, the colorectal cancer screening market has attracted competitors, some of which have significantly greater resources than we have. Currently, we face competition from procedure-based detection technologies such as flexible sigmoidoscopy, colonoscopy and virtual colonoscopy, a new procedure being performed in which a radiologist views the inside of the colon through a scanner, as well as existing and possibly improved traditional screening tests such as immunochemical FOBT. In addition, some companies are developing serum-based tests, or screening tests based on the detection of proteins or nucleic acids produced by colon cancer in the blood including proteomics in which protein patterns are analyzed for links to disease. These and other companies may also be working on additional methods of detecting colon cancer that have not yet been announced. We may be unable to compete effectively against these competitors either because their test is superior or because they may have more expertise, experience, financial resources and stronger business relationships.

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

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

The failure of LabCorp or any other laboratory using PreGen-Plus to comply with regulations governing clinical laboratories would materially adversely affect our business.

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

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

Our success depends largely on the skills, experience and performance of key members of our senior management team, including Don M. Hardison, our President and Chief Executive Officer and Anthony P. Shuber, our Executive Vice President and Chief Technology Officer. Anthony P. Shuber has been critical to the development of our technologies and business. Although Messrs. Hardison and Shuber have each signed a non-disclosure and assignment of intellectual property agreement and a non-compete agreement, they have no employment agreements currently in place. We also have a severance agreement with each of Messrs. Hardison and Shuber that provides for twelve months severance under certain circumstances. The efforts of each of these persons will be critical to us as we continue to develop our technologies and testing processes. If we were to lose one or more of these key employees, we may experience difficulties in competing effectively, developing our technologies and implementing our business strategies.

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

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

Our inability to apply our proprietary technologies successfully to detect other common cancers may limit our revenue growth and profitability.

While, to date, we have focused substantially all of our research and development efforts on colorectal cancer, we have used our technologies to detect cancers of the lung, pancreas, esophagus, stomach and gall bladder. In the future, we intend to evaluate and potentially extend our technology platform to the development of screening tests for these or other common cancers. To do so, we may need to overcome technological challenges to develop reliable screening tests for these cancers. There can be no assurance that our technologies will be capable of reliably detecting cancers, beyond colorectal cancer, with the sensitivity and specificity necessary to be clinically and commercially useful for such other cancers, or that we can develop such technologies at all. We may never realize any commercial benefit from our research and development activities.

Changes in healthcare policy could subject us to additional regulatory requirements that may interrupt commercialization of the PreGen-Plus test and increase our costs.

Healthcare policy has been a subject of extensive discussion in the executive and legislative branches of the federal and many state governments. We and LabCorp developed our commercialization strategy for PreGen-Plus based on existing healthcare policies. Changes in healthcare policy could substantially interrupt the sales of PreGen-Plus, increase costs, and divert management's attention. We cannot predict what changes, if any, will be proposed or adopted or the effect that such proposals or adoption may have on our business, financial condition and results of operations.

Our inability to raise additional capital on acceptable terms in the future may limit our growth.

If our capital resources become insufficient to meet future requirements, we will have to raise additional funds to continue the development and commercialization of our technologies. Our inability

to raise capital would seriously harm our business and development efforts. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operations. These funds may not be available on favorable terms, or at all. If adequate funds are not available on attractive terms, we may have to restrict our operations significantly or obtain funds by entering into agreements on unattractive terms. Further, to the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in dilution to our stockholders.

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

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

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

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

Our stock price may be volatile.

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

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

- technological innovations or new products and services by us or our competitors;
- clinical trial results relating to the PreGen-Plus tests or those of our competitors;
- inclusion of stool DNA screening in colorectal cancer screening guidelines;
- stool DNA screening becoming a standard of care among prescribing physicians;
- reimbursement decisions by Medicare and other third party payors;
- FDA regulation of our products and services;
- the establishment of collaborative partnerships;
- health care legislation;

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

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

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

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

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

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

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

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

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

Item 8. Financial Statements and Supplementary Data

EXACT SCIENCES CORPORATION
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
of EXACT Sciences Corporation:

We have audited the accompanying consolidated balance sheets of EXACT Sciences Corporation as of December 31, 2003 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EXACT Sciences Corporation at December 31, 2003 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of EXACT Sciences Corporation's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 11, 2005

EXACT SCIENCES CORPORATION

Consolidated Balance Sheets

(Amounts in thousands, except per share data)

	December 31, 2003	December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 14,200	$ 13,092
Marketable securities	13,607	37,188
Prepaid expenses and other current assets	1,283	1,835
Total current assets	29,090	52,115
Property and Equipment, at cost:		
Laboratory equipment	4,114	4,242
Office and computer equipment	1,360	1,383
Leasehold improvements	1,460	1,482
Furniture and fixtures	299	299
	7,233	7,406
Less—Accumulated depreciation and amortization	(4,314)	(5,452)
	2,919	1,954
Patent Costs and Other Assets, net of accumulated amortization of approximately $1,392 and $1,718 at December 31, 2003 and 2004, respectively	2,672	2,042
	$ 34,681	$ 56,111
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 657	$ 365
Accrued expenses	1,553	2,034
Deferred license fees, current portion	4,514	4,459
Total current liabilities	6,724	6,858
Deferred License Fees, less current portion	15,729	11,270
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Common stock, $0.01 par value		
Authorized—100,000,000 shares		
Issued and outstanding—19,306,936 and 26,285,067 shares at December 31, 2003 and 2004, respectively	193	263
Additional paid-in capital	118,225	161,356
Treasury stock, 60,959 and 85,550 shares at December 31, 2003 and 2004, respectively	(12)	(97)
Notes receivable	(641)	(5)
Deferred compensation	(729)	(89)
Other comprehensive loss	(1)	(115)
Accumulated deficit	(104,807)	(123,330)
Total stockholders' equity	12,228	37,983
	$ 34,681	$ 56,111

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

EXACT SCIENCES CORPORATION

Consolidated Statements of Operations

(Amounts in thousands, except per share data)

	Year Ended December 31,		
	2002	2003	2004
Revenue:			
Product royalty fees	$ —	$ 8	$ 166
License fees	886	2,871	4,514
Product	11	22	255
	897	2,901	4,935
Cost of revenue:			
Product royalty fees	—	1	11
Product	9	21	476
	9	22	487
Gross profit	888	2,879	4,448
Operating Expenses:			
Research and development	19,989	17,084	10,901
Selling, general and administrative	9,701	13,515	12,244
Stock-based compensation (1)	2,043	1,118	498
	31,733	31,717	23,643
Loss from operations	(30,845)	(28,838)	(19,195)
Interest income	962	498	672
Net loss	$ (29,883)	$ (28,340)	$ (18,523)
Net loss per share—basic and diluted	$ (1.62)	$ (1.50)	$ (0.73)
Weighted average common shares outstanding—basic and diluted	18,433	18,911	25,334

(1) The following summarizes the departmental allocation of stock-based compensation:

Research and development	$ 478	$ 249	$ 221
Selling, general and administrative	1,565	869	277
Total	$ 2,043	$ 1,118	$ 498

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

EXACT SCIENCES CORPORATION

Consolidated Statements of Stockholders' Equity

(Amounts in thousands, except per share data)

	Common Stock			Treasury Stock							
	Number of Shares	$0.01 Par Value	Additional Paid In Capital	Number of Shares	Value	Notes Receivable	Deferred Compensation	Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity	Other Comprehensive Income
Balance, January 1, 2002	18,790,807	$ 188	$ 110,497	50,646	$ (8)	$ (947)	$ (4,179)	$ —	$ (46,584)	$ 58,967	$ —
Repurchase of common stock	—	—	—	10,313	(4)	—	—	—	—	(4)	—
Issuance of shares under stock purchase plan	17,840	—	137	—	—	—	—	—	—	137	—
Exercise of common stock options	262,120	3	231	—	—	—	—	—	—	234	—
Repayment of subscription receivable	—	—	—	—	—	248	—	—	—	248	—
Compensation expense related to issuance (forfeitures) of stock options	—	—	(159)	—	—	—	2,202	—	—	2,043	—
Non-cash cost related to issuance of warrant	—	—	6,550	—	—	—	—	—	—	6,550	—
Net loss	—	—		—	—	—	—	—	(29,883)	(29,883)	(29,883)
Other comprehensive income	—	—	—	—	—	—	—	57	—	57	57
Comprehensive loss											$ (29,826)
Balance, December 31, 2002	19,070,767	$ 191	$ 117,256	60,959	$ (12)	$ (699)	$ (1,977)	$ 57	$ (76,467)	$ 38,349	
Issuance of shares under stock purchase plan	28,621	—	216	—	—	—	—	—	—	216	—
Exercise of common stock options	207,548	2	883	—	—	—	—	—	—	885	—
Repayment of subscription receivable	—	—	—	—	—	58	—	—	—	58	—
Compensation expense related to issuance (forfeitures) of stock options	—	—	(130)	—	—	—	1,248	—	—	1,118	—
Net loss	—	—		—	—	—	—	—	(28,340)	(28,340)	(28,340)
Other comprehensive loss	—	—	—	—	—	—	—	(58)	—	(58)	(58)
Comprehensive loss											$ (28,398)
Balance, December 31, 2003	19,306,936	$ 193	$ 118,225	60,959	$ (12)	$ (641)	$ (729)	$ (1)	$ (104,807)	$ 12,228	
Sale of common stock, net of issuance costs of $3,270,014	6,900,000	69	43,236	—	—	—	—	—	—	43,305	—
Issuance of shares under stock purchase plan	45,524	—	250	—	—	—	—	—	—	250	—
Exercise of common stock options	32,607	1	15	—	—	—	—	—	—	16	—
Repayment of subscription receivable	—	—	—	—	—	370	—	—	—	370	—
Repurchase of restricted stock through forgiveness of notes receivable	—	—	—	24,591	(85)	266	—	—	—	181	—
Compensation expense related to issuance (forfeitures) of stock options	—	—	(370)	—	—	—	640	—	—	270	—
Net loss	—	—	—	—	—	—	—	—	(18,523)	(18,523)	(18,523)
Other comprehensive loss	—	—	—	—	—	—	—	(114)	—	(114)	(114)
Comprehensive loss											$ (18,637)
Balance, December 31, 2004	26,285,067	$ 263	$ 161,356	85,550	$ (97)	$ (5)	$ (89)	$ (115)	$ (123,330)	$ 37,983	

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

EXACT SCIENCES CORPORATION

Consolidated Statements of Cash Flows

(Amounts in thousands)

	Year Ended December 31,		
	2002	2003	2004
Cash flows from operating activities:			
Net loss	$ (29,883)	$ (28,340)	$ (18,523)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	1,663	1,897	1,252
Amortization	495	912	476
Stock based compensation expense	2,043	1,118	498
Amortization of deferred licensing fees	(886)	(2,871)	(4,514)
Changes in assets and liabilities:			
Prepaid expenses and other current assets	(389)	(172)	(552)
Accounts payable	(19)	(501)	(292)
Deferred license fees	15,000	15,000	—
Accrued expenses	59	(913)	481
Net cash used in operating activities	(11,917)	(13,870)	(21,174)
Cash flows from investing activities:			
Purchases of marketable securities	(26,350)	(11,009)	(74,162)
Maturities and sales of marketable securities	—	23,751	50,467
Purchases of property and equipment	(1,335)	(2,560)	(287)
(Increase) decrease in patent costs and other assets	(417)	(710)	107
Net cash (used in) provided by investing activities	(28,102)	9,472	(23,875)
Cash flows from financing activities:			
Net proceeds from sale of common stock	—	—	43,305
Proceeds from exercise of common stock options and stock purchase plan	371	1,101	266
Repayment of notes receivable	248	58	370
Repurchase of treasury shares	(4)	—	—
Net cash provided by financing activities	615	1,159	43,941
Net decrease in cash and cash equivalents	(39,404)	(3,239)	(1,108)
Cash and cash equivalents, beginning of year	56,843	17,439	14,200
Cash and cash equivalents, end of year	$ 17,439	$ 14,200	$ 13,092
Supplemental disclosure of non-cash investing and financing activities:			
Repurchase of restricted stock through forgiveness of notes receivable	$ —	$ —	$ 85
Forgiveness of notes receivable and accumulated interest	$ —	$ —	$ 228
Issuance of warrants	$ 6,550	$ —	$ —

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

EXACT SCIENCES CORPORATION

Notes to Consolidated Financial Statements December 31, 2004

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

(1) ORGANIZATION

EXACT Sciences Corporation (the "Company") was incorporated on February 10, 1995. The Company is an applied genomics company that develops and commercializes proprietary DNA-based tests for the early detection of cancer. The Company has selected colorectal cancer as the first application of its technology platform. The Company has devoted a majority of its efforts on research and development activities related to its PreGen™ technologies, including several large multi-center clinical studies. More recently, the Company has also been focused on the marketing of PreGen-Plus™, the Company's proprietary, non-invasive DNA-based technology for the early detection of colorectal cancer in the average-risk population being offered commercially through a license agreement with Laboratory Corporation of America® Holdings ("LabCorp®").

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of 90 days or less at the time of acquisition to be cash equivalents. At December 31, 2004, approximately $1,015 of the Company's cash has been pledged as collateral for an outstanding letter of credit in connection with the lease for our corporate headquarters. Cash equivalents primarily consist of money market funds.

Marketable Securities

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

the specific identification method. Interest and dividends on securities classified as available-for-sale are included in investment income.

All of the Company's investments are comprised of fixed income investments and all are deemed available-for-sale. The objectives of this portfolio are to provide liquidity and safety of principal while striving to achieve the highest rate of return, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer. There were no realized gains or losses on the sales of available-for sale securities during the years ended December 31, 2002, 2003 or 2004.

Investments consist of the following at December 31:

	Amortized Cost			Gross Unrealized		
	Due Under One Year	Due After One Year	Amortized Cost	Gains	Losses	Aggregate Fair Value
2003						
Corporate debt securities	$ 13,608	$ —	$ 13,608	$ —	$ (1)	$ 13,607
Total	$ 13,608	$ —	$ 13,608	$ —	$ (1)	$ 13,607
2004						
U.S. government obligations	$ 755	$ —	$ 755	$ —	$ (5)	$ 750
Corporate debt securities	33,705	2,843	36,548	4	(114)	36,438
Total	$ 34,460	$ 2,843	$ 37,303	$ 4	$ (119)	$ 37,188

Depreciation and Amortization

Depreciation and amortization of fixed assets is computed using the straight-line method based on the estimated useful lives of the related assets, as follows:

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

Patent Costs

Patent costs, which have historically consisted of related legal fees, are capitalized as incurred and are amortized beginning when patents are approved over an estimated useful life of five years. In November 2001, however, the Company purchased intellectual property of MT Technologies (formerly known as Mosaic Technologies, Inc.) relating to its Hybrigel technology which consisted of four issued patents and 40 pending patent applications. The purchase price for the assets included $1,250 in cash and warrants to purchase 40,000 shares of fully vested common stock, exercisable over a three-year

period, at an exercise price of $7.33 per share which the Company valued at $188 in accordance with Emerging Issues Task Force 96-18 , *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services* , using the Black-Scholes option pricing model. During the second quarter of 2002, these warrants were exercised utilizing the net settlement (cashless) election per the warrant agreements, which resulted in the Company issuing 19,881 shares of common stock. Capitalized patent costs are expensed upon disapproval or upon a decision by the Company to no longer pursue the patent. Other assets principally consist of license fees and deposits.

The amortization expense for capitalized patents as of December 31, 2004 over the next five years is as follows:

Year	Amount
2005	$ 446
2006	383
2007	65
2008	25
2009	2
Total	$ 921

The Company has approximately $1.1 million of additional intangible assets as of December 31, 2004 that have not yet commenced amortization due to uncertainty as to the timing of issuance, and are therefore, not included in the table above.

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

Net Loss Per Share

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

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

	2002	2003	2004
Shares issuable upon exercise of stock options	2,892,291	3,591,603	4,857,484
Shares issuable upon vesting of restricted common stock	342,391	132,482	25,921
Shares issuable upon exercise of outstanding warrants	1,000,000	1,000,000	1,000,000
	4,234,682	4,724,085	5,883,405

Accounting for Stock-Based Compensation

The Company accounts for its stock-based compensation plan under Accounting Principal Bulletin Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees* ("APB Opinion No. 25"). SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), establishes the fair-value-based method of accounting for stock-based compensation plans. The Company has adopted the disclosure-only alternative for options granted to employees and directors under SFAS No. 123, which requires disclosure of the pro forma effects on earnings as if SFAS No. 123 had been adopted, as well as certain other information. Options granted to scientific advisory board members and other non-employees are recorded at fair value based on the fair value measurement criteria of SFAS No. 123. Compensation expense of $68, $87 and $141 with respect to options granted to non-employees computed using the Black-Scholes option pricing model was recorded in the accompanying consolidated statements of operations for the years ended December 31, 2002, 2003 and 2004, respectively

In connection with certain 1999 and 2000 stock option grants to employees and directors, the Company recorded deferred compensation of $52 and $11,359 during the years ended December 31, 1999 and 2000, respectively. The deferred compensation represents the aggregate difference between the option exercise price and the estimated fair value of the common stock on the date of grant and is being charged to operations over the related vesting period using the accelerated method prescribed under FASB Interpretation 28, *Accounting for Stock Appreciation Rights and other Variable Stock Option or Award Plans—An Interpretation of APB Opinion Nos. 15 and 25.*

The Company has computed the pro forma disclosures required under SFAS No. 123 for all stock options granted to employees and directors of the Company as of December 31, 2002, 2003 and 2004, using the Black-Scholes option pricing model prescribed by SFAS No. 123.

The assumptions used for the years ended December 31, 2002, 2003, and 2004 are as follows:

	December 31,		
	2002	2003	2004
Risk-free interest rates	1.71%-3.71%	1.23%-1.91%	1.69%-3.04%
Expected lives	7 years	7 years	7 years
Expected volatility	100%	100%	100%
Dividend yield	0%	0%	0%
Weighted average fair value of grants	$7.41	$6.43	$4.27

The effect of applying SFAS No. 123 would be as follows:

	December 31,		
	2002	2003	2004
Net loss as reported	$ (29,883)	$ (28,340)	$ (18,523)
Add: Stock-based compensation included in reported net loss	2,043	1,118	498
Deduct: Total stock-based employee compensation determined under SFAS 123 for all awards	(5,524)	(6,540)	(6,008)
Pro forma net loss—SFAS 123	$ (33,364)	$ (33,762)	$ (24,033)
Basic and diluted net loss per share:			
As reported	$ (1.62)	$ (1.50)	$ (0.73)
Pro forma—SFAS 123	$ (1.81)	$ (1.79)	$ (0.95)

Revenue Recognition

License fees for the licensing of product rights on initiation of strategic agreements are recorded as deferred revenue upon receipt and recognized as revenue on a straight-line basis over the license period.

Royalties fees earned on PreGen-Plus tests performed by LabCorp are based upon the customer's remittance to LabCorp, not the amount billed. Service revenue is recognized when services are performed (earned), amounts can be objectively determined (measurable), and collection is reasonably assured (collectible or realizable). Until such time that estimates utilized are supported by measurable, historical remittance data, the Company will recognize royalties as LabCorp customers make payments. The timing of payments is uncertain because of the number of parties involved in the reimbursement process.

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

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

Advertising Costs

The Company expenses the costs of media advertising at the time the advertising take place. The Company expensed $201, $1,338 and $214 of media advertising during the years ended December 31, 2002, 2003 and 2004, respectively.

Comprehensive Income

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

Segment Information

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

Fair Value of Financial Instruments

SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosures about fair value of financial instruments. Financial instruments consist of cash, cash equivalents, marketable securities and accounts payable. Marketable securities are carried at fair value. The estimated fair value of all other financial instruments approximates their carrying values due to their short-term maturity.

Concentration of Credit Risk

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

Recent Accounting Pronouncements

In January 2003 and December 2003, the FASB issued Financial Interpretation No. ("FIN") 46, *Consolidation of Variable Interest Entities* , and its revision, FIN 46-R, respectively. FIN 46 and FIN 46-R address the consolidation of entities whose equityholders have either not provided sufficient equity at risk to allow the entity to finance its own activities or do not possess certain characteristics of a controlling financial interest. FIN 46 and FIN 46-R require the consolidation of these entities, known as variable interest entities (a "VIE"), by the primary beneficiary of the entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 and FIN 46-R are applicable for financial statements of public entities that have interests in VIEs or potential VIEs referred to as special purpose entities for periods ending after December 15, 2003, of which the Company had none. Application by public entities for all other types of entities is required in financial statements for periods ending after March 15, 2004. The Company has applied the provisions of FIN 46 and FIN 46-R, and the adoption of these statements was not material to the Company's consolidated financial position and results of operations.

In December 2004, the FASB issued Statement of Financial Standards No. 123 (revised 2004), *Share-Based Payment* ("SFAS No. 123 (R)"), which is a revision of SFAS No. 123. SFAS No. 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* , and amends FASB Statement No. 95, *Statement of Cash Flows* . Generally, the approach to accounting for share-based

payments in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Pro forma disclosure of the fair value of share based payments is no longer an alternative to financial statement recognition. SFAS No. 123(R) is effective for public companies (excluding small business issuers) at the beginning of the first interim or annual period beginning after June 15, 2005.

The Company expects the adoption of SFAS No. 123(R) to have a material effect on its financial statements, in the form of additional compensation expense, on a quarterly and annual basis. It is not possible to precisely determine the expense impact of adoption since a portion of the ultimate expense that is recorded will likely relate to awards that have not yet been granted, but are likely to be granted prior to the July 1, 2005 adoption date. The expense associated with these future awards can only be determined based on factors such as the price of the Company's common stock, volatility of the Company's stock price and risk free interest rates as measured at the grant date. However, the pro forma disclosures related to SFAS No. 123 included in the Company's historic financial statements are relevant data points for gauging the potential level of expense that might be recorded in future periods.

(3) STRATEGIC ALLIANCE AGREEMENT

On June 26, 2002, the Company entered into a license agreement, subsequently amended on January 19, 2004, with LabCorp for an exclusive, long-term strategic alliance between the parties to commercialize PreGen-Plus, the proprietary, non-invasive DNA-based technology for the early detection of colorectal cancer in the average-risk population. Pursuant to this amended agreement, the Company exclusively licensed to LabCorp all U.S. and Canadian patents and patent applications owned by the Company relating to its technology through August 2008, followed by a non-exclusive license for the life of the patents. In return for the license, LabCorp agreed to pay the Company certain up-front, milestone and performance-based payments, and a per-test royalty fee. LabCorp made an initial payment of $15 million upon the signing of the agreement, and a second payment of $15 million was made in August 2003 upon the commercial launch of PreGen-Plus. In addition to the per-test royalty fee, under our amended license agreement, we may also be eligible for milestone payments from LabCorp totaling up to $15 million based upon the acceptance and inclusion of PreGen-Plus in certain clinical guidelines and certain policy-level reimbursement approvals from third-party payors, as well as performance-based payments totaling up to $30 million based upon the achievement of certain significant LabCorp revenue thresholds. The amended license agreement also clarified the obligations of each party with respect to certain third-party technology which has been incorporated into the commercial version of the PreGen-Plus test.

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

(4) INCOME TAXES

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes.* Under SFAS No. 109, deferred tax assets or liabilities are computed based on the differences between the financial statement and income tax bases of assets and liabilities using the enacted tax rates. Deferred income tax expense or benefit represents the change in the deferred tax assets or liabilities from period to period. At December 31, 2004, the Company had net operating loss and research tax credit carryforwards of approximately $86,674 and $2,563, respectively, for financial reporting purposes, which may be used to offset future taxable income. The carryforwards expire through 2024 and are subject to review and possible adjustment by the Internal Revenue Service. The Internal Revenue Code contains provisions that may limit the net operating loss and research tax credit carryforwards in the event of certain changes in the ownership interests of significant stockholders.

The components of the net deferred tax asset with the approximate income tax effect of each type of carryforward, credit and temporary differences are as follows:

	December 31,	
	2003	2004
Deferred tax assets:		
Operating loss carryforwards	$ 26,508	$ 34,332
Tax credit carryforwards	2,132	2,563
Deferred revenue	10,455	6,170
Other temporary differences	2,723	3,651
Tax assets before valuation allowance	41,818	46,716
Less—Valuation allowance	(41,818)	(46,716)
Net deferred tax asset	$ —	$ —

The Company has recorded a full valuation allowance against its net deferred tax asset because, based on the weight of available evidence, the Company believes it is more likely than not that the deferred tax assets will not be realized in the future.

(5) NOTES RECEIVABLE

Prior to the initial public offering in February 2001, the Company issued more than 2.2 million restricted common shares to employees, primarily as a result of early exercise of common stock options. The shares were sold at the then fair market value or the exercise price of the common stock options. Such shares vest over the remaining option vesting period or, generally, three to five years. At December 31, 2004, 25,921 common shares were still restricted.

The Company obtained full recourse notes receivable from various employees and executives for the purchase of the restricted stock. The notes originally had interest rates ranging from 8.5% to 9.5% with principal and interest payments due over a five to ten year period. In December 2001, the Company elected to reduce the prospective interest rate on all notes receivable to executives and employees to 5% to reflect the current interest rate environment and individual borrowing rates. All other provisions of the notes remained in effect.

During the year ended December 31, 2004, the majority of outstanding notes receivable were either repaid, or forgiven in connection with employee terminations. See Note 6 for additional information on employee terminations. At December 31, 2004, approximately $5 in notes receivable were outstanding.

(6) EMPLOYEE TERMINATIONS

During 2004, the Company reduced its workforce by 13 employees, including five vice president level positions. Employees terminated were eligible to receive three to six months of salary and benefits, depending on their position and length of service with the Company. In connection with the employee terminations, the Company recorded severance charges of $1,023 ($334 as research and development expense and $689 as general and administrative expense) in the consolidated statements of operations for the year ended December 31, 2004.

In February 2004, following the resignation of Mr. John A. McCarthy, Jr. as Executive Vice President, Chief Financial Officer and Treasurer, the Company entered into a transition agreement with Mr. McCarthy whereby, among other things, he agreed to provide to the Company certain consulting services and a general release. Under the terms of the transition agreement, the Company agreed to continue to pay Mr. McCarthy his base salary of $260 and related benefits until the earlier of March 1, 2005 or the termination of Mr. McCarthy's consulting relationship. The Company also agreed to suspend all future interest on a promissory note executed in the Company's favor by Mr. McCarthy in November 2000, the proceeds of which were used by Mr. McCarthy to exercise options to purchase 41,250 shares of restricted common stock. Subject to the completion of Mr. McCarthy's performance obligations under the transition agreement, the Company has agreed to pay Mr. McCarthy, on March 1, 2005, an additional $140 and forgive any then outstanding amounts under such promissory note of $228 including accumulated interest. The total cost of the transition agreement ($641) was accrued for and reflected in the accompanying consolidated statement of operations for the year ended December 31, 2004.

(7) RELATED PARTY TRANSACTIONS

In October 2001, the Company signed a Clinical Trial Agreement with the Mayo Foundation and Mayo Clinic pursuant to which the Company's colorectal cancer technology will be the subject of an independent study by the Mayo Clinic. The Company agreed to process all the stool samples at its laboratory and to pay total fees of $654 over approximately three years. The Company paid approximately $109, $218, $218 and $109 to the Mayo Clinic for the years ended December 31, 2001, 2002, 2003 and 2004, respectively, related to this study and recorded these as research and development expense as incurred. As of December 31, 2004, the obligation to the Mayo Foundation and the Mayo Clinic was satisfied in full.

In March 2001, the Company entered into a consulting agreement with a member of its Board of Directors. The Company paid approximately $55, $55 and $50 for services provided under the agreement for the years ended December 31, 2002, 2003 and 2004, respectively.

(8) EMPLOYEE BENEFIT PLAN

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

(9) EMPLOYEE STOCK PURCHASE PLAN

The 2000 Employee Stock Purchase Plan (the "2000 Purchase Plan") provides for the issuance of up to an aggregate of 728,764 shares of common stock to participating employees. The 2000 Purchase Plan provides that the number of shares authorized for issuance will automatically increase on each February 1, by the greater of 0.75% of the outstanding number of shares of common stock on the immediately preceding December 31, or that number of shares issued during the one-year period prior to such February 1, or such lesser number as may be approved by the Board of Directors.

The compensation committee of the Board of Directors administers the 2000 Purchase Plan. Generally, all employees who have completed three months of employment and whose customary employment is more than 20 hours per week and for more than five months in any calendar year are eligible to participate in the 2000 Purchase Plan. The right to purchase common stock under the 2000 Purchase Plan will be made available through a series of offerings. Participating employees will be required to authorize an amount, between 1% and 10% of the employee's compensation, to be deducted from the employee's pay during the offering period. On the last day of the offering period, the employee will be deemed to have exercised the option, at the option exercise price, to the extent of accumulated payroll deductions. Under the terms of the 2000 Purchase Plan, the option exercise price is an amount equal to 85% of the fair market value, as defined under the plan and no employee can purchase more than $25 of the Company common stock under the plan in any calendar year. Rights granted under the 2000 Purchase Plan terminate upon an employee's voluntary withdrawal from the plan at any time or upon termination of employment. The Company issued the following shares of common stock under the 2000 Purchase Plan.

Offering period ended	Number of Shares	Price per Share
July 31, 2001	4,737	$ 6.85
January 31, 2002	7,388	$ 6.86
July 31, 2002	10,422	$ 8.32
January 31, 2003	13,375	$ 7.65
July 31, 2003	15,246	$ 7.48
January 31, 2004	22,208	$ 6.92
July 31, 2004	23,316	$ 4.15

(10) STOCK OPTION PLANS

1995 Stock Option Plan

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

The 1995 Option Plan was terminated on January 31, 2001, the effective date of the Company's registration statement in connection with its initial public offering. Options granted prior to the date of termination will remain outstanding and may be exercised in accordance with their terms, unless sooner

terminated by vote of the Board of Directors. At December 31, 2004, 1,101,082 shares were outstanding under the 1995 Option Plan.

2000 Stock Option Plan

The Company adopted the 2000 Stock Option and Incentive Plan (the "2000 Option Plan") on October 17, 2000. At December 31, 2004, a total of 3,956,190 shares of common stock have been authorized and reserved for issuance under the 2000 Option Plan. The 2000 Option Plan provides that the number of shares authorized for issuance will automatically increase on each January 1, by the greater of 5% of the outstanding number of shares of common stock on the preceding December 31, or that number of shares underlying option awards issued during the one-year period prior to such January 1, or such lesser number as may be approved by the Board of Directors. Under the terms of the 2000 Option Plan, the Company is authorized to grant incentive stock options as defined under the Internal Revenue Code, non-qualified options, stock awards or opportunities to make direct purchases of common stock to employees, officers, directors, consultants and advisors. Options granted under the 2000 Option Plan expire ten years from the date of grant.

The 2000 Option Plan is administered by the compensation committee of the Board of Directors, which selects the individuals to whom equity-based awards will be granted and determines the option exercise price and other terms of each award, subject to the provisions of the 2000 Option Plan. The 2000 Option Plan provides that upon an acquisition of the Company, all options to purchase common stock will accelerate by a period of one year. In addition, upon the termination of an employee without cause or for good reason prior to the first anniversary of the completion of the acquisition, all options then outstanding under the 2000 Option Plan held by that employee will immediately become exercisable. At December 31, 2004, options to purchase 3,756,402 were outstanding under the 2000 Option Plan and 126,382 shares were available for future grant under the 2000 Option Plan.

Information with respect to activity under the 1995 and 2000 Option Plans is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding, January 1, 2002	2,228,077	$ 5.58
Granted	1,013,150	9.09
Exercised	(239,204)	1.00
Canceled	(109,732)	8.74
Outstanding, December 31, 2002	2,892,291	$ 7.07
Granted	1,003,500	7.82
Exercised	(216,212)	4.12
Canceled	(87,976)	6.35
Outstanding, December 31, 2003	3,591,603	$ 7.48
Granted	1,740,500	5.30
Exercised	(32,607)	0.37
Canceled	(442,012)	8.03
Outstanding, December 31, 2004	4,857,484	$ 6.69
Exercisable, December 31, 2002	1,071,983	$ 5.65
Exercisable, December 31, 2003	1,698,315	$ 7.40
Exercisable, December 31, 2004	2,445,149	$ 7.37

The following table summarizes information relating to currently outstanding and exercisable stock options as of December 31, 2004:

	Outstanding			Exercisable	
Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
$0.00–$0.38	296,268	4.64	$ 0.36	289,944	$ 0.36
$2.05–$2.05	394,391	5.42	2.05	343,756	2.05
$2.76–$5.00	1,063,500	9.89	3.76	—	—
$5.50–$6.95	636,771	8.11	6.78	315,188	6.78
$7.27–$9.90	1,612,054	7.68	7.95	770,719	8.02
$10.03–$12.89	543,000	6.68	11.50	466,563	11.60
$13.00–$14.33	311,500	7.55	13.56	258,979	13.51
	4,857,484	7.73	$ 6.69	2,445,149	$ 7.37

Shares reserved for issuance

The Company has reserved the following shares of its authorized common shares to be issued upon exercise or issuance of shares related to its employee stock purchase, stock options plans,

including all outstanding stock option grants noted above, and outstanding warrants at December 31, 2004:

2000 Stock Purchase Plan	632,072
1995 Option Plan	1,101,082
2000 Option Plan	3,882,784
Outstanding warrants	1,000,000
	6,615,938

(11) COMMITMENTS

Operating Leases

The Company conducts its operations in leased facilities under noncancelable operating leases expiring through July 2010. Effective January 20, 2005, the Company amended the lease for its corporate headquarters in Marlborough, MA to reduce the total space leased at that facility from approximately 56,000 square feet to approximately 37,000 square feet. In connection with this lease amendment, the Company expects to write off approximately $300 in the quarter ended March 31, 2005, relating to leasehold improvements to the space being vacated. In addition, the Company expects to save approximately $1.8 million in lease costs over the remaining term of the lease as a result of this amendment. Future minimum payments under operating leases as of December 31, 2004, including those with respect to the lease amendment, are as follows:

Year Ending December 31,	
2005	$ 1,088
2006	968
2007	960
2008	988
2009	1,016
Thereafter	602
Total lease obligations	$ 5,622

Rent expense included in the accompanying consolidated statements of operations was approximately $348, $871 and $1,441 for the years ended December 31, 2002, 2003, and 2004, respectively.

Licensing and Research Agreements

The Company licenses, on a non-exclusive basis, certain technologies that are, or may be, incorporated into its technology under several license agreements and also has entered into several clinical research agreements which require the Company to fund certain research projects. Generally, the license agreements require the Company to pay royalties based on net revenues received using the technologies, and may require minimum royalty amounts or maintenance fees. On March 24, 2003, the Company entered into a license agreement, subsequently amended on November 17, 2004, with Johns Hopkins University ("JHU") for an exclusive long-term license to certain patents relating to the digital-PCR technology developed by Dr. Bert Vogelstein's laboratory at the Johns Hopkins Kimmel

Cancer Center. Pursuant to the terms of this license agreement, the Company has agreed to pay JHU a license fee based on a percentage of the Company's net revenues, including an annual minimum license fee of $225, over the life of the licensed patents, or 2023. The Company has recorded research and development expense associated with license agreements of $50, $250 and $270 for the years ended December 31, 2002, 2003 and 2004, respectively.

Supply Agreements

The Company has entered into several agreements with various suppliers and manufacturers for certain components utilized in the Effipure technology which the Company sells to LabCorp. In connection with these agreements, the Company has minimum purchase obligations of approximately $339 at December 31, 2004, which are to be satisfied by April, 2006. The Company relies on a single source of supply for a critical component used in PreGen Plus. One of the contracts with the manufacturer of that component expires in April 2006, and includes a bilateral right to earlier termination. The Company's reliance on contract manufacturers exposes it to a number of risks, including reduced control over manufacturing capacity and component availability, product completion and delivery times, product quality, manufacturing costs and inadequate or excess inventory levels which could lead to product shortage or charges for excess or obsolete inventory.

(12) ACCRUED EXPENSES

Accrued expenses at December 31, 2003 and 2004 consisted of the following:

	December 31,	
	2003	2004
Compensation	$ 535	$ 730
Research and trial related expenses	200	425
Professional fees	244	384
Occupancy costs	250	152
Consulting	48	41
Other	276	302
	$ 1,553	$ 2,034

(13) SUBSEQUENT EVENT

Employee terminations

On February 9, 2005, the Company reduced its workforce by ten employees, principally in the research and development functions. Employees terminated were eligible to receive three to four months of salary and benefits, depending on their position and length of service with the Company. In connection with the employee terminations, the Company expects to record severance charges ranging from $200 to $250 in the quarter ended March 31, 2005. With the completion of its 5,500-patient multi-center study in 2003, the Company determined that a reduction in force was warranted to reduce costs.

(14) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table sets forth unaudited quarterly statement of operations data for each of the eight quarters ended December 31, 2004. In the opinion of management, this information has been prepared on the same basis as the audited financial statements appearing elsewhere in this Form 10-K, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results of operations. The quarterly data should be read in conjunction with our audited financial statements and the notes to the financial statements appearing elsewhere in this Form 10-K.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(Amounts in thousands, except per share data)			
2004				
Revenue	$ 1,177	$ 1,222	$ 1,261	$ 1,275
Cost of revenue	32	60	223	172
Research and development	3,134	2,640	2,518	2,609
Selling, general and administrative	3,294	2,853	2,946	3,151
Stock-based compensation	126	120	154	98
Loss from operations	(5,409)	(4,451)	(4,580)	(4,755)
Interest income	118	172	177	205
Net loss	$ (5,291)	$ (4,279)	$ (4,403)	$ (4,550)
Net loss per share—basic and diluted	$ (0.23)	$ (0.16)	$ (0.17)	$ (0.17)
Weighted average common shares outstanding—basic and diluted	22,949	26,081	26,138	26,167
2003				
Revenue	$ 408	$ 406	$ 918	$ 1,169
Cost of revenue	3	—	13	6
Research and development	5,013	4,592	4,312	3,167
Selling, general and administrative	3,114	3,494	3,229	3,678
Stock-based compensation	328	330	329	131
Loss from operations	(8,050)	(8,010)	(6,965)	(5,813)
Interest income	167	126	103	102
Net loss	$ (7,883)	$ (7,884)	$ (6,862)	$ (5,711)
Net loss per share—basic and diluted	$ (0.42)	$ (0.42)	$ (0.36)	$ (0.30)
Weighted average common shares outstanding—basic and diluted	18,808	18,801	19,024	19,093

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

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

Item 9A. Controls and Procedures

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

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

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework.* Based on our assessment, we believe that, as of December 31, 2004, the Company's internal control over financial reporting is effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, has been audited by Ernst & Young, LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Ernst & Young's attestation report on management's assessment of the Company's internal control over financial reporting appears on page 58 hereof.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of EXACT Sciences Corporation

We have audited management's assessment, included in the accompanying *Management's Report on Internal Control over Financial Reporting* , that EXACT Sciences Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). EXACT Sciences Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that EXACT Sciences Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, EXACT Sciences Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2004 consolidated financial statements of EXACT Sciences Corporation and our report dated March 11, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 11, 2005

Item 9B. Other Information

We intend to hold our next annual meeting of stockholders on July 22, 2005, at the offices of Goodwin Procter, Exchange Place, 53 State Street, Boston, Massachusetts 02109 (the "Annual Meeting"). The record date for determining the stockholders who are entitled to notice of and to vote at the Annual Meeting is currently expected to be the close of business on Tuesday, May 24, 2005. The Annual Meeting will be held more than thirty days after the anniversary of last year's annual meeting date. The advance notice provision of our by-laws requires that any stockholder proposal submitted for consideration at the Annual Meeting must have been received by us no earlier than December 1, 2004, and no later than December 31, 2004, in order to be timely. Consequently, stockholder proposals must have been received by us no later than the close of business on December 31, 2004, in order to be included in the proxy statement and form of proxy for the Annual Meeting.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information under the Sections "Election of Directors," "Occupations of Directors, The Nominee for Director and Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on July 22, 2005, which is to be filed with the Securities and Exchange Commission not later than 120 days after the close of the registrant's fiscal year ended December 31, 2004, is hereby incorporated by reference.

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

Item 11. Executive Compensation

The information under the Section "Compensation and Other Information Concerning Directors and Officers" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on July 22, 2005, which is to be filed with the Securities and Exchange Commission not later than 120 days after the close of the registrant's fiscal year ended December 31, 2004, is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this Item 12 is hereby incorporated by reference to the Sections "Securities Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on July 22, 2005, which is to be filed with the Securities and Exchange Commission not later than 120 days after the close of the registrant's fiscal year ended December 31, 2004.

Item 13. Certain Relationships and Related Transactions

The information under the Sections "Compensation and Other Information Concerning Directors and Officers" and "Compensation Committee Interlocks, Insider Participation and Other Related

Transactions" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on July 22, 2005, which is to be filed with the Securities and Exchange Commission not later than 120 days after the close of the registrant's fiscal year ended December 31, 2004, is hereby incorporated by reference.

Item 14. Principal Accountant Fees and Services

The information under the Section "Independent Public Accountants" from the registrant's definitive proxy statement for the annual meeting of stockholders to be held on July 22, 2005, which is to be filed with the Securities and Exchange Commission not later than 120 days after the close of the registrant's fiscal year ended December 31, 2004, is hereby incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

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

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

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

(3) Exhibits

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

Exhibit Number	Description
3.1	Sixth Amended and Restated Certificate of Incorporation of the Registrant (previously filed as Exhibit 3.3 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
3.2	Amended and Restated By-Laws of the Registrant (previously filed as Exhibit 3.4 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
4.1	Specimen certificate representing the Registrant's Common Stock (previously filed as Exhibit 4.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
4.5	Warrant between the Registrant and Laboratory Corporation of America Holdings, Inc. dated June 26, 2002 (previously filed as Exhibit 4.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2002, which is incorporated herein by reference)
10.1*	1995 Stock Option Plan (previously filed as Exhibit 10.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.2*	2000 Stock Option and Incentive Plan (previously filed as Exhibit 10.2 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.3*	2000 Employee Stock Purchase Plan (previously filed as Exhibit 10.3 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.4*	Sixth Amended and Restated Registration Rights Agreement between the Registrant and the parties named therein dated as of April 7, 2000 (previously filed as Exhibit 10.4 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.5*	Restricted Stock Purchase Agreement between the Registrant and Don M. Hardison dated as of June 23, 2000, as amended (previously filed as Exhibit 10.7 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.6	License Agreement between the Registrant and Genzyme Corporation dated as of March 25, 1999 (previously filed as Exhibit 10.12 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference) (certain portions of this agreement have been accorded confidential treatment until March 25, 2003)
10.7	PCR Diagnostic Services Agreement between the Registrant and Roche Molecular Systems, Inc. (previously filed as Exhibit 10.13 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference) (certain portions of this agreement have been accorded confidential treatment until July 2004)
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10.9	Letter Agreement by and between The Mayo Foundation for Medical Education and Research and the Registrant dated February 4, 1998 (previously filed as Exhibit 10.15 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.10	Form of Consulting Agreement by and between the Registrant and certain members of the

	scientific advisory board (previously filed as Exhibit 10.16 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
10.11*	Severance Agreement between the Registrant and Don M. Hardison dated January 4, 2001 (previously filed as Exhibit 10.21 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
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10.14+	Lease Agreement, dated January 23, 2003, between Marlborough Campus Limited Partnership and the Registrant, together with Amendment No. 2 to Lease Agreement dated as of January 20, 2005
10.15**	Exclusive License Agreement between Matrix Technologies Corporation, d/b/a Apogent Discoveries, and the Registrant dated as of November 26, 2002 (previously filed as Exhibit 10.32 to our Annual Report on Form 10-K for the period ended December 31, 2002, which is incorporated herein by reference)
10.16**	Services, Manufacturing and Supply Agreement dated as of April 7, 2003, by and between the Company and Discovery Labware, Inc. (previously filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended June 30, 2003, which is incorporated herein by reference)
10.17**	First Amendment to License Agreement by and between the Registrant and Laboratory Corporation of America Holdings, Inc. dated January 19, 2004 (previously filed as Exhibit 10.32 to our Annual Report on Form 10-K for the period ended December 31, 2003, which is incorporated herein by reference)
10.18**	Sublicense Agreement between the Registrant and Beckman Coulter dated July 28, 2003 (previously filed as Exhibit 10.33 to our Annual Report on Form 10-K for the period ended December 31, 2003, which is incorporated herein by reference)
10.19*	Executive Change of Control Agreement between the Registrant and Jeffrey R. Luber dated September 28, 2004 (previously filed as Exhibit 10.1 to our Report on Form 8-K filed on October 1, 2003, which is incorporated herein by reference)
10.20*	Executive Change of Control Agreement between the Registrant and Harry W. Wilcox, III dated September 28, 2004 (previously filed as Exhibit 10.2 to our Report on Form 8-K filed on October 1, 2003, which is incorporated herein by reference)
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12.1+	Ratio of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends
21.1	Subsidiaries of the Registrant (previously filed as Exhibit 21.1 to our Registration Statement on Form S-1 (File No. 333-48812), which is incorporated herein by reference)
23.1+	Consent of Ernst & Young LLP
24.1	Power of Attorney (included on signature page)
31.1+	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2+	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.3+	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32+	Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

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

\+ Filed herewith.

SIGNATURES

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

EXACT SCIENCES CORPORATION

Date: March 14, 2005 By: /s/ DON M. HARDISON

Don M. Hardison
President, Chief Executive Officer and Director

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of EXACT Sciences Corporation, hereby severally constitute and appoint Don M. Hardison and Harry W. Wilcox, III, and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us and in our names in the capacities indicated below, any amendments to this Annual Report on Form 10-K, and generally to do all things in our names and on our behalf in such capacities to enable EXACT Sciences Corporation to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all the requirements of the Securities Exchange Commission.

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

SIGNATURE	TITLE	DATE
/s/ STANLEY N. LAPIDUS Stanley N. Lapidus	Chairman of the Board and Director	March 14, 2005
/s/ DON M. HARDISON Don M. Hardison	President, Chief Executive Officer and Director (Principal Executive Officer)	March 14, 2005
/s/ HARRY W. WILCOX, III Harry W. Wilcox, III	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 14, 2005
/s/ CHARLES R. CARELLI, JR. Charles R. Carelli, Jr.	Controller and Principal Accounting Officer	March 14, 2005
/s/ RICHARD W. BARKER Richard W. Barker	Director	March 14, 2005
/s/ SALLY W. CRAWFORD Sally W. Crawford	Director	March 14, 2005
/s/ EDWIN M. KANIA, JR. Edwin M. Kania, Jr.	Director	March 14, 2005
/s/ CONNIE MACK, III Connie Mack, III	Director	March 14, 2005
/s/ LANCE WILLSEY Lance Willsey	Director	March 14, 2005
/s/ PATRICK J. ZENNER Patrick J. Zenner	Director	March 14, 2005

Exhibit Index to Annual Report on Form 10-K

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

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

\+ Filed herewith.

OFFICE LEASE

MARLBOROUGH CAMPUS

by and between

MARLBOROUGH CAMPUS LIMITED PARTNERSHIP,

as landlord

and

EXACT SCIENCES CORPORATION,
as tenant

MARLBOROUGH CAMPUS

OFFICE LEASE

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

SUMMARY OF BASIC LEASE INFORMATION

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

4.1 Base Rent During Initial Term:

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

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

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

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

4.2	Base Rent During Option Term:	Fair market value, determined in accordance with SECTION 3.1.1 of this Lease.
4.3	Interim Rent	Interim Rent, as defined in SECTION 3.2, below
5.	Base Year (Article 4:)	Calendar year 2003; it being understood that in calculating Tax Expenses for the Base Year, Landlord shall use one-half of the taxes for the fiscal

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

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

LEASE TERM

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

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

ARTICLE 3

BASE RENT AND INTERIM RENT

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

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

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

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

ARTICLE 4

ADDITIONAL RENT

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

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

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

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

4.2.3 "EXPENSE YEAR" shall apply only to Operating Expenses

and shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires.

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

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

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

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

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

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

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

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

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

(H) charitable or political contributions;

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

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

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

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

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

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

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

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

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

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

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

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

(U) sculpture, paintings and other works of art;

(V) the cost of environmental monitoring, compliance, testing and remediation performed in, on, and around the Project as a result of the violation of any Environmental Law as defined in Section 29.31, but not including ordinary environmental monitoring and testing related to, for example, items such as air quality monitoring and filtration in the Building; provided, however, nothing in this subsection (V) shall limit Tenant's liability for violations of Environmental Law caused by, or contributed to by Tenant; and (W) any fees, fines or penalties arising from Landlord's violation of Applicable Laws, as defined in Article 24, including costs of litigation and attorneys' fees related thereto.

4.2.5 TAXES.

4.2.5.1 "TAX EXPENSES" shall mean all federal, state, commonwealth, county, or local governmental or municipal taxes, fees, charges or

kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, measured as if the Project were the only property owned by Landlord, including gross receipts, service tax, value added tax or sales taxes applicable to the receipt of rent or services provided herein, and unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Tax Year (as defined in SECTION 4.2.5.4) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation:
(i) any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof (measured as if the Project were the only property owned by Landlord); (ii) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof (measured as if the Project were the only property owned by Landlord); (iii) any assessment, tax, fee, levy or charge, upon this transaction; and (iv) the amount of any payments, payments in lieu of taxes, or other consideration (in cash or otherwise) that Landlord is required to make to any taxing authority in connection with any tax abatement or tax exemption agreements benefiting the Project. Notwithstanding the foregoing, Tax Expenses shall expressly exclude any tax penalties incurred by, or assessed against, Landlord relating to Landlord's failure to pay Tax Expenses when due.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Tax Year such expenses are paid. Tenant's Share of any refunds of Tax Expenses in excess of the Base Year Tax Expenses shall be credited against Tenant's Tax Expenses and any excess shall be refunded to Tenant regardless of when received, based on the Tax Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Tax Year exceed the total amount paid by Tenant as Additional Rent under this ARTICLE 4 for such Tax Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord within fifteen (15) business days after receipt of Landlord's written demand Tenant's Share of any such increased Tax Expenses included by Landlord as Tax Expenses pursuant to the TCCs of this Lease. Notwithstanding anything to the contrary contained in this SECTION 4.2.5 (except as set forth in SECTION 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and commonwealth/state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under SECTION 4.5 of this Lease.

4.2.5.4 Landlord and Tenant agree that the Base Year for the purposes of calculating Tenant's Additional Rent liability for Tax Expenses shall be the calendar year 2003 (which shall be the sum of one-half of the Tax Expenses for the period from July 1, 2002 through June 30, 2003 and one-half of the Tax Expenses for the period from July 1, 2003 through June 30, 2004). Each subsequent twelve (12) month calendar year during the Lease Term shall be referred to as a "TAX YEAR", prorated for any partial Tax Year at the end of the Lease Term. At Landlord's election, Tenant shall pay Tenant's Share of any Excess (as defined in SECTION 4.4) of Tax Expenses pursuant to SECTIONS 4.4.1 and 4.4.2, or within fifteen (15) business days after receipt of Landlord's written demand following the expiration or earlier termination of the Lease Term. Landlord shall provide copies of any invoices or other notices from the taxing authorities evidencing the Tax Expenses to Tenant after receipt of Tenant's written request for such documentation.

4.2.6 "TENANT'S SHARE" of Operating Expenses and Tax Expenses shall mean the percentage set forth in SECTION 6 of the Summary.

4.3 ALLOCATION OF DIRECT EXPENSES. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e. the Direct Expenses) will be shared between the tenants and occupants of the Building and the tenants and occupants of the other buildings in the Project. Accordingly, as set forth in
SECTION 4.2 above, Direct Expenses shall be determined for the Project as a whole, and Tenant shall be responsible for paying Tenant's Share of the Direct Expenses, provided, however, Landlord in its sole discretion, may determine and allocate some or all Direct Expenses which are incurred for the benefit of only one building to that building individually, in which case, if said expenses are allocated to the Building, Tenant's Share of such Direct Expenses shall be based on the percentage determined by dividing the rentable square footage of the Premises by the rentable square footage of the Building. To the extent the entire Project is not at least 95% occupied in any year, Landlord shall adjust the variable components of Operating Expenses for the Base Year, and for any such Expense Year, based on Landlord's reasonable, good faith estimate and reasonable data available to Landlord, to reflect the expenses that would have been incurred had the Project been 95% occupied, so that the Operating Expenses shall be equitably allocate among the tenants of the Project; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year attributable to the Project. In no event shall Landlord be entitled to collect from tenants more than 100% of Direct Expenses.

4.4 CALCULATION AND PAYMENT OF ADDITIONAL RENT. With respect to Operating Expenses, if for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Operating Expenses for such Expense Year exceeds the annualized amount of Tenant's Share of Operating Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in SECTIONS 4.4.1 AND 4.4.2, below, and as Additional Rent, an amount equal to the excess (the "OE EXCESS"). With respect to Tax Expenses, if for any Tax Year ending or commencing within the Lease Term, Tenant's Share of Tax Expenses for such Tax Year exceeds the annualized amount of Tenant's Share of Tax Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in SECTIONS 4.4.1 AND 4.4.2, below, and as Additional Rent, an amount equal to the excess (the "TAX EXCESS"). The OE Excess plus the Tax Excess are sometimes referred to herein collectively as the "EXCESS".

4.4.1 STATEMENT OF ACTUAL DIRECT EXPENSES AND PAYMENT BY TENANT. Within one hundred twenty (120) days after the end of each applicable Expense Year, Landlord will deliver to Tenant a statement (the "STATEMENT"), which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess, if any. Upon receipt of the Statement for each applicable Expense Year, if an Excess is present, Tenant shall pay, with its next installment of Base Rent due, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "ESTIMATED EXCESS," as that term is defined in SECTION 4.4.2, below. In the event the Statement shows that the amount paid by Tenant under Section 4.4.2, below, exceeded Tenant's Share of Direct Expenses for the Expense Year in question (the "OVERPAYMENT AMOUNT"), then Landlord shall credit the Overpayment Amount against the next due installments of Base Rent and Additional Rent; provided, however, that with respect to the final Expense Year of the Lease Term, Landlord shall pay to Tenant the Overpayment Amount, if any, within thirty (30) days after Tenant's receipt of such Statement. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this ARTICLE 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess if present, Tenant shall pay such amount to Landlord within fifteen (15) business days after Tenant's receipt of such final determination. If Tenant provides a written request to Landlord within thirty (30) days after receipt of the Statement provided in this SECTION 4.4.1, Tenant shall be entitled, during reasonable business hours, to review Landlord's books and records on which Landlord has calculated Direct Expenses and shall promptly thereafter provide its written analysis of Direct Expenses to Landlord. If Tenant's review discloses any overpayment by Tenant, Landlord shall either, at Landlord's option, credit such amount to Tenant's next payment of Rent, or refund such amounts within thirty
(30) days after receipt of Tenant's calculations; if Tenant's review discloses any underpayment by Tenant, Tenant shall provide such calculations to Landlord and pay such amounts within thirty (30) days from the time it calculates, or receives the calculation of such amounts. Tenant's audit shall be conducted by either Tenant or a certified public accountant. Tenant's audit may not be conducted by an individual or entity that is retained by Tenant primarily on a contingent fee basis. Landlord shall keep copies of all records relating to the calculation of, and the costs included in, Direct Expenses (and Estimated Direct Expenses described in Section 4.4.2 below) for a period of at least two (2) years (or such longer period as required by law). In the event the Tenant's review establishes that Landlord's calculation of Tenant's Share of the increase in Direct Expenses for any year is overstated by more than ten percent (10%), Landlord shall also reimburse Tenant for the reasonable cost of its out of pocket costs in conducting said review, up to a maximum of $1,000.00. This section 4.4.1 shall survive the expiration or early termination of the Lease. The results of the audit shall be kept confidential by Tenant (except as disclosed to Tenant's attorneys and accountants (who shall also be bound by said confidentiality provision) or as required to be disclosed by Tenant under federal securities laws) and shall remain a private matter between Landlord and Tenant, except as may be required by law. Any dispute between Landlord and Tenant concerning any item of Direct Expenses shall not relieve Tenant of liability for payment of all other Excess amounts of Direct Expenses. The provisions of this SECTION 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 STATEMENT OF ESTIMATED DIRECT EXPENSES. In addition, Landlord shall have the right to deliver from time to time an expense estimate statement (the

"ESTIMATE STATEMENT") which shall set forth Landlord's reasonable estimate (the "ESTIMATE") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Excess (the "ESTIMATED EXCESS") as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to furnish an Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this ARTICLE 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Upon receipt of any Estimate Statement, Tenant shall pay, with its next installment of Base Rent due, the monthly amount of the Estimated Excess for the then-current Expense Year indicated on the Estimate Statement. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall continue to pay monthly, with the monthly Base Rent installments, the monthly amount of the Estimated Excess set forth in any previous Estimate Statement delivered by Landlord to Tenant. Tenant shall be entitled, upon five (5) business day notice to Landlord given within sixty days after receipt of the Estimate Statement, to review Landlord's books and records to evaluate the accuracy of the Estimate Statements, subject to the same provisions applicable to audits as stated in SECTION 4.4.1, above.

4.5 TAXES AND OTHER CHARGES FOR WHICH TENANT IS DIRECTLY RESPONSIBLE.

4.5.1 Tenant shall be liable for and shall pay before delinquency taxes levied against Tenant's equipment, furniture, fixtures and any other personal properly located in or about the Premises (including without limitation taxes levied against the Furniture, if any). If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays any properly assessed taxes based upon such increased assessment, which Landlord shall have the right to do upon fifteen (15) business days prior written notice to Tenant, including reasonably satisfactory backup documentation evidencing such expenses, Tenant shall upon fifteen (15) business days notice to Tenant repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the Alterations in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's standard tenant improvements in other space in the Building leased to or offered to lease to other tenants, which improvements are substantially similar to those in the Premises as of the Lease Commencement Date (the "BUILDING STANDARD"), are assessed (as reasonably determined by Landlord), then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of SECTION 4.5.1, above. Landlord shall reciprocally enforce this provision against other tenants in the Project.

4.6 LANDLORD'S BOOKS AND RECORDS. Subject to Tenant's right to review as provided in SECTION 4.4.1, Landlord's books and records evidencing Operating Expenses will be conclusive absent manifest error.

4.7 TENANT'S ELECTRICITY COST. The Premises are currently not separately metered and, to account for Tenant's electrical use in the Premises, Tenant shall pay to Landlord as Additional Rent an initial flat monthly fee of Four Thousand Six Hundred Forty-five Dollars ($4,645.00), which amount is calculated based on the rate of One Dollar ($1.00) per year per rentable square foot of the Premises ("TENANT'S ELECTRICITY COST"), and is subject to adjustment based on Landlord's reasonable estimate of Tenant's electrical usage.

4.7.1 Notwithstanding the preceding sentence, Landlord or Tenant (at the requesting party's sole cost and expense) shall have the right to separately meter (or install a sub-meter or check meter for) the Premises at any time during the Lease Term and, thereafter, all charges for Tenant's electrical use shall be as reflected by the meter.

4.7.2 In the event that Landlord or Tenant installs meters (direct, submeters, checkmeters or flowmeters) which enable Landlord to measure the electricity usage for the air handlers and chillers which service the Lab Areas (as defined in SECTION 6.2, below) of the Premises, then, in addition to Tenant's Electricity Cost, Tenant shall pay to Landlord, as Additional Rent, the electrical expenses attributable to the chillers and air handlers which service the labs within the Premises (including, without limitation, the "freezer farm"). In the event that such usage is not separately metered, then Landlord may give Tenant written notice of Landlord's estimate of Tenant's share of such expenses, along with the information utilized by Landlord in reaching such determination, and Tenant shall reimburse Landlord, as Additional Rent for such electrical expenses (in addition to Tenant's Electricity Cost).

ARTICLE 5

USE OF PREMISES

5.1 PERMITTED USE. Tenant shall use the Premises solely for the Permitted Use set forth in SECTION 7 of the Summary, and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 PROHIBITED USES. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any commonwealth or state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or service organization (operation of a biological research and testing lab as currently performed by Tenant excepted); (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; (v) retail or restaurant uses; (vi) commercial broadcast radio or television stations; (vii) telemarketing or call center; or
(viii) collection agency. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in EXHIBIT D, attached hereto, or

in violation of the laws of the United States of America, the Commonwealth of Massachusetts, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project including, without limitation, any such laws, ordinances, regulations or requirements relating to Hazardous Materials as defined in SUBSECTION 29.31.1 below. Tenant shall not do or permit anything to be done in or about the Premises which will in any material way interfere with the rights, safety and quiet enjoyment of other tenants or occupants of the Building and the Project, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or the Project.

5.3 CC&Rs. Tenant shall comply with all recorded covenants, conditions, and restrictions ("CC&R's") affecting the Project (including any future CC&R's which Landlord in its reasonable discretion may deem reasonably necessary or appropriate) to the extent they apply to the Premises or the Common Areas provided they do not materially interfere with Tenant's use and occupancy of the Premises and, subject to the TCC of this lease, the Common Areas, and this Lease shall be subordinate to any CC&Rs provided that such CC&Rs do not materially interfere with Tenant's use and occupancy of the Premises and, subject to the TCC of this Lease, the Common Areas.

5.4 CONDITION OF PREMISES. Landlord shall deliver the Premises (including, but not limited to HVAC (as hereinafter defined), electrical, plumbing, sewer and other Building systems, and the exterior walls, roof, parking area, landscaping and walkways) to Tenant on the Lease Commencement Date and Tenant shall accept the Premises in their "AS IS" condition. To Landlord's knowledge, as of the date of this lease, all electrical, plumbing, sewer and other Building Systems servicing the Premises and exterior walls are in good operating condition. In the event that any electrical, plumbing, sewer or other Building Systems servicing the Premises are not in good operating condition on the Lease Commencement Date, provided that Tenant gives Landlord written notice of the nature of the problem prior to the earlier of: (i) Tenant's commencing any changes, alterations or construction in the Premises, or (ii) thirty (30) days after the Lease Commencement Date, time being of the essence, Landlord shall cause such systems to be placed into good operating condition. Other than as expressly set forth in this Lease, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or with respect to the present or future suitability of any part of the Premises for the conduct of Tenant's business or the uses proposed by Tenant. Tenant hereby accepts the Premises, the Building, and all improvements thereon, in their existing condition, subject to all applicable zoning, municipal, county and state (commonwealth) laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject to all of the foregoing and to all matters disclosed in this Lease.

5.5 DEMISING PLAN. The Premises are shown on the space plan attached hereto as EXHIBIT A and hereby made a part hereof. Tenant shall pay its costs associated with the installation of Tenant's network and other cabling, telecommunications infrastructure, and all of its moving costs incurred in connection with Tenant's occupancy of the Premises.

5.6 RULES AND REGULATIONS. Tenant shall comply with Landlord's rules and regulations respecting the management, care, use and safety of the Premises, Building and

Project, including without limitation, parking areas, landscaped areas, walkways, elevators, loading docks, hallways and other Common Areas and facilities provided for the common use and convenience of tenants. Such rules and regulations are attached hereto as EXHIBIT D and may be amended from time to time at Landlord's reasonable discretion, upon written notice to Tenant (as amended from time to time, the "RULES AND REGULATIONS"), so long as such modifications do not materially diminish or interfere with Tenant's use and occupancy of the Premises for the Permitted Use. At no time shall Landlord modify the Rules and Regulations to prohibit or materially interfere with Tenant's use of the Premises for the Permitted Use. Landlord agrees that any enforcement of the Rules and Regulations shall be done in a reasonable, uniform and non-discriminatory manner. Tenant's use of the Premises for the conduct of Tenant's business and research activities, as currently conducted by Tenant as of the date of this Lease, and otherwise in accordance with the Permitted Use and the TCC of this Lease, shall not be deemed to be "injurious to the reputation of the Building" under Section A. 20 of Schedule D.

ARTICLE 6

SERVICES AND UTILITIES

6.1 STANDARD TENANT SERVICES. Landlord shall maintain and operate the Building in a manner consistent with other Comparable Buildings (as defined below), and provide ingress and egress control services to the Building in a first-class manner consistent with the Comparable Buildings, shall keep the Building Structure and Building Systems in first-class condition and repair consistent with the Comparable Buildings, and all of such expenses shall be included in Operating Expenses, except to the extent such expenses are specifically excluded from Operating Expenses in accordance with Section 4.2.4. (As used in this Lease, the term "COMPARABLE BUILDINGS" means buildings which are comparable to the Building in terms of age, quality of construction, level of service and amenities, size and appearance and located in a comparable geographical area, as reasonably determined by Landlord.) During the Lease Term, Landlord shall provide the following services (and shall include the costs thereof in Operating Expenses, except as otherwise expressly set forth in this Lease):

6.1.1 Subject to limitations imposed by all governmental rules, regulations guidelines applicable thereto, from Monday through Friday from 8 a.m. to 6 p.m. (but excluding Holidays, as defined below) (such dates and times herein called "BUILDING HOURS"), Landlord shall provide heating and air conditioning ("HVAC") to the office portions of the Premises. Tenant may request and Landlord shall provide HVAC service at times other than during Building Hours to the Premises (other than the Lab Areas, as defined in SECTION 6.2, below) at the rate of $50.00 per hour, with a minimum charge of $100.00 (two hours); provided, however, that Tenant shall only be charged for after hours HVAC actually requested by Tenant. Landlord reserves the right reasonably to increase the cost for after hours air conditioning.

6.1.2 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Common Areas within the Building.

6.1.3 On weekdays during the Lease Term, Landlord shall provide janitorial services to the Premises (unless Tenant notifies Landlord that Tenant will be privately contracting for janitorial services within its labs), except the date of observation of the Holidays, in and about the Premises and window washing services in a manner consistent with Comparable Buildings.

6.1.4 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service for all elevators in the Building during Building Hours and, subject to closures for routine maintenance or repair, shall have one (1) elevator available at all other times to provide service to the Premises; provided, however, Landlord shall use reasonable efforts to schedule the timing of such routine maintenance or repair, and shall otherwise use commercially reasonable efforts to minimize any interference with Tenant's Permitted Use and enjoyment of the Premises.

6.1.5 Landlord shall provide electricity for lights and electrical outlets within the Premises, and Tenant shall pay for such electricity pursuant to Tenant's obligation to pay Tenant's Electricity Charge.

6.1.6 Landlord shall provide a security guard to patrol the Project between the hours of 6 p.m. and 8 a.m., and shall maintain the existing current card access monitoring system, or a substantially similar system.

6.1.7 Landlord shall provide exterior and interior window washing with frequency as reasonably determined by Landlord.

6.1.8 Landlord shall provide disposal of garbage, trash and refuse from the Premises (other than and excluding Tenant's laboratories) and the Property, excluding the disposal of Hazardous Materials (as defined in Section 29.31) and other hazardous wastes or substances and medical wastes or substances used, stored or generated by Tenant or in connection with Tenant's use of the Premises, which materials shall be disposed of in accordance with all Applicable Laws by Tenant at its sole cost and expense.

6.1.9 Landlord shall provide for routine clearance and removal of snow and ice from the parking areas, driveways and walkways of the Property.

6.1.10 Landlord shall provide a monument sign near the entrance to the Project with tenants' names listed on it.

6.1.11 Such other services as are specifically identified in this Lease.

For the purposes of this Lease the term "HOLIDAY" shall mean and refer to New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, day after Thanksgiving Day and Christmas Day.

6.2 SPECIAL HVAC SERVICES. Subject to the provisions of SECTIONS 4.7.2 AND 7.1, and provided that Tenant designs and modifies the HVAC system ductwork and controls for the sixth floor of the Premises to the "freezer farm" area of the Premises and any other lab areas within the Premises (collectively, the "LAB AREAS") designated on EXHIBIT A, so that the Lab Areas can be cooled separately from the remainder of the Building (e.g. while other areas of the Building are being heated, or not being cooled), Landlord shall provide continuous air conditioning to the Lab Areas, provided however, Landlord shall not be liable to Tenant for any unexpected outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Notwithstanding the foregoing, in the event that Landlord must shut down HVAC or electrical power to the Premises or any portion thereof for maintenance or repairs, Landlord shall give Tenant at least twenty-four hours (24) advance notice of the estimated time and date for such work, and the length of time service is expected to be interrupted and provided that Landlord has given Tenant such notice, Landlord shall not be liable to Tenant for any such scheduled outages or reductions in electrical power or air conditioning supply or any damages in connection therewith. Tenant shall be solely responsible for providing back-up power for air conditioning for the Lab Areas and back-up air conditioning for the Lab Areas should Tenant deem it necessary (for scheduled as well as unscheduled outages or reductions).

6.3 REQUIREMENTS OF TENANT. At all times during the Lease Term, Tenant shall cooperate with Landlord and abide by all regulations and requirements that Landlord may reasonably prescribe and provide to Tenant in writing for the proper functioning and protection of the Building HVAC, electrical, mechanical and plumbing systems.

6.4 INTERRUPTION OF USE. Except as expressly provided herein, Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease (provided, however, nothing in the foregoing sentence is intended to relieve Landlord from its obligations under this Lease, and/or to excuse Landlord from curing any default by Landlord under this Lease). Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this ARTICLE 6. Under all circumstances, to the extent there is an interruption in any service relating to the Premises for which Landlord maintains repair responsibility under this Lease, Landlord shall use commercially reasonable efforts to remedy

the problem within twenty-four (24) hours of receipt of notice from Tenant. Landlord may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that (i) the Premises are not thereby rendered untenantable, and (ii) the same does not materially adversely interfere with Tenant's Permitted Use of the Premises.

ARTICLE 7

REPAIRS

7.1 LANDLORD'S OBLIGATIONS. Landlord shall maintain, repair and replace as necessary the structural portions of the Building, including the foundation, floor/ceiling slabs, roof structure, exterior walls, columns, beams and shafts (including elevator shafts) (collectively, "BUILDING STRUCTURE") at its sole cost and expense. Landlord shall also maintain, repair and replace as necessary the parking areas, sidewalks and access roads (including snow and ice removal), landscaping, fountains, water falls, exterior Project signage, exterior glass and mullions, stairs and stairwells, elevator cabs and equipment, plazas, art work, sculptures, men's and women's washrooms, Building mechanical, electrical and telephone closets, and all common and public areas and the Building security, mechanical, electrical, life safety, plumbing, sprinkler systems and HVAC systems (collectively, the "BUILDING SYSTEMS") and all other Common Areas within the Project, and the cost of such maintenance and repair (or the amortized portion of the capital expenses of such maintenance and repairs, as applicable), shall be included in Operating Expenses. Landlord shall undertake reasonable efforts to perform all maintenance, repairs and replacements pursuant to this SECTION 7.1 promptly after Landlord learns of the need for such maintenance, repairs and replacements, but in any event within thirty (30) days after Tenant provides written notice to Landlord of the need for such maintenance, repairs and replacements; provided, however, that in cases of emergency (i.e., circumstances which, if not addressed promptly, could result in material damage to persons and property), Landlord shall perform any maintenance, repairs and replacements as soon as reasonably practicable after it learns of the need for such maintenance, repairs and replacements. In the event that any maintenance, repair and/or replacement is required of the air handlers and chillers servicing the Lab Areas, and Tenant expects that Tenant will suffer monetary loss or damages if such work is not completed immediately, Tenant shall give notice of such situation to Landlord and Landlord's property manager, clearly stating the emergency nature of the situation, and if Landlord is unable to proceed to effect such maintenance, repairs or replacements immediately, Tenant may do so, and the cost of such work shall be allocated and paid for as provided in the next paragraph of this Section 7.1.

Notwithstanding anything herein to the contrary, Tenant shall reimburse Landlord as Additional Rent, within thirty (30) days after receipt of Landlord's invoice, for all costs paid to third parties associated with the repair, maintenance and replacement of the air handlers and chillers which service the Lab Areas (as defined in SECTION 6.2, above) of the Premises and such costs shall thereafter not be included in the calculation of Operating Expenses. Notwithstanding the foregoing, with respect to all costs for replacements of the air handlers and chillers (or components thereof) which service the Lab Areas that are capital in nature under generally accepted accounting principles, at Tenant's option, to be exercised within thirty days after receipt

of Landlord's first invoice for such costs, in lieu of reimbursing Landlord within thirty days, such costs shall be amortized (with interest at a twelve percent (12%) per annum) over the lesser of (i) the remaining Term of the Lease, or (ii) the useful life of the item being replaced, and Tenant shall pay Landlord, as Additional Rent, on a monthly basis, the amortized portion and interest applicable thereto.

7.2 TENANT'S OBLIGATIONS. Notwithstanding anything in this Lease to the contrary, Tenant shall be required to repair any damage to the Building Structure and/or the Building Systems to the extent caused due to Tenant's use of the Premises for other than its Permitted Use, unless and to the extent such damage is covered by insurance carried (or required to be carried) by Landlord pursuant to ARTICLE 10 and to which the waiver of subrogation is applicable. Tenant shall, at Tenant's own expense, pursuant to the TCCs of this Lease, including without limitation ARTICLE 8 hereof, maintain all Alterations, Furniture and other personal property of Tenant within the Premises in good order, repair and condition at all times during the Lease Term. Tenant hereby waives any and all rights to terminate this Lease, complete repairs, and off-set the rent as may be provided under the laws of the Commonwealth of Massachusetts, now or hereafter in effect (provided, however, nothing in this sentence is intended to waive any contractual rights Tenant may have under the specific terms and conditions of this Lease).

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 LANDLORD'S CONSENT TO ALTERATIONS. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises which affect the Building Structure, Building Systems or exterior appearance of the Building (collectively, the "ALTERATIONS") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than twenty (20) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which materially or adversely affects the Building Structure, Building Systems or exterior appearance of the Building. Tenant shall use Landlord's mechanical, electrical and plumbing engineer(s) for all mechanical, electrical and plumbing design(s) for the Premises, so long as such fees are reasonable and consistent with market rates and so long as Landlord does not charge Tenant an administrative fee as part of the work orders for such contractors. Tenant shall not need the consent of Landlord for decorative changes to the Premises costing less than $10,000. Tenant agrees that Landlord has no obligation to upgrade the electrical service for the Building to meet Tenant's needs, and Tenant agrees that Tenant shall be responsible for the distribution or redistribution of electrical service from the subpanels on the fifth and sixth floors of the Building in connection with the improvements to the Premises to be performed by Tenant. Tenant shall provide Landlord with electric load calculations in connection with the construction of any Alterations, and Tenant shall not exceed the total amperage available from the subpanels located on the fifth and sixth floors of the Building. Notwithstanding the foregoing, subject to Landlord's review and approval of the proposed plans and specifications (which approval shall not be unreasonably withheld, conditioned or delayed), Landlord shall permit Tenant, at Tenant's sole cost and expenses, to increase electrical service to the Building or otherwise to modify the

electrical system in the Building to the extent necessary to provide electrical service required for the Lab Areas (including, without limitation, the "freezer farm"), provided that such modifications do not reduce the power available or interrupt the power service to the other tenants of the Building, and/or to the Common Areas of the Building. Tenant shall not exceed the load bearing capacity of the floors within the Building as currently designed, and any modifications required for Tenant's use shall be at Tenant's sole cost and expense, and subject to Landlord's review and approval in accordance with this Lease.

8.2 MANNER OF CONSTRUCTION. Tenant shall utilize only competent contractors, subcontractors, materials, mechanics and materialmen reasonably approved by Landlord for the construction of any Alterations, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant shall be entitled to use its employees to make Alterations which do not affect the mechanical or structural portions of the Premises or the Building Structure so long as Tenant complies with all other provisions of this ARTICLE 8. Upon Landlord's request (unless Landlord waived, at the time of Landlord's approval of any Alterations pursuant to the provisions of SECTION 8.5, below, its right to make such request), Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. If such Alterations will involve the use of or disturb Hazardous Materials or substances existing in the Premises, Tenant shall comply with Landlord's rules and regulations concerning, and all Applicable Laws pertaining to, Hazardous Materials or substances with respect to such Alterations. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, commonwealth, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of Marlborough, and in conformance with Landlord's construction rules and regulations, if any, provided to Tenant in writing prior to construction of such Alterations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "BASE BUILDING" shall include the Building Structure, and the public restrooms and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and promptly after notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under ARTICLE 9 of this Lease, upon completion of any Alterations which affect the Building Systems and Building Structures, Tenant agrees to cause such notices as may be necessary to evidence completion of any work undertaken by Tenant to be recorded in the office of the Recorder of the County of Middlesex in accordance with the laws of the Commonwealth of Massachusetts or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 PAYMENT FOR IMPROVEMENTS. If payment is made directly to contractors, Tenant shall comply with all Applicable Laws relating to final lien releases and waivers in connection with Tenant's payment for work to contractors. Whether or not Tenant orders any work directly from Landlord, Tenant shall reimburse Landlord for Landlord's reasonable out-of-pocket costs and expenses reasonably incurred in connection with Landlord's review of any Alterations.

8.4 CONSTRUCTION INSURANCE. In addition to the requirements of ARTICLE 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "BUILDER'S ALL RISK" insurance in an amount reasonably related to the value of such Alterations, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to ARTICLE 10 of this Lease immediately upon completion thereof.

8.5 LANDLORD'S PROPERTY. All Alterations, improvements, fixtures, equipment and/or appurtenances other than Tenant's trade fixtures and equipment (which shall expressly include all of Tenant's laboratory equipment, testing devices, and ancillary equipment, whether affixed to the Premises or not) which may be installed or placed in or about the Premises, from time to time, shall be and become the property of Landlord upon the expiration or earlier termination of this Lease, subject to the requirements of SECTION 8.2 and Landlord's right to require Tenant to remove such items as provided in this SECTION 8.5. Under no circumstances shall Tenant be required to remove standard office finishes from the Premises (i.e. those office materials and fixtures that are commercially reasonable, appropriate and common in Comparable Buildings). Upon the expiration or earlier termination of this Lease, Tenant may remove any equipment or fixtures installed by Tenant, provided Tenant repairs any damage to the Premises and Building caused by such removal and returns the affected portion of the Premises to Building Standard condition. Furthermore, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Alterations in the Premises and to repair any damage to the Premises and Building caused by such removal (reasonable wear and tear excepted) and return the affected portion of the Premises to Building Standard condition; provided, however, if, in connection with its request for Landlord's approval for particular Alterations, (1) Tenant requests Landlord's decision with regard to the removal of such Alterations, and (2) Landlord thereafter agrees in writing to waive the removal requirement when approving such Alterations, then Tenant shall not be required to so remove such Alterations; provided further, however, that if Tenant requests such a determination from Landlord and Landlord, in its approval of any Alterations, fails to address the removal requirement with regard to such Alterations, Landlord shall be deemed to have agreed to waive the removal requirement with regard to such Alterations. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations in the Premises and return the affected portion of the Premises to Building Standard condition, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the TCCs of ARTICLE 16, below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant, and Tenant shall reimburse Landlord for such costs within ten
(10) days after receipt of Landlord's invoice therefore. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the Tenant's installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive

the expiration or earlier termination of this Lease for one (1) year following such expiration or earlier termination. At all times during the Term of this Lease, Tenant shall be entitled to remove, and Landlord shall have no interest in, Tenant's trade fixtures and equipment.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least ten (10) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under Applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract.

ARTICLE 10

INSURANCE

10.1 INDEMNIFICATION AND WAIVER. Except as otherwise expressly provided herein, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "LANDLORD PARTIES") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant, except to the extent such damage results from the negligent acts or omissions or willful misconduct of

Landlord, or from Landlord's failure to perform its obligations under this Lease, and in such event, only to the extent not covered by Tenant's insurance required to be carried hereunder. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in the Premises, and to the extent arising from the negligent act or omission of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the TCCs of this Lease, either prior to, during, or after the expiration or earlier termination of the Lease Term, except to the extent such damage results from the negligent acts or omissions or willful misconduct of Landlord, or from Landlord's failure to perform its obligations under this Lease, and in such event, only to the extent not covered by Landlord's insurance required to be carried hereunder. Landlord shall indemnify, defend, protect, and hold harmless Tenant and its officers, agents, employees and contractors from any and all loss, cost damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) to the extent arising from the negligent acts or omissions or willful misconduct of Landlord, its agents, employees and contractors in, on or about the Project, except to the extent such damage results from the negligent acts or omissions or willful misconduct of Tenant, its agents, employees and contractors or from Tenant's failure to perform its obligations under this Lease, but only to the extent covered by Landlord's insurance required to be carried hereunder. Further, Landlord's and Tenant's agreements to indemnify pursuant to this SECTION 10.1 are not intended and shall not relieve any insurance carrier of its obligations, to the extent such policies cover the matters subject to the foregoing indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this SECTION 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 TENANT'S COMPLIANCE WITH LANDLORD'S FIRE AND CASUALTY INSURANCE. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises to the extent such requirements are provided by Landlord to Tenant in writing. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase within fifteen (15) business days after receipt of Landlord's written demand; provided, however, that Landlord shall provide reasonably sufficient documentation or other evidence to Tenant that its use and occupancy of the Premises caused such increase in connection with any demand for payment. Landlord represents that as of the date of this Lease Landlord has reviewed with its insurance carrier Tenant's Permitted Use under this Lease and Landlord has been advised that the Permitted Use does not currently subject Landlord to increased insurance premiums. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 TENANT'S INSURANCE. Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including the equivalent of the coverage provided by a Broad Form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in SECTION 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and	$4,000,000 each occurrence
Property Damage Liability	$4,000,000 annual aggregate

Personal Injury Liability	$4,000,000 each occurrence $4,000,000 annual aggregate

10.3.2 Physical Damage Insurance covering any Alterations made to the Premises in accordance with ARTICLE 8 of this Lease and property insurance covering the Furniture and Tenant's personal property, trade fixtures and equipment in the Premises at 100% replacement cost. Such insurance shall be written on an "all risks" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable commonwealth, state and local statutes and regulations.

10.4 FORM OF POLICIES. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Tenant's liability insurance shall (i) name Landlord, Landlord's lender and Landlord's managing agent, if any, as an additional insured; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under SECTION 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-VII in Best's Insurance Guide and licensed to do business in the Commonwealth of Massachusetts; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; and (v) provide that said insurance shall not be canceled or coverage reduced unless ten (10) days' prior written notice shall have been given to Landlord. Tenant shall deliver evidence of such coverage to Landlord on or before the Lease Commencement Date and at the time of any renewal thereof. In the event Tenant shall fail to procure such insurance, or to deliver such evidence, including a certificate of insurance, Landlord may, at its option, if Tenant fails to provide evidence of such insurance within five (5) business days after notice from Landlord, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) business days after delivery to Tenant of bills therefor.

10.5 SUBROGATION. Landlord and Tenant shall cause their insurers to waive, and Landlord and Tenant hereby expressly waive, all rights of subrogation in their respective insurance policies during the Lease Term.

10.6 LANDLORD'S INSURANCE. Landlord shall insure the Building (including the Building Structure and Building Systems) and the Project during the Lease Term against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage at the full replacement cost of the Buildings and other improvements which constitute the Project (excluding footings and foundations). Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the sole option of Landlord, such insurance coverage may include the risk of flood damage and additional hazards, a rental loss endorsement and one

or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. Landlord shall maintain a Commercial General Liability Insurance policy covering the insured against claims of bodily injury and personal injury, for limits of liability not initially less than $5,000,000 each occurrence and $5,000,000 annual aggregate for each of bodily injury and personal injury.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 REPAIR OF DAMAGE BY LANDLORD. Tenant shall promptly notify Landlord of any damage to, or affecting, the Premises resulting from fire or any other casualty. If the Premises, the Building or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other delays due to Force Majeure, and subject to all other TCCs of this ARTICLE 11, restore the Premises, the Building and such Common Areas. Such restoration shall be to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other laws, provided that access to the Premises and any common restrooms serving the Premises and Tenant's use of the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "LANDLORD REPAIR NOTICE") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under SECTION 10.3.2 of this Lease to the extent of the value of the Furniture, and Landlord shall replace the Furniture to the extent of such insurance proceeds or, if this Lease is terminated as a result of such casualty, Landlord shall retain such proceeds. Upon receipt of any Landlord Repair Notice, and provided this Lease has not terminated as provided in this ARTICLE 11, Tenant shall proceed to restore and repair any injury or damage to the Alterations, trade fixtures and equipment (to the extent the Building Structure and the Premises are in commercially acceptable condition to proceed with restoration of Alterations, trade fixtures and equipment), which have been completed or installed by or on behalf of Tenant, in accordance with ARTICLE 8 of this Lease, in the Premises and shall return such Alterations, trade fixtures and equipment to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other Applicable Laws. Following delivery of a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall review and approve such plans and specifications and Tenant's contractors to be used for such work pursuant to the provisions of ARTICLE 8. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent (and, to the extent applicable, an adjustment to Tenant's Share), to the extent Tenant is unable to operate its business in the Premises (measured by the proportion of square feet of the Premises in which Tenant is unable to operate as compared to the total size of the Premises, and continuing until such time as such areas and access thereto are restored substantially to their condition prior to the casualty), regardless of whether Landlord is

reimbursed from the proceeds of rental interruption insurance purchased or required to be purchased by Landlord as part of Operating Expenses, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or intentional misconduct of Tenant, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand).

11.2 LANDLORD'S OPTION TO REPAIR. Notwithstanding the TCCs of SECTION 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease (or the applicable portion thereof), by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Premises, Building or Project shall be damaged by fire or other casualty or cause, if one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within nine (9) months after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the damage is not fully covered by Landlord's insurance policies required under this Lease; (iii) the damage occurs during the last twelve (12) months of the Lease Term; or (iv) Landlord's mortgagee does not permit adequate insurance proceeds to be applied to the rebuilding or repair of the Building or Project. Within sixty (60) days after the date of discovery of the damage, if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, Landlord shall give Tenant written notice of the estimated time required to repair the Premises, Building and/or Project (the "Repair Estimate"). If the estimated time to repair the Premises exceeds twelve (12) months (measured from the date of discovery of the damage), then Tenant shall have the right to terminate this Lease upon written notice given within thirty (30) days after receipt of Landlord's Repair Estimate, time being of the essence. If neither Landlord nor Tenant elects to terminate this Lease pursuant to the termination right as provided above, and if the repairs to be made by Landlord are not actually completed within twelve (12) months of the date of discovery of the damage, as extended for Force Majeure delays and/or delays in insurance adjustment as reasonably demonstrated by Landlord to Tenant, Tenant shall have the right to terminate this Lease by providing written notice to Landlord (the "DAMAGE TERMINATION NOTICE"), such termination to be effective five (5) business days after Landlord's receipt of the Damage Termination Notice (the "DAMAGE TERMINATION DATE"); provided, however, that Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period of thirty (30) days after the Damage Termination Date by delivering to Tenant, on or before the Damage Termination Date, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs to be made by Landlord shall be completed within thirty (30) days after the Damage Termination Date. If such repairs shall be completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if such repairs shall not be completed within such thirty (30) day period, then this Lease shall terminate upon the expiration of such thirty (30) day period.

11.3 WAIVER OF STATUTORY PROVISIONS. The provisions of this Lease, including this ARTICLE 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the Commonwealth of Massachusetts, with respect to any rights

or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NON-WAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

13.1 CONDEMNATION. If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, and if as a result thereof Tenant cannot conduct its business operations in substantially the same manner such business operations were conducted prior to such taking while still retaining substantially the same material rights and benefits it bargained to receive under this Lease, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation as a result thereof, Landlord and Tenant shall each have the option to terminate this Lease on ninety
(90) days notice (or such shorter amount of time as is reasonable based on when Landlord and Tenant learned of the effective date of the taking) to the other party effective as of the date possession is required to be surrendered to the authority. Subject to SECTION 13.2 below, Tenant shall not because of such taking assert any claim against Landlord or the authority for any

compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the TCCs of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord or its ground lessor, if any, with respect to the Building or Project, or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Notwithstanding anything to the contrary contained in this ARTICLE 13, in the event of a temporary taking of all or any portion of the Premises for a period of sixty (60) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Subject to SECTION 13.2 below, Landlord shall be entitled to receive the entire award made in connection with any such temporary taking. Landlord and Tenant hereby waive the provisions of any statutes or other laws relating to the termination of leases in the event of condemnation, and agrees that the rights and obligations of the parties in such event shall be governed by the terms of this Lease.

13.2 TENANT'S RIGHT TO AWARD. Subject to the provisions of SECTION 13.1 above, Tenant shall have the right to claim and recover (i) the fair market value of the Alterations to the extent paid for solely by Tenant, (ii) any sum awarded to Tenant for damages to or loss of Tenant's business, and (iii) such compensation as may be separately awarded or recoverable by Tenant on account of any and all costs or losses related to removing Tenant's merchandise, furniture, fixtures, leasehold improvements, and equipment to a new location.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 TRANSFERS. Tenant shall not: (A) mortgage, pledge, hypothecate, encumber, or permit any lien to attach to this Lease or any interest hereunder without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion; nor (B) without the prior written consent (except as otherwise provided in SECTION 14.7 below) of Landlord, which consent will not be unreasonably withheld, conditioned or delayed, assign, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors; (all of the foregoing (in Clauses (A) and (B)) are hereinafter sometimes referred to collectively as "TRANSFERS" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "TRANSFEREE"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "TRANSFER NOTICE") shall include (i) the proposed effective date of the Transfer, which shall not be less than twenty (20) days nor more than ninety (90) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "SUBJECT SPACE"), (iii) all of the TCCs of the proposed Transfer and the consideration therefor, including calculation of the "TRANSFER

PREMIUM," as that term is defined in SECTION 14.3 below, in connection with such Transfer, (iv) the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer (excluding confidential information and documents (other than financial information required pursuant to subsection (v) below) as determined by Tenant in its reasonable business judgment), (v) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (vi) an executed estoppel certificate from Tenant in the form attached hereto as EXHIBIT E. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall, within thirty (30) days after written request by Landlord, reimburse Landlord for all reasonable and actual out-of-pocket third-party costs and expenses incurred by Landlord in connection with its review of a proposed Transfer; provided that such costs and expenses shall not exceed One Thousand and No/100 Dollars ($1,000.00) for a Transfer in the ordinary course of business.

14.2 LANDLORD'S CONSENT. Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer under clause 14.1(B) of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any Applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 Tenant is or has been in default beyond any applicable notice and cure period under this Lease prior to the date of the Transfer;

14.2.5 The Transferee's financial worth and/or financial stability is insufficient to meet the proposed financial obligations on the date consent is requested;

14.2.6 The Transferee is an existing tenant of the Project and Landlord has other comparable space available in the Project;

14.2.7 The parking requirements of the Transferee are in excess of the proportionate share of parking which would be allocable to the Subject Space based on the

rentable square footage of the Subject Space compared to the total rentable square footage of the Project;

14.2.8 The Transfer would entail any alterations which would lessen the value of the leasehold improvements in the Premises; or

14.2.9 There is an uncured event of default under the Lease or Tenant has defaulted in the payment of rent (beyond applicable notice and grace provisions) more than two times in the prior twelve month period.

If Landlord consents to any Transfer pursuant to the TCCs of this SECTION
14.2 (and does not exercise any recapture rights Landlord may have under SECTION 14.4 of this Lease), Tenant may within one (1) month after Landlord's consent, but not later than the expiration of said one-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set form in the Transfer Notice furnished by Tenant to Landlord pursuant to SECTION 14.1 of this Lease, provided that if there are any material changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this SECTION 14.2, or (ii) which would cause the proposed Transfer to be materially more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this ARTICLE 14 (including Landlord's right of recapture, if any, under SECTION 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under SECTION 14.2 or otherwise has breached or acted unreasonably under this ARTICLE 14, their remedies shall be restricted to a declaratory judgment and an injunction for the relief sought, and shall exclude money damages. Tenant shall indemnify, defend and hold harmless Landlord from any and all liability, losses, claims, damages, costs, expenses, causes of action and proceedings involving any third party or parties (including without limitation Tenant's proposed subtenant or assignee) who claim they were damaged by Landlord's wrongful withholding or conditioning of Landlord's consent.

14.3 TRANSFER PREMIUM. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this SECTION 14.3, received by Tenant from such Transferee. "TRANSFER PREMIUM" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting all expenses incurred by Tenant (i) in making any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent provided to the Transferee, (iii) any brokerage commissions or legal fees paid to third parties in connection with the Transfer, and (iv) any architectural or engineering expenses incurred by Tenant. "Transfer Premium" shall also include, but not be limited to, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. In the calculations of the Rent (as it relates to the Transfer Premium calculated under this SECTION 14.3),

and the Transferee's Rent, the Rent paid during each annual period for the Subject Space, and the Transferee's Rent shall be computed after adjusting such rent to the actual effective rent to be paid, taking into consideration any and all leasehold concessions granted in connection therewith, including, but not limited to, any rent credit and tenant improvement allowance. For purposes of calculating any such effective rent all such concessions shall be amortized on a straight-line basis over the relevant term.

14.4 LANDLORD'S OPTION AS TO SUBJECT SPACE. In the event that a proposed Transfer, if consented to, would cause fifty percent (50%) or more of the Premises to be assigned or subleased to a party other than Original Tenant (that is, EXACT Sciences Corporation) and/or its Affiliates, then notwithstanding anything to the contrary contained in this ARTICLE 14, Landlord shall have the option, by giving written notice (the "LANDLORD RECAPTURE NOTICE") to Tenant within thirty (30) days after receipt of any Transfer Notice, to recapture the Subject Space. Within five (5) business days of its receipt of the Landlord Recapture Notice, Tenant may, by written notice to Landlord, withdraw its Transfer Notice (the "TENANT SUBLEASE WITHDRAWAL NOTICE"). Provided Tenant does not deliver a Tenant Sublease Withdrawal Notice pursuant to the preceding sentence, the Landlord Recapture Notice shall cancel and terminate this Lease with respect to the Subject Space as of the date stated in the Transfer Notice as the effective date of the proposed Transfer until the last day of the term of the Transfer as set forth in the Transfer Notice (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter). In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner to recapture the Subject Space under this SECTION 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Subject Space to the proposed Transferee, subject to provisions of this ARTICLE 14.

14.5 EFFECT OF TRANSFER. If Landlord consents to a Transfer, (i) the TCCs of this Lease shall in no way be deemed to have been waived or modified,
(ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer, and (iv) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times and upon reasonable prior notice to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's costs of such audit.

14.6 OCCURRENCE OF DEFAULT. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any

Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease beyond any applicable notice and cure periods, Landlord is hereby authorized to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this ARTICLE 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

14.7 NON-TRANSFERS. Notwithstanding anything to the contrary contained in this ARTICLE 14, an assignment or subletting of all or a portion of the Premises to any entity which is controlled directly or indirectly by Tenant, or which entity controls, directly or indirectly, Tenant (in each such case, an "AFFILIATE"), or any entity which owns or is owned by an Affiliate, or any assignment by operation of law or otherwise resulting from any merger or consolidation of Tenant or to any entity which purchases all or substantially all the stock or assets of Tenant, shall not be deemed a Transfer under this ARTICLE 14, provided that at least ten (10) business days prior to such assignment or sublease (or, if precluded by applicable securities laws from giving advance notice, within ten (10) business days after such assignment or sublease, or, if later, promptly after Tenant is legally permitted to inform Landlord): (i) Tenant notifies Landlord of any such assignment or sublease and certifies that the applicable Transfer is to an Affiliate; and (iii) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. In the event an assignment or sublease to an Affiliate is made pursuant to the TCCs of this SECTION 14.7, Tenant shall not be relieved of its obligations under this Lease. "CONTROL," as used in this SECTION 14.7, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether by ownership of voting securities, by contract or otherwise.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 SURRENDER OF PREMISES. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord or its management company. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The

voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 REMOVAL OF TENANT PROPERTY BY TENANT. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this ARTICLE 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage due to casualty or condemnation, or repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture (excepting the Furniture), equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises (excluding, however, Tenant's Alterations), and Tenant shall repair at its own expense all damage to the Premises and Building to the extent resulting from such removal.

ARTICLE 16

HOLDING OVER

16.1 AFTER EXPIRATION OR EARLIER TERMINATION OF LEASE TERM. If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not, except as set forth below, constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of (i) the Rent applicable during the last rental period of the Lease Term under this Lease, and (ii) one hundred fifty percent (150%). Such month-to-month tenancy shall be subject to every other applicable TCCs contained herein. For purposes of this ARTICLE 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term, as required pursuant to the TCCs of SECTION 8.5, above, to remove any Alterations located within the Premises and complete Tenant's restoration obligations. Nothing contained in this ARTICLE 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this ARTICLE 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) business days following a request in writing by Landlord, Tenant, shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of EXHIBIT E or EXHIBIT E-1, attached hereto, or such other substantially similar form containing such other information as shall be reasonably requested by any prospective mortgagee or purchaser of the Project, or any portion thereof, indicating therein any exceptions thereto that may exist at that time. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project.

ARTICLE 18

SUBORDINATION

This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances (collectively, "LIENHOLDERS"), or the lessors under such ground lease or underlying leases require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn (so long as lienholder provides Tenant with its standard form of Nondisturbance Agreement), without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease. Landlord's interest herein may be assigned as security at any time to any lienholder. Landlord shall obtain a non-disturbance agreement(s) between Tenant and all current and future lienholders (the "NONDISTURBANCE Agreement"). The Nondisturbance Agreement from Landlord's current mortgagee shall be in the form attached hereto as EXHIBIT I; otherwise, the form shall be reasonably satisfactory to both Tenant and the applicable lienholder. Provided that Tenant has received such Nondisturbance Agreement, Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases in accordance with the TCCs of this ARTICLE 18. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS: REMEDIES

19.1 EVENTS OF DEFAULT. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days, provided, however, Landlord shall be required to give written notice to Tenant of such failure not more than two times in any twelve month period, after which Tenant shall be in default without the requirement of notice if Tenant fails to make such payments on or before the due date; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default within sixty (60) days after such written notice; or

19.1.3 (a) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (b) Tenant becomes a "debtor" as defined in 11 U.S.C. ss. 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (c), the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty
(30) days; (d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days or the date of any sooner sale of any of such assets; or (e) Tenant shall become subject to any proceeding in bankruptcy or insolvency.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 REMEDIES UPON DEFAULT. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, use any lawful means to expel or remove Tenant and any other person who may be occupying the Premises or any part

thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which had been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "RENT" as used in this SECTION 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the TCCs of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in ARTICLE 25 of this Lease through the date of any judgment against Tenant, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.l(iii) above, the "worth at the time of award" shall be computed by discounting future liabilities after the date of any judgment against Tenant at the discount rate of the Federal Reserve Bank of New York.

19.2.2 Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. No action by Landlord shall be deemed a termination of this Lease except written notice by Landlord delivered to Tenant expressly declaring a termination of this Lease. If Landlord maintains Tenant's right to possession, Landlord may thereafter elect to terminate this Lease.

19.2.3 Terminate this Lease and, in addition to any recoveries Landlord may seek under SECTION 19.2.1, bring an action to reenter and regain possession of the Premises in the manner provided by the laws of the Commonwealth of Massachusetts then in effect.

19.2.4 Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the Commonwealth of Massachusetts.

19.2.5 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under SECTIONS 19.2.1 through 19.2.4, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any

declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof; provided, however, that Landlord shall use commercially reasonable efforts to mitigate damages.

19.3 SUBLEASES OF TENANT. If Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this ARTICLE 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. If Landlord has terminated this Lease and elected to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 NO RELIEF FROM FORFEITURE AFTER DEFAULT. Tenant waives all rights of redemption or relief from forfeiture under any present or future laws or statutes, in the event Tenant is evicted or Landlord otherwise lawfully takes possession of the Premises by reason of any default by Tenant under this Lease.

19.5 EFFORTS TO RELET. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.6 LANDLORD DEFAULT. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease if Landlord fails to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Tenant shall provide a copy of any notice of default given to Landlord to Landlord's mortgagee and Landlord's mortgagee shall have the right to cure any such default on behalf of the Landlord within thirty days after the receipt of such notice, provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if Landlord's mortgagee shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such default by Landlord (following such notice and opportunity to cure) under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity, provided, however, except as expressly provided in SECTIONS 11.1, and 13.1, Tenant shall have no right to offset or withhold the payment of Rent or to terminate this Lease as the result of Landlord's default.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that subject to Tenant's performance of its obligations under this Lease Tenant shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

21.1 SECURITY DEPOSIT. Upon execution and delivery of this Lease, Tenant shall provide a security deposit in the amount set forth in the Summary (the "Security Deposit"), to be held by Landlord without liability for interest (unless required by State laws) as security for the performance of Tenant's obligations hereunder. The Security Deposit is not an advance payment of Rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due Rent or to cure any uncured default by Tenant. If Landlord uses all or a portion of the Security Deposit, Tenant shall on demand restore the Security Deposit to its original amount. Landlord shall return any unapplied cash portion of the Security Deposit (plus accrued interest, if Landlord is required by State law to pay interest on the Security Deposit) to Tenant within forty five (45) days after the later to occur of: (1) the date Tenant surrenders possession of the Premises in accordance with this Lease; or
(2) the Lease Expiration Date. Unless required by State law, Landlord shall not be required to keep the Security Deposit separate from its other accounts.

21.2 LETTER OF CREDIT. The Security Deposit may be in the form of an irrevocable standby letter of credit in favor of Landlord as beneficiary. Upon Landlord's sole but reasonable determination that an event of default has occurred under the Lease, Landlord, in addition to all other rights and remedies provided under the Lease, shall have the right to draw from the letter of credit and apply the proceeds, or any part thereof, to amounts owing under the Lease; but Tenant's liability under the Lease shall thereby be discharged but only to the extent that such draws cover the amount in default and Tenant shall remain liable for any amounts that such draws shall be insufficient to pay. Landlord is not required to exhaust any or all rights and remedies available at law or equity against Tenant before resorting to the letter of credit. In the event the letter of credit shall not be utilized for any purposes herein permitted, then such letter of credit shall be returned by Landlord to Tenant within forty-five
(45) days after the expiration of the Term of this Lease. Landlord shall reimburse Tenant for the annual cost of such letter of credit, by means of a rent credit, up to, but not to exceed a credit equal to 1% of the required amount of the letter of credit, per year, which credit shall be pro-rated annually against Base Rent due for the entire year. The following terms and conditions shall govern the letter of credit:

(i) The letter of credit shall be in favor of Landlord, or, at Landlord's election, the Landlord's mortgagee, shall be issued by a commercial bank reasonably acceptable

to Landlord and be in the form substantially similar to the form of letter of credit attached hereto as EXHIBIT H (the form of which shall be deemed "reasonably acceptable" to Landlord), provided, however, that the final maturity date, if any, set forth in any letter of credit acceptable to Landlord shall not, in any event, diminish the obligation of Tenant to maintain such an irrevocable letter of credit in favor of Landlord through the date set forth in subsection 21.2 (ii) below. The issuing bank shall have a Standard & Poors rating of "A" or better (and Tenant shall provide evidence annually that the issuer continues to meet this standard, and if it does not, Tenant shall replace the letter or credit within twenty (20) days after Landlord's request with a letter of credit meeting all the requirements of this Section 21.2, and Tenant's failure to do so shall be deemed to be an event of default entitling the beneficiary of the letter of credit to draw thereon), shall comply with all of the terms and conditions of this Lease and shall otherwise be in form reasonably acceptable to Landlord. The initial letter of credit shall have an expiration date not earlier than August 15, 2004.

(ii) The letter of credit or any replacement letter of credit shall be irrevocable for the term thereof and shall automatically renew on a year to year basis until a period ending not earlier than forty-five (45) days after the then current Expiration Date of this Lease without any action whatsoever on the part of Landlord; provided that the issuing bank shall have the right not to renew the letter of credit by giving written notice to Landlord not less than sixty (60) days prior to the expiration of the then current term of the letter of credit that it does not intend to renew the letter of credit. Tenant understands that the election by the issuing bank not to renew the letter of credit shall not, in any event, diminish the obligation of Tenant to maintain such an irrevocable letter of credit in favor of Landlord through such date.

(iii) Landlord, or the beneficiary of the letter of credit, shall have the right from time to time to make one or more draws on the letter of credit at any time that Landlord has determined that an event of default has occurred under this Lease, or that Landlord is entitled to draw on the letter of credit pursuant to subsection (vi) below. Funds may be drawn down on the letter of credit upon presentation to the issuing bank of Landlord's (or Landlord's then managing agent's) certificate stating as follows:

"The undersigned is entitled to draw on this letter of credit pursuant to that certain Lease dated January ___, 2003 between _____, Landlord, and EXACT Sciences Corporation, Tenant, as amended from time to time"

(iv) Tenant acknowledges and agrees (and the letter of credit shall so state) that the letter of credit shall be honored by the issuing bank without inquiry as to the truth of the statements set forth in such draw request and regardless of whether the Tenant disputes the content of such statement.

(v) Landlord shall have the right to transfer the letter of credit to Landlord's mortgagee, without cost to landlord or its mortgagee. In the event of a transfer of Landlord's interest in the Premises, Landlord shall have the right to transfer the letter of credit to the transferee without cost to Landlord or its transferee, and thereupon the Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and

it is agreed that the provisions hereof shall apply to every transfer or assignment of said letter of credit to a new landlord.

(vi) Without limiting the generality of the foregoing, if the letter of credit expires earlier than forty-five days after the Expiration Date, or the issuing bank notifies Landlord that it shall not renew the letter of credit, Landlord shall accept a renewal thereof or substitute letter of credit (such renewal or substitute letter of credit to be in effect not later than thirty (30) days prior to the expiration thereof), irrevocable and automatically renewable as above provided to the date which is forty-five days after the Expiration Date upon the same terms as the expiring letter of credit or upon such other terms as may be acceptable to Landlord. However, if (i) the letter of credit is not timely renewed, or (ii) a substitute letter of credit, complying with all of the terms and conditions of this Article 21 is not timely received, the beneficiary may present such letter of credit to the issuing bank, and the entire sum so obtained shall be paid to the beneficiary, to be held until Tenant would otherwise be entitled to the return of the letter of credit, subject to Landlord's right to apply such sums as permitted under this Lease.

21.3 REDUCTION IN SECURITY DEPOSIT. Provided that there is not then existing an uncured event of default under this Lease, and provided further that Tenant has not defaulted in the payment of Rent (after notice and opportunity to cure, if applicable) more than twice during the term of this Lease, the Security Deposit shall decline by $100,000 per year on the second, third, fourth, fifth and sixth anniversaries of the Rent Commencement Date. In no event shall the Security Deposit total less than $500,000.00.

ARTICLE 22

BACK-UP GENERATOR

22.1 EXISTING SYSTEM. Electrical service for the Building is supplied by National Grid. The existing generator at the Bulding supports life-safety systems within the Building, and may also be used by other tenants of the Project. Subject to system capacity, Tenant shall have the right to install two 60-AMP circuits on the UPS system and back-up generator currently existing at the Building at Tenant's sole cost and expense. Landlord makes no representation or warranty concerning the said UPS system and/or back-up generator and SPECIFICALLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTIBILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT'S USE OF, INTENDED USE OF, AND/OR RELIANCE ON SAID UPS SYSTEM AND/OR BACK-UP GENERATOR SHALL BE AT TENANT'S SOLE RISK. The UPS system and back-up generator shall be separately metered and Tenant shall be responsible for a pro-rata share of electrical and maintenance costs and expenses. Landlord shall have no obligation to maintain, repair, service or replace said UPS System and/or back-up generator.

22.2 TENANT'S GENERATOR. In the event that Tenant requires its own emergency back up generator, subject to there being an adequate space in Landlord's sole judgment where such generator could be located without diminishing the aesthetics of the Project, and subject to

Tenant's obtaining all governmental permits and approvals required in connection therewith at the sole cost and expense of Tenant, and Landlord's approval (which shall not be unreasonably withheld or delayed) of plans and specifications indicating, without limitation, sizes, profiles, screening and proposed location, Tenant shall be permitted to install, use and maintain, at Tenant's sole cost and expense: (a) one exterior pad mounted emergency back-up generator to service its needs at the Project consisting of a exterior concrete pad, together with appurtenant items of equipment including fittings, switches, and cabling, and such perimeter wooden fencing and landscaping to shield the generator from view, and acoustical insulation as may be reasonably required by Landlord (such equipment and appurtenances, collectively, the "Generator"). The plans submitted to Landlord for approval shall show any access Tenant may require outside the Premise for vertical and horizontal access paths from Tenant's Generator to the Building's data closet. Tenant shall be responsible for providing all additional support required to the structure of the Building. Tenant shall insure that any penetrations into the Building related to the Generator are properly sealed. Tenant represents and warrants the Generator is for the sole purpose of storing diesel fuel and generating emergency power in the event of a power outage in the Premises. No changes in the specifications or location of the Generator shall be permitted without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned, or delayed. Notwithstanding anything to the contrary, the Generator shall be located on grade, and shall not include any underground storage tank, or piping other than for electrical transmission.

22.3 Tenant represents and warrants to Landlord that it is (and upon installation, shall be) the sole owner of the Generator, free and clear of all liens and encumbrances and that the Project shall not ever be subject to any liens, claims or encumbrances, including construction/ mechanic's lien claims arising by reason of the presence of the Generator at the Project, or its installation, maintenance or removal. Landlord expressly disclaims any interest or ownership to any portion of the Generator, including any fuel, lubricant or component.

22.4 Tenant shall use the Generator solely for its business in the Premises and not for other purposes or by unrelated third parties. Tenant's installation, use, maintenance and removal of the Generator shall be undertaken by Tenant in full compliance with all applicable rules, regulations and legal requirements and shall be subject to all governmental permits and approvals applicable thereto, including municipal, Town of Marlborough and other governmental approvals, which Tenant shall secure and maintain at its sole cost and expense, holding Landlord harmless from any violation thereof.

22.5 Tenant shall be solely responsible for all costs related to the Generator including, without limitation, the purchase, installation, maintenance, insurance, and repair of the Generator, the relocation and /or replacement of any existing landscaping to accommodate placement of the Generator, and the repair of any damage to the Building and/or the Project related thereto. The Generator shall be installed and maintained in a good and workmanlike manner by professional contractors, and in compliance with the provisions of Article 8. Tenant's installation, operation, maintenance and removal of the Generator shall be subject to Landlord's inspection and technical review, the reasonable cost of which shall be borne by Tenant.

22.6 Tenant agrees to remove the Generator including the concrete pad and appurtenant electrical conduits, and to restore the area of the Project and Building affected by the installation, use and operation of the Generator to its condition prior to such installation prior to the expiration or earlier termination of the Lease Term and to provide Landlord at least fifteen days advance written notice of its intent to undertake such removal, and an opportunity to be present during such removal and restoration. If Tenant fails to complete such removal and restoration prior to the expiration of the Lease Term, then Landlord shall have the right (but not the obligation) to complete such removal and restoration at Tenant's cost and expense, and Tenant shall reimburse Landlord for such cost and expense upon demand.

22.7 Tenant represents and warrants the Generator and its use and operation shall comply with all environmental laws, rules and regulations. Tenant shall provide Landlord with copies of all inspection reports for the Generator (which shall be conducted at least annually) and copies of any correspondence, notices or other communications from any governmental authority concerning the Generator. Subject to the foregoing, Landlord hereby consents to Tenant's storing diesel fuel in the fuel tank comprising part of the Generator, such storage being in strict compliance with all applicable laws, rules and regulations.

22.8 Tenant shall be responsible for and shall maintain any license, permit or registration requirements relating to the installation or use of the Generator or the storage of fuel at the Generator in the above ground storage tank. Tenant shall, at Landlord's request, provide a letter representing that no leaks have occurred and the same shall be subject to Landlord's inspection. In connection with any expiration or sooner termination of the Lease, Landlord shall have the right to cause the Generator to be inspected by an environmental consultant to determine whether any spills or discharges have occurred which require remediation. In the event such inspection discloses no need for remediation, then Landlord shall bear the cost of the inspection. If such inspection discloses necessary remediation, then Tenant shall bear the cost of the inspection and shall remediate any identified areas of concern to applicable standards at its sole cost and expense. In either event, Landlord shall, upon receipt of the environmental inspection report, deliver a copy of it to Tenant.

22.9 Tenant agrees to indemnify, defend and hold harmless Landlord and its partners, employees, contractors, agents and representatives from and against any claims, loss or damage arising or asserted against Landlord, directly or indirectly, by reason of the installation, presence, use or removal of the Generator at the Project. Tenant releases Landlord from all liability for damage to or loss of all or any portion of the Generator or injury to any third party which may result from the presence, use or removal of the Generator. Tenant agrees that the liability insurance policy required to be maintained by Tenant under Article 10 of this Lease shall contain contractual liability and indemnification insurance coverage, but Tenant's liability shall not be limited to such coverage.

ARTICLE 23

SIGNS

Landlord shall provide directory signage for Tenant in the lobby of the Building. Under no circumstances shall Tenant place a sign on the exterior or any roof of the Building. Tenant shall also have the right to be included, along with other tenants, on the monument signage owned by Landlord located near the entrance to the Project.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance, decrees, codes (including without limitation building, zoning and accessibility codes), common law, judgments, orders, rulings, awards or other governmental or quasi-governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated including any "Environmental Laws" as that term is defined in SECTION 29.31 of this Lease ("APPLICABLE LAWS"). Tenant shall promptly provide to Landlord a copy of any written notice received by Tenant of violation of any federal, state, county or municipal laws, regulations, ordinances, orders or directives relating to the use or condition of the Premises. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures to the extent that such governmental measures relate to Tenant's particular use of the Premises or any Alterations located in the Premises. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a commonwealth, state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations to the extent such standards or regulations relate to Tenant's particular use of the Premises or any Alterations located in the Premises; provided that Landlord shall comply in all material respects with any standards or regulations which relate to the Base Building or the Building Systems, unless such compliance obligations are triggered by the Alterations in the Premises, in which event such compliance obligations shall be at Tenant's sole cost and expense; provided further, and notwithstanding the foregoing, that Tenant shall not be required to make any repair to, modification of, or addition to the Base Building or the Building Systems except and to the extent required because of Tenant's particular use of the Premises. The judgment of any court of competent jurisdiction or the admission by either party hereto in any judicial action, regardless of whether this other party is a party thereto, that such party has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Project, Base Building and Building Systems, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's Parties or create a significant health hazard for Tenant's Parties or otherwise materially interfere with or materially affect Tenant's Permitted Use and enjoyment of the Premises. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this ARTICLE 24 to the

extent consistent with, and amortized to the extent required by, the TCCs of SECTION 4.2.4 of this Lease.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, unless such failure is cured within five (5) business days after receipt of notice from Landlord provided, however, Landlord shall not be required to give written notice more than two times in any twelve month period (after which the late charge shall be due without the requirement of notice if Tenant fails to make such payments on or before the due date), then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within five (5) business days following the due date for Base Rent, or within five (5) business days following written notice that such amount was not paid when due for Additional Rent and other sums which may become due under this Lease shall bear interest from the date when due until paid at an annual interest rate equal to the Prime Rate (as stated under the column "Money Rates" in THE WALL STREET JOURNAL) plus four percent (4%); provided, however, in no event shall such annual interest rate exceed the highest annual interest rate permitted by Applicable Law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT: PAYMENTS BY TENANT

26.1 LANDLORD'S CURE. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under SECTION 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 TENANT'S REIMBURSEMENT. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within ten (10) days following delivery by Landlord to Tenant of receipts therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of SECTION 26.1; and (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in ARTICLE 10 of this Lease. All of such sums shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as

limiting Landlord's remedies in any manner. Tenant's obligations under this SECTION 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right during normal business hours, upon no less than 24 hours prior notice to Tenant (except in the case of an emergency), and in compliance with Tenant's reasonable security measures, to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, current or prospective mortgagees, ground or underlying lessors or insurers or, during the last nine (9) months of the Lease Term, tenants, or prospective tenants; (iii) post notices of nonresponsibility; or (iv) improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this ARTICLE 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service (unless Tenant has given Landlord written notice that it does not want janitorial service provided in a particular area); (B) take possession, in compliance with law, due to any breach of this Lease in the manner provided herein; and (C) during normal business hours, upon forty-eight (48) hours prior notice, perform any covenants of Tenant which Tenant fails to perform (after notice, and an opportunity to cure, if expressly provided in this Lease). Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. In connection with any entry into the Premises, Landlord agrees to make reasonable efforts to minimize interference with Tenant's operations in the Premises caused by such entry and to minimize the duration of any such interference. Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby, except with respect to damage to Tenant's personal property or the amount of any physical injury, but only to the extent such damage is caused by the negligent acts or omissions or willful misconduct of Landlord, its agents, employees and contractors, and in such event, only the extent not covered by Tenant's insurance required to be carried hereunder. For each of the above purposes, Landlord shall at all times have a key or card key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant (the "SECURITY Areas"). Notwithstanding anything set forth in this ARTICLE 27 to the contrary, Landlord shall have no access or inspection rights as to the Security Areas, except in the event of an emergency where such entry is reasonably required. In an emergency, Landlord and its agents, employees and contractors shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises, provided Landlord has reasonably attempted, but to no avail, to obtain Tenant's immediate cooperation in connection therewith. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

Tenant and the Tenant's parties (including Tenant's visitors) shall be entitled to utilize, without charge, and on a non-exclusive basis, commencing on the Lease Commencement Date, the amount of unreserved and unassigned parking spaces set forth in SECTION 9 of the Summary. Tenant shall cooperate with Landlord to ensure that Tenant's agents, servants, employees, and contractors (collectively, "TENANT PARTIES") comply with the Rules and Regulations which are prescribed from time to time by Landlord for the orderly operation and use of the parking areas where the parking spaces are located, including Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such Rules and Regulations. Landlord specifically reserves the right to make reasonable changes to the size, configuration, design, layout and all other aspects of the Project parking areas and improvements at any time upon thirty
(30) days' prior written notice to Tenant and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to portions of the Project parking areas for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, that Landlord will undertake reasonable efforts to minimize the number of parking spaces affected by and the duration of any such temporary restrictions on use of the parking areas and provided further that Tenant is provided commercially reasonable access to the Building at all times. In no event shall Tenant's Share of parking on the Project be permanently reduced below any minimum parking ratio required under Applicable Laws or Tenant's parking allocation set forth in Section 9 of the Lease Summary, or in any manner which would materially, adversely interfere with Tenant's use and occupancy of the Premises. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of parking area control attributed hereby to the Landlord. The parking spaces available to Tenant pursuant to this ARTICLE 28 are provided to Tenant solely for use by the Tenant Parties and such spaces may not be transferred, assigned, subleased or otherwise alienated by Tenant, except on a pro-rata basis in connection with an assignment or subletting of the Premises permitted or approved in accordance with the TCCs of ARTICLE 14. Tenant shall not utilize any of the Project parking areas for the overnight storage of vehicles owned by Tenant or its employees, agents or contractors, although Tenant may permit its employees to occasionally leave their personal automobiles in the parking areas when traveling on business for periods under one week at a time, provided that Tenant does not exceed its parking allocation as set forth in Section 9 of the Summary.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 TERMS; CAPTIONS. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 BINDING EFFECT. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of ARTICLE 14 of this Lease.

29.3 NO AIR RIGHTS. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 TRANSFER OF LANDLORD'S INTEREST. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease not accrued on or prior to the date of the transfer so long as the transferee has agreed to assume Landlord's future obligations under the Lease, and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder for events occurring after the date of transfer and to attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security. Landlord acknowledges that to the extent any Landlord obligation or liability under this Lease is accrued prior to the date of such transfer or assignment which is not assumed by the transferee or assignee, the same shall remain an obligation of Landlord.

29.5 PROHIBITION AGAINST RECORDING. Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant, without Landlord's written consent thereto. Notwithstanding the foregoing, at Tenant's request, Landlord shall execute a Notice of Lease in recordable form.

29.6 LANDLORD'S TITLE. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.7 RELATIONSHIP OF PARTIES. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.8 APPLICATION OF PAYMENTS. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.9 TIME OF ESSENCE. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.10 PARTIAL INVALIDITY. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.11 NO WARRANTY. In executing and delivering this Lease, Tenant has not relied on any representations (except as specifically set forth in this Lease), including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.12 LANDLORD EXCULPATION. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in the Project or to insurance proceeds received by Landlord. Neither Landlord, nor any of the Landlord Parties shall have any personal liability relating to the Premises, the Project, the Building or this Lease, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this SECTION 29.12 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), or member (if Landlord is a limited liability company) have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.13 ENTIRE AGREEMENT. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the TCCs of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.14 RIGHT TO LEASE. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.15 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God (including inclement weather), inability to obtain utilities (subject to the provisions of SECTION 6.3), labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "FORCE MAJEURE"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure; provided, however, such extension shall not exceed sixty (60) consecutive days.

29.16 NOTICES. All notices, demands, statements, designations, approvals or other communications (collectively, "NOTICES") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("MAIL"), (B) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Mail or recognized overnight courier, (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in SECTION 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the telecopy is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is required under any separate written agreement between Tenant and a mortgagee or ground lessor to notify such party of any default by Landlord under this Lease, then Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the TCCs of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. As of the date of this Lease, any Notices to Landlord and Tenant must be sent, transmitted, or delivered, as the case may be, to the following addresses:

LANDLORD:

770 Township Line Road Suite 150
Yardley, PA 19067
Attn: John L. Brogan

with copies to:

Berwind Property Group, Ltd.
1500 Market Street
3000 Centre Square West
Philadelphia, PA 19102

Attention: Loretta M. Kelly General Counsel

TENANT:

Prior to July 1, 2003 EXACT Sciences Corporation 63 Great Road
Maynard, MA 01754
Attn: John McCarthy

From and After July 1 to the Premises:

Attn: John McCarthy

With copies to:

Testa, Hurwitz & Thibeault, LLP 125 High Street - Oliver Street Tower Boston, MA 02110
Attn: Real Estate Department

29.17 JOINT AND SEVERAL. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.18 AUTHORITY. Each individual executing this Lease hereby represents and warrants that Landlord or Tenant, as applicable, is a duly formed and existing entity qualified to do business in the Commonwealth of Massachusetts and has full right and authority to execute and deliver this Lease and that each person signing on behalf of Landlord or Tenant is authorized to do so.

29.19 ATTORNEYS' FEES. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or the action is prosecuted to judgment or disposed of through settlement or otherwise.

29.20 GOVERNING LAW. This Lease shall be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts. Except as otherwise provided herein, all disputes arising hereunder, and all legal actions and proceedings related thereto, shall be solely and exclusively initiated and maintained in the court with the appropriate jurisdiction located in the City of Marlborough, County of Middlesex, Commonwealth of Massachusetts. IN ANY ACTION
OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE COMMONWEALTH OF MASSACHUSETTS, AND (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY MASSACHUSETTS LAW. IN THE EVENT LANDLORD

COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF
BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.21 SUBMISSION OF LEASE. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.22 BROKERS. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in SECTION 12 of the Summary (the "BROKERS"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay a commission or brokerage fee to the Brokers pursuant to a separate written agreement between Landlord and Brokers. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.23 INDEPENDENT COVENANTS. As a material inducement for Landlord and Tenant to enter into this Lease, both Landlord and Tenant acknowledge and agree that this Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any currently existing or hereinafter enacted statute or caselaw to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, except as otherwise expressly set forth in this Lease, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord or terminate this Lease as a result of Landlord's failure to perform or refraining from performing any covenant or obligation of Landlord hereunder.

29.24 PROJECT OR BUILDING NAME AND SIGNAGE. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.25 COUNTERPARTS. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease. Signatures may be made by facsimile provided the original is promptly delivered to the other party by overnight courier.

29.26 CONFIDENTIALITY. Tenant hereby acknowledges that the contents of this Lease and any related documents are confidential information, and Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's partners, administrators, consultants, financial, legal, and space planning consultants, a prospective Transferee, and except as required by Applicable Law or in connection with a dispute or litigation hereunder or as required by subpoena, or as required to be disclosed publicly by Tenant through filings with the Securities and Exchange Commission.

29.27 TRANSPORTATION MANAGEMENT. Tenant shall comply with all present or future programs required by Applicable Law (provided Landlord provides Tenant with sufficient prior notice of such program's requirements) which are intended to manage parking, transportation or traffic in and around the Project, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.28 BUILDING RENOVATIONS. Except as expressly set forth in SECTION 1.1 and in any other provisions of this Lease expressly setting forth a maintenance obligation of Landlord, Landlord has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and Tenant acknowledges that, except as expressly set forth in SECTION 5.4, no representations or warranties respecting the condition of the Premises or the Building have been made by Landlord to Tenant. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "RENOVATIONS") the Project, the Building and/or the Premises including without limitation the parking structure, Common Areas, systems and equipment, roof, and structural portions of the same. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions provided the performance of such Renovations does not materially adversely interfere with Tenant's use or occupancy of the Premises, the Project or the Common Areas for the Permitted Use.

29.29 NO VIOLATION. Landlord and Tenant hereby warrant and represent that neither its execution of nor performance under this Lease shall cause either party to be in violation of any agreement, instrument, contract, law, rule or regulation by which it is bound, and each party shall protect, defend, indemnify and hold the other harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from the other party's breach of this warranty and representation.

29.30 COMMUNICATIONS AND COMPUTER LINES. Landlord has provided certain data, voice, and telecommunications infrastructure to the boundary of the Premises, which Tenant

accepts on an "as-is" basis, and Tenant shall be responsible for expansion and maintenance of such infrastructure within the Premises. Tenant shall have the use of any existing communications or computer wires and cables (collectively, the "LINES") located on the fifth and sixth floor of the Building at Tenant's sole risk, cost and expense, and, subject to the provisions of ARTICLE 8 (including, without limitation, Landlord's conditioning its approval upon the restoration of any portion of the Project disturbed by such installation) shall have the right at its sole cost and expense to install its own wires, cables, conduits, auxiliary equipment and other related equipment and facilities within the Premises.

29.31 HAZARDOUS MATERIALS. Landlord and Tenant agree as follows with respect to the existence or use of "Hazardous Material" in or on the Premises and/or the Project.

29.31.1 Tenant, at its sole cost and expense, shall comply with all laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority (including, without limitation, the Fire Department of the City of Marlborough, and the Local Emergency Planning Committee, if any) having jurisdiction concerning environmental, health and safety matters (collectively, "ENVIRONMENTAL LAWS"), including, but not limited to, any discharge into the air, surface, water, sewers, soil or groundwater of any Hazardous Material (as defined in SUBSECTION 29.31.3, below), whether within or outside the Premises, within the Project. Notwithstanding the foregoing, nothing contained in this Lease requires, or shall be construed to require, Tenant to incur any liability related to or arising from environmental conditions (except to the extent set forth in SUBSECTION 4.2.4 (V)): (i) for which the Landlord is responsible pursuant to the express terms of this Lease, (ii) which existed within the Premises or the Project prior to the date Tenant takes possession of the Premises, (iii) which are unrelated to the acts or omissions of Tenant, its employees, officers, contractors, representatives or agents (individually and/or collectively, "Tenant Party"),or (iv) which were caused solely by a third party which is not a Tenant Party.

29.31.2 Tenant shall not cause or permit any Hazardous Material to be brought upon, handled, kept, stored or used in or about the Premises or otherwise in the Project by Tenant, its agents, employees, contractors or invitees, except for Hazardous Materials which are typically used in the operation of offices, and except for Hazardous Material which are used by Tenant in connection with the Permitted Use and which are specifically listed on EXHIBIT G attached hereto, provided that all such materials are stored, used and disposed of in strict compliance with all applicable Environmental Laws and with good scientific and medical practice, and provided further that all such materials shall be removed from the Premises and the Project prior to the expiration or earlier termination of this Lease in accordance with all applicable laws at the sole cost and expense of Tenant. Subject to the provisions of this SECTION 29.31, Tenant shall update Landlord in writing, monthly, or more often upon Landlord's request, with increases, changes and/or additions to EXHIBIT G (the "New Materials") made after the date of this Lease, and subject to the provisions of this SECTION 29.31, the update shall be deemed to be incorporated into EXHIBIT G unless Landlord subsequently objects thereto. If, upon Landlord's receipt of notification from Tenant regarding Tenant's use of New Materials, Landlord objects to Tenant's use of any of the New Materials, Landlord and Tenant shall meet to determine what protocols Tenant may institute in order to satisfy any concerns raised by Landlord, and Tenant shall either (i) implement any such protocols reasonably suggested by Landlord and/or Landlord's consultants, or (ii) cease utilizing the particular New Material(s) to

which Landlord objected and promptly remove same from the Premises and the Project upon written notice from Landlord. Notwithstanding anything to the contrary, Tenant shall not cause or permit any radioactive materials or radioactive isotopes to be brought upon, handled, kept, stored or used in or about the Premises or otherwise in the Project by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed, in light of the Permitted Use and the safety protocols specifically identified by and utilized by Tenant). Notwithstanding the foregoing, with respect to any of Tenant's Hazardous Material which Tenant does not properly handle, store or dispose of in compliance with all applicable Environmental Laws and good scientific and medical practice, Tenant shall, upon written notice from Landlord, no longer have the right to bring such material into the buildings or the Project until Tenant has demonstrated, to Landlord's reasonable satisfaction, that Tenant has implemented programs to thereafter properly handle, store or dispose of such material.

29.31.3 As used herein, the term "Hazardous Material" means any flammable substances, explosives, and radioactive materials, and any hazardous or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law, specifically including live organisms, viruses and fungi, medical waste, and so-called "biohazard" materials. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) designated as a "hazardous substance" pursuant to Section 1311 of the Federal Water Pollution Control Act (33 U.S.C.
Section 1317), (ii) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), (iii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601), (iv) defined as "hazardous substance" or "oil" under Chapter 21E of the General Laws of Massachusetts, or (v) a so-called "biohazard" or medical waste, or is contaminated with blood or other bodily fluids; and "Environmental Laws" include, without limitation, the laws listed in the preceding clauses (i) through (iv).

29.31.4 Any increase in the premium for necessary insurance on the Premises or the Project which arises from Tenant's use and/or storage of these Hazardous Materials shall be solely at Tenant's expense. Tenant shall procure and maintain at its sole expense such additional insurance as may be necessary to comply with any requirement of any Federal, State or local government agency with jurisdiction.

29.31.5 Tenant hereby covenants and agrees to indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (collectively "Losses") which Landlord may reasonably incur arising out of contamination of real estate, the Project, or other property not a part of the Premises, which contamination arises as a result of: (i) the presence of Hazardous Material in the Premises or the Project, the presence of which is caused or permitted by Tenant, its agents, employees, contractors or invitees, or (ii) from a breach by Tenant of its obligations under this SECTION 29.31. This indemnification of Landlord by Tenant includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or

political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises based upon the circumstances identified in the first sentence of this SUBSECTION 29.31.5. The indemnification and hold harmless obligations of Tenant under this SUBSECTION 29.31.5 shall survive any termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the buildings or otherwise in the Project caused or permitted by Tenant results in any contamination of the Premises, Tenant shall give immediate notice thereof to Landlord and shall promptly take all actions at its sole expense as are necessary to return the Premises to a condition which complies with all Environmental Laws; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions, in Landlord's reasonable discretion, would not potentially have any materially adverse long-term or short-term effect on the Premises, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws. Notwithstanding anything to the contrary in the Lease contained, the foregoing indemnity shall not apply to: (i) any Hazardous Materials which exist in the Premises or elsewhere in the Project prior to and as of the Lease Commencement Date, or (ii) any Hazardous Materials introduced to the Project by other tenants within their respective premises, or (iii) any Hazardous Materials the presence of which were not caused or permitted by the acts or omissions of Tenant, its employees, agents, consultants and/or contractors.

29.31.6 Notwithstanding anything to the contrary in this Lease, if Tenant fails to cure any breach or default of this SECTION 29.31 within five (5) business days after written notice from Landlord (or if such default cannot be cured within said five day period, to commence to cure said period during said five day period and diligently proceed to cure such default within thirty (30) days), such failure shall constitute a default under this Lease, and in the event of such a default, in addition to any other remedies available to Landlord under this Lease, Landlord may terminate this Lease upon ten (10) days written notice to Tenant.

29.31.7 Tenant shall, after Tenant, and anyone claiming by, through or under Tenant, vacate the Premises, and immediately prior to the time that Tenant delivers the Premises to Landlord: (i) cause the Premises to be decommissioned in accordance with the regulations of the U.S. Nuclear Regulatory Commission and/or the Massachusetts Department of Public Health for the control of radiation; (ii) provide a written report by a licensed industrial hygienist or equivalent to confirm that the Premises contain no contaminants per the National Institute of Health (or its successor organization) rules and regulations on bio-safety as administered by the Department of Health; and (iii) provide a copy of its most current chemical waste removal manifest and a certification from an officer of Tenant that no chemicals remain in the Premises.

29.31.8 Landlord shall have the right from time to time to conduct (or retain one or more consultants to conduct) environmental audits of the Premises to ensure and verify Tenant's compliance with this SECTION 29.31, upon three (3) business days advance written notice to Tenant. Tenant agrees to cooperate with the person or entity conducting said audit and to supply all information reasonably requested in connection therewith. Tenant shall pay the cost of such audit if such audit discloses that Tenant has materially violated any of the provisions of this SECTION 29.31; otherwise, the cost of said audit shall be paid for by Landlord.

29.31.9 Tenant shall not dispose of any Hazardous Materials at the Project (including, without limitation, placing, or permitting any Hazardous Materials to be placed into

the sewer system servicing the Project), except as permitted by law in approved and environmentally safe containers which Tenant will dispose of off-site. Tenant shall give Landlord written notice annually (and from time to time, if changed) of the name, address and telephone number of the contractor that will be responsible for removal of all Hazardous Materials disposed of by Tenant from the Premises and/or the Project.

29.31.10 Tenant shall provide Landlord with a copy of its Chemical Hygiene Plan (as set forth in OSHA 1910.1450) annually, or more often as and when it is amended.

29.32 DEVELOPMENT OF THE PROJECT.

29.32.1 SUBDIVISION. Subject to the requirements of ARTICLE 28, Landlord reserves the right to further subdivide all or a portion of the Project and to add to, remove, or otherwise change the parking areas and Common Areas (subject to the restrictions set forth in SECTION 1.3, above), so long as such adjustment does not materially interfere with Tenant's use, enjoyment or occupancy of the Premises. In the event of any such change, an equitable adjustment to the Tenant's Share, if appropriate, shall be made. In the event of a reduction in the Common Areas, the square footage in the Project and the Premises shall be recalculated, if applicable, as set forth in SECTION 1.3, above.

29.32.2 OTHER IMPROVEMENTS. If portions of the Project or property adjacent to the Project (collectively, the "OTHER IMPROVEMENTS") are owned by an entity other than Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Project and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Project and the Other Improvements, (iii) for the allocation of a portion of the Direct Expenses to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Project, and (iv) for the use or improvement of the Other Improvements and/or the Project in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Project, provided, however, that if any Direct Expenses related to the Other Improvements are being allocated to the Project, the limitations set forth in Section 4 above shall apply to such Direct Expenses, and provided further, that the Additional Rent payable by Tenant pursuant to Section 4 of this Lease shall not increase solely as a result of such allocation (i.e. shall not increase more than it would have increased in the absence of such allocation). Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Project or any other of Landlord's rights described in this Lease.

29.32.3 CONSTRUCTION OF PROJECT AND OTHER IMPROVEMENTS. Tenant acknowledges that portions of the Project and/or the Other improvements may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Landlord agrees to exercise commercially reasonable efforts to minimize any interference with Tenant's use and enjoyment of the Premises associated with such construction. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction, provided such construction by Landlord

does not interfere with Tenant's use or occupancy of the Premises, the Project or the Common Areas for the Permitted Use.

29.33 NO CONSEQUENTIAL DAMAGES. Notwithstanding any provision of this Lease to the contrary, except as specifically set forth in ARTICLE 16 of this lease, under no circumstances shall either party hereto be liable to the other party for any consequential, incidental, punitive or special damages.

29.34 COMPLIANCE WITH TIF AGREEMENT. Landlord and Tenant acknowledge that there is a Tax Increment Financing Agreement by and between the City of Marlborough and BNP Leasing Corporation dated January 31, 1997, as amended by an Agreement by and between the City of Marlborough and 3Com Corporation dated February 25, 2002, concerning the Property (the "TIF Agreement"). Tenant agrees to provide Landlord on or before July 10 annually with a statement substantially in the form attached hereto as EXHIBIT F for the prior fiscal year ending June 30, and a statement setting forth the total number of jobs located at the Premises for the same period, and such other information as may reasonably be requested by Landlord to facilitate Landlord's compliance with any requirements of the TIF Agreement.

29.35 TENANT'S FINANCIAL CONDITION. Within ten (10) days after written request from Landlord, but not more than once in any twelve month period, Tenant shall deliver to Landlord such financial statements as are reasonably required by Landlord to verify the net worth of Tenant, or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Premises, Building or Project. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth herein.

ARTICLE 30

RIGHT OF FIRST OFFER

Provided that no event of default has occurred and is continuing under the terms of this Lease, and subject to any rights granted to other tenants occupying such space to extend or renew their lease(s), Tenant shall have the right of first offer with respect to any space which becomes available on the fourth floor of the Building. Landlord shall give Tenant written notice ("Landlord's Notice") at least thirty (30) days prior to the date on which any such space ("Expansion Space") is expected to become available and the terms under which Landlord is willing to lease such Expansion Space to Tenant (including the initial Base Rent, rights to extend, if any, and how the Base Rent will be determined during such extended terms), and Tenant shall have the right to be exercised in writing within ten (10) days thereafter, to agree to lease such space upon said terms and conditions. Landlord shall prepare and deliver to Tenant an amendment to this lease or a lease for any such Expansion Space, substantially in the same form as this Lease but incorporating the terms and conditions contained in Landlord's Notice, and if Tenant does not enter into such amendment or lease within ten days thereafter, Tenant will be deemed to have waived its right of first offer with respect to that particular portion of Expansion Space offered and Landlord may offer the Expansion Space to any party upon terms

that Landlord deems appropriate. Tenant's right of first offer shall be ongoing during the duration of the Lease Term with respect to any portion of the Expansion Space not previously included in a Landlord's Notice, notwithstanding Tenant's refusal of any portion of Expansion Space offered to Tenant at any time during the Lease Term. Nothing in this Section is intended to preclude or limit Landlord's right to grant tenants of such Expansion Space renewal rights or expansion rights which shall have priority over the rights of Tenant under this Lease.

ARTICLE 31

SATELLITE DISH

31.1 SATELLITE DISH. Subject to the provisions and conditions of this Article 31, Landlord hereby consents to the installation of a satellite dish antenna in a portion of the roof of the Building (the "SATELLITE DISH"), in such location as may be designated by Landlord, for the sole use of Tenant. Tenant agrees and hereby covenants to Landlord as follows:

31.1.1 The Satellite Dish shall not be visible from ground level, and shall not exceed thirty inches in diameter and shall not project more than five feet above the roof surface of the Building, unless otherwise approved by Landlord which approval shall not be unreasonably withheld;

31.1.2 Installation, service, repair, maintenance and removal of the Satellite Dish shall be performed by a reputable contractor that has been approved by Landlord in writing. Installation, service, repair and maintenance of the Satellite Dish shall be performed during normal office hours (8:00 a.m. to 5:00 p.m., Monday to Friday). Tenant shall have access to the roof of the Building for the purposes of such maintenance; provided, however, that Tenant shall not have access to the roof of any building in the Project unless accompanied by Landlord's agent;

31.1.3 The installation, operation and maintenance of the Satellite Dish shall not interfere with the peaceful enjoyment by any other tenant of its respective premises and/or the operation of any other antennae or satellite dishes which may be permitted by Landlord;

31.1.4 Tenant shall be solely liable for the installation, maintenance, repair and removal of the Satellite Dish, and shall remove the Satellite Dish and repair any damage caused by such removal prior to the expiration or earlier termination of the Lease. The installation of the Satellite Dish and operation, maintenance and removal of the Satellite Dish shall be performed (i) in a good and workmanlike manner, so that they would not create a hazard to life or property; (ii) in compliance with all applicable federal, state and local laws, regulations and ordinances, (iii) with due care and regard for safety and in a manner that will not cause injury or death to persons or damage to property; (iv) so that no lien or other encumbrance shall be placed on any portion of the Project, and (v) in a way that will not limit or void any warranty on the roof nor cause nor permit leaking of the roof, nor impair the structural integrity of any building in the Project; and

31.1.5 Tenant shall insure that its use and operation of the Satellite Dish does not create a nuisance.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"LANDLORD":

MARLBOROUGH CAMPUS LIMITED
PARTNERSHIP, a Massachusetts limited partnership

By: Bergen of Marlborough, Inc., general partner

By:

Its:

"TENANT":

EXACT SCIENCES CORPORATION

Attest:

By:

Name:
Title:

By:

Name:
Title:

(Corporate Seal)

(ACKNOWLEDGMENT FOR CORPORATION)

COMMONWEALTH OF MASSACHUSETTS

SS.:

COUNTY OF _____

BE IT REMEMBERED, that on this _____ day of January, 2003, before me, the subscriber, a Notary Public of the Commonwealth of Massachusetts personally appeared _____, who, being by me duly sworn on his oath, does depose and make proof to my satisfaction that he is the _____ Secretary of EXACT Sciences Corporation, the Tenant named in the foregoing Lease; that _____ is ____President of said corporation; that the execution of the foregoing Lease was duly authorized; and the seal affixed to said instrument is the corporate seal and was thereto affixed and said instrument signed and delivered by said _____ President, as and for his voluntary act and deed and as for the voluntary act and deed of said corporation, in presence of deponent, who thereupon subscribed his name thereto as witness.

Subscribed and sworn to
before me at _____,
on the date aforesaid.

Secretary

Notary Public

(Notarial Seal)

EXHIBIT A

OUTLINE OF PREMISES

[TO BE ATTACHED]

EXHIBIT B

PROJECT SITE PLAN

[TO BE ATTACHED]

EXHIBIT C

INVENTORY LIST

[TO BE ATTACHED]

EXHIBIT D

RULES AND REGULATIONS

BUILDING RULES AND REGULATIONS

The following rules and regulations (collectively, the "Rules") shall apply, where applicable, to the Premises, the Building, the parking lot, the Project and the appurtenances thereto:

A. GENERAL

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material of any nature shall be placed, emptied, or thrown in those areas. At no time shall Tenant permit Tenant's employees, contractors or other representatives to loiter in common areas or elsewhere in or about the Building or Project.

2. Any Tenant or vendor sponsored activity or event in Common Area must be approved and scheduled through Landlord's representative.

3. Plumbing fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Tenant shall pay for damage resulting to any such fixtures or appliances from misuse by Tenant or its agents, employees or invitees, and Landlord shall not in any case be responsible therefor.

4. Alcoholic beverages (without Landlord's prior written consent), illegal drugs or other illegal controlled substances are not permitted in the Building nor will any person under the influence of the same be permitted in the Building.

5. No firearms or other weapons are permitted in the Building.

6. No fighting or "horseplay" will be tolerated at any time in the Building.

7. Fire protection and prevention practices implemented by Landlord from time to time, including participation in fire drills, must be observed by Tenant at all times.

8. Tenant shall not operate or disturb any Building equipment, machinery, valves or electrical controls.

9. Tenant shall not cause any unnecessary janitorial labor or services by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.

10. No signs, advertisements or notices shall be painted or affixed on or to any windows, doors or other parts of the Building unless approved in writing by Landlord.

11. Landlord shall have the power to prescribe the weight and position of safes and other heavy equipment or items, which in all cases shall not in the opinion of Landlord exceed acceptable floor loading and weight distribution requirements. All damage done to the Building by the installation, maintenance, operation, existence or removal of any property of Tenant shall be repaired at the expense of Tenant.

12. No animals, except seeing-eye dogs, shall be brought into or kept in, on or about the Premises.

13. Tenant shall not take any action which would violate Landlord's labor contracts affecting the Building or which would cause any work stoppage, picketing, labor disruption or dispute, or any interference with the business of Landlord or any other tenant or occupant of the Building or with the rights and privileges of any person lawfully in the Building. Tenant shall take any actions necessary to resolve any such work stoppage, picketing, labor disruption, dispute or interference and shall have pickets removed and, at the request of Landlord, immediately terminate at any time any construction work being performed in the Premises giving rise to such labor problems, until such time as Landlord shall have given its written consent for such work to resume, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall have no claim for damages of any nature against Landlord in connection therewith.

14. Landlord shall have the right to prohibit the use of the name of the Building or any other publicity by Tenant that in Landlord's opinion may tend to impair the reputation of the Building or its desirability for Landlord or other tenants. Upon written notice from Landlord, Tenant will refrain from and/or discontinue such publicity immediately.

15. Smoking and discarding of smoking materials are permitted in designated exterior locations only. No smoking is permitted outside the building entrances. Tenant will instruct and notify its visitors and employees of such policy.

16. No awnings or other projections shall be attached to the outside walls (building perimeter) of the Building. No curtains, blinds, shades, or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord, in Landlord's sole discretion. Window coverings must be Building Standard.

17. Tenant shall cooperate with the Landlord to conserve energy. Before closing and leaving the Premises at any time, Tenant shall exercise reasonable efforts to minimize energy use by turning off lights and equipment not in use.

18. There shall not be used in any space, or in the public halls of the Building, either by any Tenant or by delivery personnel or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sole guards.

19. Tenant shall not use the Premises for housing, lodging or sleeping purposes or permit preparation or warming of food in the Premises (except in Landlord provided or approved equipment such as microwave ovens and toaster ovens). Tenant shall not occupy or use the Premises or permit the Premises to be occupied or used for any purpose or act that is in violation of any governmental legal requirement or may be dangerous to persons or property.

20. Tenant shall not make or permit any noise, vibration or odor to emanate from the Premises, or do anything that will create or maintain a nuisance, or do any act injuring the reputation of the Building.

21. Tenant shall not disturb any other Building occupants.

22. Tenant shall not install or operate any musical or sound producing instrument or device, radio receiver or transmitter, TV receiver or transmitter, or similar device in the Premises, nor install or operate any antenna, aerial, wires or other equipment inside or outside the Premises, nor operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Premises or elsewhere, without in each instance, the prior written approval of Landlord. The use thereof, if permitted, shall be subject to control by Landlord to the end that others shall not be disturbed. Ordinary televisions and radios not requiring exterior antennas are excepted from this prohibition.

23. Tenant shall provide Landlord in writing the names and contact information of two (2) representatives authorized by the Tenant to request Landlord services, either billable or non billable and to act as a liaison for matters related to the Premises.

B. BUILDING ACCESS & SECURITY

1. No additional locks shall be placed upon any doors, windows or transoms in or to the Premises, nor shall Tenant change existing locks or the mechanism thereof, without Landlord's permission, which permission shall not be unreasonably withheld, conditioned or delayed.

2. Tenant shall not use or occupy the Premises in any manner or for any purpose which would injure the reputation or impair the present or future value of the Premises or the Building.

3. Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Landlord for such purposes.

4. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents, and shall provide Tenant with notice thereof. Tenant, Tenant's agents, employees, contractors, guests and invitees shall comply with Landlord's reasonable requirements relative thereto.

5. Canvassing, soliciting, and peddling in or about the Building is prohibited. Tenant, its employees, agents and contractors shall cooperate with said policy, and Tenant shall use its best efforts to prevent the same by Tenant's invitees.

6. Tenant and its employees, agents, contractors, invitees and licensees are limited to the Premises and the Common Areas. Tenant and its employees, agents, contractors, invitees and licensees may not enter other areas of the Building or Project (other than the conference rooms) except when accompanied by an escort from Landlord and shall sign in/out at building reception.

7. Tenant acknowledges that Building security problems may occur which may require the employment of extreme security measures in the day-to-day operation of the Building. Accordingly, Tenant agrees to cooperate and cause its employees, contractors and other representatives to cooperate fully with Landlord in the implementation of any reasonable security procedures.

8. Tenant shall comply with all federal, state and local, criminal, civil, safety, health and environmental codes, laws, and ordinances relating to its use of leased space.

C. MAINTENANCE & CUSTODIAL

1. All contractors, contractor's representatives, and installation technicians performing work in the Building shall be subject to Landlord's written prior approval and shall be required to comply with Landlord's standard rules, regulations, policies, and procedures, as the same may be revised from time to time. Tenant shall be solely responsible for complying with all applicable laws, codes and ordinances pursuant to which said work shall be performed.

2. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefor in the Building. Tenant shall not operate personal electronic devices for individual use such as coffeepots, toasters, refrigerators, space heaters, etc. without Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

D. SHIPPING/RECEIVING

1. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of any merchandise or materials which require the use of elevators, stairways, lobby areas, or loading dock areas, shall be restricted to the hours between 8 a.m. and 5 p.m., Monday through Friday, excluding Holidays. An oversize delivery such as furniture and or equipment requires reservations with written advance notification to the Landlord. Tenant is to assume all risk for damage to articles moved and injury to any persons resulting from such activity. If any equipment, property, and/or personnel of Landlord or of any other tenant of the Building is damaged or injured as a result of or in connection with such activity, Tenant shall be solely liable for any and all damage or loss to the extent directly resulting therefrom.

2. All deliveries to or from the Premises shall be made only at such times, in the areas and through the entrances and exits designated for such purposes by Landlord. Tenant shall not permit the process of receiving deliveries to or from the Premises outside of said areas or in a manner that may interfere with the use by any other tenant of its premises or of any Common Areas, any pedestrian use of such area, or any use that is inconsistent with good business practice.

3. All Tenant mail and small packages will be scheduled for pick-up and delivery by carrier or supplier to and from the Premises.

4. Deliveries will be delivered un-skidded (i.e., not on pallets) and arrangements made for inside deliveries to Tenant space. Landlord personnel will not load/unload cargo deliveries for Tenant from the dock.

5. Tenant arranged shipping/receiving location outside the Premises to be approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Dock areas shall not be used for storage or staging by Tenant.

6. The following rules and regulations apply to all loading docks which are available for the use of more than one tenant (and shall not apply to loading docks intended for the exclusive use of any tenant): No tenant shall park or permit any truck or trailer to be parked in any loading dock area except during the time actually need to load or unload materials. In no case shall any truck or trailer be permitted to remain in a loading dock area overnight. If any tenant has been utilizing the loading dock are for a time period in excess of one hour and another tenant requires access to the loading dock area, the first tenant shall vacate the loading dock area and make it available to the second tenant. No tenant may utilize more than one loading dock at a time if another tenant requires access to the loading dock and a loading dock is not available for the second tenant's use.

E. FOOD SERVICE

1. No open flame cooking or competing food service or vending machines will be permitted in the Premises.

2. Tenant shall not remove food service property from the cafe including trays, dishes, glasses, cups, utensils. Disposal utensils are provided.

F. RULES FOR USE OF ACCESS CARDS

Each of Tenant's employees and on-site contractors shall be issued an access card. The access card serves as a "key" that allows access to card reader controlled doors.

The access card will ONLY act as a key on doors leading to the Premises and Common Areas. Care should be used to prevent excessive bending or abuse that may cause damage to the card.

1. Do not allow others to use your card.

2. Report a lost, stolen, or damaged card immediately.

3. If a door is equipped with a card reader - use the reader to access. Do not "prop" doors open to bypass the system.

4. A "Tailgater" is an individual without an access card who follows an employee in or out of a door after that employee has used their card to access a door. Tailgating is not allowed.

5. If Landlord provides Tenant with any access cards or badges, a fee of $20.00 will be charged for each badge or access card issued.

6. In all cases, Tenant agrees to promptly notify Landlord when access badges are to be deactivated in cases such as termination, non-use, lost badge, etc.

EXHIBIT E

ESTOPPEL CERTIFICATE

Date [Name and Address of Landlord/Purchaser] and/or
[Name and Address of Mortgagee]

It is our understanding that you are purchasing from _____ ("Landlord"), [and/or are providing financing in connection with the acquisition or refinancing of the] property located at _____, _____, Massachusetts (the "Property") and in connection therewith have required this certification by the undersigned.

Reference is made to a Lease dated _____, between Landlord and the undersigned as Tenant (the "Lease") for certain premises (the "Premises") located at the Property. The undersigned, as Tenant, hereby certifies that:

1. The term of the Lease commenced on _____, 20__ and ends on _____, 20__ (the "Expiration Date"). Tenant has no right to renew or extend the term of the Lease, except as follows: _____

2. The undersigned has accepted and presently occupies the premises described in the Lease as Tenant.

3. The Base Rent under the Lease is currently $_____ per month, and has been paid through _____, 20__. Tenant currently pays $_____ per month as its estimated Share of Operating Expenses in excess of Operating Expenses for ____ (which is the Base Year), and $_____ per month as its estimated Share of Tax Expenses in excess of Tax Expenses for fiscal year July, 200__ to June, 20__.

4. The Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way and, to the knowledge of the undersigned, neither party is in default thereunder, and no event has occurred which, with the giving of notice or passage of time, or both, could result in a default except as follows: _____

5. The Lease represents the entire agreement between Landlord and the undersigned.

6. On this date, there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by Landlord.

7. The undersigned Tenant is in occupancy of the premises described in the Lease and is actually conducting its business therein, which business is the use permitted under the Lease. Tenant has not sublet nor assigned its interest in the Lease except as follows: _____

8. No rent has been paid more than one month in advance of its due date under the Lease.

9. Landlord holds a security deposit of $_____. Landlord has no obligation to segregate the security deposit or to pay interest thereon.

10. Tenant has no option or right of first refusal to purchase all or any portion of the Property, no option(s) to expand, nor any option to terminate the Lease prior to the Expiration Date except as follows:

11. All construction, alterations or improvements required to be performed by Landlord have been completed and any payments, credits or abatements required to be given by Landlord to Tenant have been given.

12. To Tenant's knowledge, no refunds or other credits are due to Tenant for Direct Expenses (as defined in the Lease) paid to Landlord as additional rent for any calendar years ending on or before December 31, 200__.

13. No actions have been filed by or are pending against Tenant under the bankruptcy laws of the United States or any state thereof.

14. No work has been performed by or at the request of Tenant for which a mechanic's or materialmen's lien may be filed against the Premises.

15. The signatory below is authorized to execute this Estoppel Certificate on behalf of Tenant.

Executed as an instrument under seal on _____, 20__.

Very truly yours,

_____

Tenant

EXHIBIT E-1
LESSEE ESTOPPEL CERTIFICATE

WELLS FARGO BANK, NATIONAL ASSOCIATION, ("LENDER")
c/o Real Estate Group
1750 H Street, N.W.
Suite 400
Washington, D.C. 20006
Attn: Loan Administration Manager

RE: Lease dated _____, [AND AMENDED ON _____] (the "LEASE") by and between _____, a _____ limited liability company, as lessor ("LESSOR") and _____, as lessee ("LESSEE") with respect to certain premises (THE "LEASED PREMISES") located at 3Com Drive, Marlborough, Massachusetts (the "PROPERTY")

Ladies/Gentlemen:

The undersigned hereby acknowledges that Lessor intends to encumber the Property with a deed of trust in favor of Lender. The undersigned further acknowledges the right of Lessor, Lender and any and all of Lessor's present and future lenders to rely upon the statements and representations of the undersigned contained in this Certificate and further acknowledges that any loan secured by any such deed of trust or further deeds of trust will be made and entered into in material reliance on this Certificate.

Given the foregoing, the undersigned Lessee hereby certifies and represents unto Lender, its successors and assigns, with respect to the above described Lease, a true and correct copy of which is attached as EXHIBIT A hereto, as follows:

1. All space and improvements covered by the Lease have been completed and furnished to the satisfaction of Lessee, all conditions required under the Lease have been met, and Lessee has accepted and taken possession of and presently occupies the Leased Premises, consisting of approximately _____ square feet.

2. The Lease is for a total term of _____ years, _____ months commencing _____, and ending _____, and has not been modified, altered or amended in any respect and contains the entire agreement between Lessor and Lessee, except as follows:
_____ (LIST AMENDMENTS AND MODIFICATIONS OTHER THAN THOSE, IF ANY, ATTACHED TO AND FORMING A PART OF THE LEASE AS WELL AS ANY VERBAL AGREEMENTS, OR WRITE "NONE").

3. As of the date hereof, the annual minimum rent under the Lease is $_____, subject to any escalation and/or percentage rent and/or common area maintenance charges, in accordance with the terms and provisions of the Lease. The "BASE YEAR" for any escalation is _____.

4. No rent has been paid by Lessee in advance under the Lease except for $_____, which amount represents rent for the period beginning _____ and ending _____

and Lessee has no charge or claim of offset under said Lease or otherwise, against rents or other amounts due or to become due thereunder. No "discounts", "free rent" or "discounted rent" have been agreed to or are in effect except
for_____ _____.

5. A security deposit of $_____ has been made and is currently being held by Lessor. Such security deposit IS/IS NOT in the form of cash and, if not in the form of cash, a copy thereof is attached hereto as EXHIBIT B.

6. Lessee has no claim against Lessor for any deposit or prepaid rent except as provided in PARAGRAPHS 4 AND 5 above.

7. The Lessor has satisfied all commitments, arrangements or understandings made to induce Lessee to enter into the Lease, and the Lessor is not in any respect in default in the performance of the terms and provisions of the Lease, nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default.

8. Lessee is not in any respect in default under the terms and provisions of the Lease (nor is there now any fact or condition which, with notice or lapse of time or both, would become such a default) and has not assigned, transferred or hypothecated its interest under the Lease, except as follows: _____.

9. Except as expressly provided in the Lease or in any amendment or supplement to the Lease, Lessee: (i) does not have any right to renew or extend the term of the Lease; (ii) does not have any option or preferential right to purchase all or any part of the Leased Premises or all or any part of the building or premises of which the Leased Premises are a part; and
(iii) does not have right, title, or interest with respect to the Leased Premises other than as lessee under the Lease. There are no understandings, contracts, agreements, subleases, assignments, or commitments of any kind whatsoever with respect to the Lease or the Leased Premises except as expressly provided in the Lease or in any amendment or supplement to the Lease set forth in PARAGRAPH 2 above, copies of which are attached hereto.

10. The Lease is in full force and effect and Lessee has no defenses, setoffs, or counterclaims against Lessor arising out of the Lease or in any way relating thereto or arising out of any other transactions between Lessee and Lessor.

11. The current address to which all notices to Lessee as required under the Lease should be sent is:

_____.

Dated: "LESSEE"

LESSEE SIGNATURE BLOCK HERE

EXHIBIT F
ANNUAL REPORTING FORM
MARLBOROUGH CAMPUS
(TENANT: EXACT Sciences Corporation)

1. CONTACT INFORMATION (please type or print):
Business Name: EXACT Sciences Corporation Address:
City/State/Zip:
Contact Person:
Telephone:
Fax:
Date Project was certified by the EACC: January 31, 1997

2. NEW HIRES AT PROJECT LOCATION (ONLY PERMANENT FULL-TIME JOBS):
FY 20___ Hires (7/1/20___ through 6/30/20__): _____ Number of FY 20___ Hires That Reside in the Economic Target Area of Ashland*Framingham*Hudson*Marlborough*Northborough :_____ Total Hires (_____ through 6/30/20__): _____ Number of Total Hires That Reside in the Economic Target Area: _____
Average Wage of Employees Hired Since Date of EACC Certification: _____

3. TOTAL PERMANENT FULL-TIME JOBS LOCATED AT THE PROJECT AS OF JUNE 30, 20____: _____

4. AUTHORIZATION:

I , (print name and title) _____ hereby certify that the information within this Annual Reporting Form is true and accurate.

_____

(Signature) (Date)

PLEASE RETURN COMPLETED FORM TO LANDLORD BY JULY 10, ANNUALLY

EXHIBIT G
LIST OF HAZARDOUS MATERIALS USED BY TENANT IN CONNECTION WITH THE PERMITTED USE

Item	Estimated Quantity
0.1N HCL	1L
0.25M EDTA	500mL
1[3-(dimethylamino)propyl]-3-ethylearbodiimidehydrochloride, 98%	20g
10x MOPS	250mL
11N Hydrochloric Acid	300mL
1-Hydroxybenzotriazole	5g
1-Methylimidazole, 99%	100ml
2-Mercaptoethanol	125mL
Acetic Acid, glacial	5L
Acetone	2L
Acrylamide	1.5kg
Acrylamide/Bis-Acrylamide 19:1 Ratio	1.6L
Acrylamide/Bis-Acrylamide premix powder 20:1	30g
Alconox	1kg
Ammonium Acetate 7.5 M solution	250mL
Ammonium Acetate, molecular biology reagent	1kg
Ammonium Chloride, molecular biology reagent	1kg
Ammonium Hydroxide	500mL
Ammonium Persulfate	148g
Ammonium Sulfate, molecular biology reagent	500g
Argon, compressed	4 tanks
BICINE	250g
Bind Saline	600mL
Boric Acid	1kg
Bromphenol Blue Sodium, molecular biology reagent	12.5g
Calcium Chloride Dihydrate, molecular biology reagent	550g
Chelex Resin	100g
Ches, Sigmaultra	100g
Chloroform, ACS grade	500ml
Chloroform, molecular biology reagent	76L
Citric Acid Free Acid Anhydrous Crystalline	500g
Citric Acid, monohydrate	500g
Citric Acid, trisodium salt dihydrate	500g
Clorox Germicidal Bleach	20gal
Coomasie Blue	10g
D-(+)- glucose	250g
Desiccant	1kg
Diatomaceous Earth	500g

Dimethyl Sulfoxide, molecular biology reagent	150ml
Diphenyliodonium Chloride, 97%	2g
EDTA disodium dihydrate salt	500g
EDTA disodium salt	500g
EDTA, 0.5 M pH 8.0	1.5L
EGDA	50g
EGTA	100g
Ethanolamine free base	450ml
Ethidium Bromide, 95%	200ml/5g
Ethyl Alcohol USP, 200 proof	18 gal
Ficoll, molecular biology reagent	75g
Formamide, HD	300ml +/- 200ml
Formamide, P.A.	1.3L +/- 1L
Gamma-Methacryloxypropyl Trimethoxysilane	3ml
Gelatin	100g
Glycerol	3L
Glycine free base, molecular biology reagent	1.2kg
Guanidine	100g
Guanidine Isothiocyanate	6kg +/- 2kg
HEPES	100g
Hexadecyltrimethylammonium bromide, for molecular biology	250g
Hexamine Cobalt (III) Chloride	5g
Hydrochloric Acid solution 1.0 N	11L
Hydrochloric Acid, ACS reagent	400ml
Hydrochloric Acid, Volumetric Standard 0.2N Solution in water	1.5L
Hydroquinone	500g
Isoamyl alcohol, ACS reagent	10L
Isopropanol, 99%	32gal +/- 25gal
Isopropanol, molecular biology reagent	1L
Kanamyacin	1g
LICOR MSDS's	
Lipids	1g
Manganese Chloride Hexahydrate	325g
Mangnesium Sulfate	10mL
Meatphor Agarose	25g
MES free acid, molecular biology reagent	100g
Methanol, spectrophotometric grade	9L
Methylene Blue	25g
Methylene Chloride	500mL
MICRO BCA Protein Assay Reagent Kit	1 kit
Mineral Oil, white, light	1.7L

Mixed Bed Resin	100g
MOPS	100g
N, N- Dimethyl Formamide	500mL
N,N'-Methylene-Bis-Acrylamide	25g
Nickel Chloride Hexahydrate	100g

Nusieve 3:1 Agarose	2.2kg +/- 2kg
Orange G Sodium, molecular biology grade	500mL
PEG 10000	500g
PEG 8000	5kg
Phenol, buffer saturated	20L +/- 10L
Phosphate Buffered Saline, pH 7.4	2.2L
Phosphoric Acid, 99.999%	500ml
PicoGreen dsDNA Quantitation Kit	2
Pipes Free Acid GenAR	100g
Polyvinylpyrrolidone, molecular biology reagent	350g
POP-6	1L +/- 500mL
Potassium Acetate	250g
Potassium Acetate	500g
Potassium Chloride, molecular biology reagent	2kg
Potassium Ferrocyanide	100g
Potassium Hydroxide (0.1N)	1L
Potassium Phosphate Dibasic: Trihydrate, molecular biology reagent	750g
Potassium Phosphate, monobasic	750g
Prosieve 50X gel Solution	125mL
Protease(Quiagen)	30AU
Qigagen Midi Prep Kits	20 tests
Quiagen Mini Preps	750 tests
Saline Sodium Citrate 20X Solution (SSC)	8L
Sand, white quartz	1kg
SDS Solution, 10%	15L
Seakem Agarose	1.2kg +/- 500g
Seaplaque Agarose GTG	25g
Sec-Butanol	250mL
Sephadex	50g
Sodium Acetate Anhydrous	2.5kg
Sodium Acetate Buffer Solution	13L
Sodium Azide	50g
Sodium Azide, Sigmaultra	25g
Sodium Bicarbonate, ACS Reagent	1.5kg
Sodium Bisulfite	100g
Sodium Borate	500g
Sodium Carbonate Anhydrous, Sigmaultra	500g
Sodium Chloride Anhydrous Sigmaultra	1.5kg
Sodium Chloride, molecular biology reagent	17.5L
Sodium Citrate Dihydrate, ACS Reagent	1kg
Sodium Cyanoborohydride	75g

Sodium Dodecyl Sulfate	600g
Sodium Hydroxide 10M	100mL
Sodium Hydroxide Anhydrous Pellets	1150g
Sodium Hydroxide, 50% solution in water	500mL
Sodium Hydroxide, standard solution, 1 M (1 N)	6L

Sodium Hydroxide, volumetric standard, 0.1 N	5.5L
Sodium Iodide, ACS Reagent	100g
Sodium Phosphate Dibasic Anhydrous, Sigmaultra	5kg
Sodium Phosphate Monobasic, Monohydrate, ACS Reagent	1150g
Sodium Phosphate Monobasic, Sodium Phosphate Monobasic	750g
Sodium Pyrophosphate Decahydrate, Sigmaultra	100g
Sodium Sulfate	1kg
Sodium Thiocynate	250g
Succinic Anhydride	500g
TAE 50X	2L
TAE 50X Solution	101L
TEMED	225ml
TEN Buffer	150gal
Tetramethylammonium Chloride Solution, molecular biology reagent	25g
Triethylene Glycol Diacrylate	250g
Trifluoroacetic Acid	25mL
Tris	7kg
Tris 1.0M Sterile Solution pH 7.2	4L
Tris 1.0M Sterile Solution pH 7.4	9L
Tris 1.0M Sterile Solution pH 9.0	1.750L
Tris-Acetate-EDTA Buffer, 10x concentrate, molecular biology reagent	7L
Tris-Borate EDTA, 10X (TBE)	50L
Tris-EDTA Buffer, 100X concentrate, molecular biology reagent	300mL
Tris-EDTA Buffer, 1X solution, molecular biology reagent	34L +/- 20L
Triton X-100, molecular biology reagent	250ml
TRIZMA Sulfate	100g
Tween	1.5L
Urea	1kg
Water, Molecular Biology Reagent	235L
Wizard(R)PCR Preps DNA Purification System	2 kits
Xylene Cyanole FF	10.5g
Xylenes, Mixed ACS Reagent	1.5L

Item	Estimated Quantity in House R and D	Estimated Quantity in House Clinical
Stool samples	1,000	5,000
Stool homogenates	125,000 X 32 mL	125,000 X 32 mL
Blood samples	50,000 X 5 mL Plus an additional 200/wk	N/A
Biohazard Trash	20 Boxes	20 Boxes
Contaminated Hoods (Filters) (Low Grade Risk)	10	10

EXHIBIT H

FORM OF LETTER OF CREDIT

EXHIBIT I
NON-DISTURBANCE, ATTORNMENT
AND SUBORDINATION AGREEMENT

THIS NON-DISTURBANCE, ATTORNMENT AND SUBORDINATION AGREEMENT (this "AGREEMENT") is made and entered into as of _____, 2003, by, between and among WELLS FARGO BANK, NATIONAL ASSOCIATION, as lead arranger and administrative agent for itself and other banks (hereinafter referred to as "BENEFICIARY" or "WELLS FARGO"), _____ ("LESSEE"), and _____, a _____ limited liability company ("LESSOR").

RECITALS

A. Lessor has requested that Beneficiary make a loan to be evidenced by a Promissory Note (the "NOTE"), and secured, INTER ALIA, by a Mortgage, Security Agreement, and Assignment of Leases and Rents (the "MORTGAGE "), which Mortgage shall constitute a lien or encumbrance on that certain real property more particularly described in the attached EXHIBIT A (the "PROPERTY").

B. Lessee is the holder of a leasehold estate covering a portion of the Property (the "DEMISED PREMISES") pursuant to the terms of that certain lease dated _____, ____ as amended pursuant to _____ (collectively, the "LEASE"). A true and correct copy of the Lease has previously been delivered to Beneficiary.

C. Lessee, Lessor and Beneficiary desire to confirm their understanding with respect to the Lease and the Mortgage.

AGREEMENT

1. So long as Lessee is not in default (beyond any period given Lessee to cure such default) in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease on Lessee's part to be performed, Lessee's possession and occupancy of the Demised Premises shall not be interfered with or disturbed by Beneficiary during the term of the Lease or any extension thereof duly exercised by Lessee.

2. Lessee hereby consents to the assignment by Lessor to Beneficiary of the Lease, as set forth in the Mortgage. If the interests of Lessor shall be transferred to and/or owned by Beneficiary by reason of judicial foreclosure, power-of-sale foreclosure or other proceedings brought by it, or by any other manner, including, but not limited to Beneficiary's exercise of its rights under the Mortgage, and Beneficiary succeeds to the interest of the Lessor under the Lease, Lessee shall be bound to Beneficiary under all of the terms, covenants and conditions of the Lease for the balance of the remaining term thereof and any extension thereof duly exercised by Lessee, with the same force and effect as if Beneficiary were the Lessor under the Lease, and Lessee does hereby attorn to Beneficiary as its lessor, said attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties hereto immediately upon Beneficiary's succeeding to the interest of the lessor under the Lease; provided, however, that Lessee shall be under no obligation to direct its payment of rent to Beneficiary until Lessee receives written notice from Beneficiary that it has succeeded to the interest of Lessor under the Lease or that it has terminated the Lessor's right to collect rents as provided in the Mortgage. The respective rights and obligations of Lessee and Beneficiary upon such attornment, to the extent of the then remaining balance of the term of the Lease and any such extension, shall be and are the same as now set

forth therein, it being the intention of the parties hereto for this purpose to incorporate the Lease in this Agreement by reference with the same force and effect as if set forth in full herein.

3. If Beneficiary shall succeed to the interest of Lessor under the Lease, Beneficiary shall, subject to the last sentence of this SECTION 3, be bound to Lessee under all of the terms, covenants and conditions of the Lease; provided, however, that Beneficiary shall not be:

(a) Liable for any act or omission of any prior lessor (including Lessor); or

(b) Subject to any offsets, defenses or counterclaims which Lessee might have against any prior lessor (including Lessor); or

(c) Bound by any rent, additional rent or advance rent which Lessee might have paid for more than the current month to any prior lessor (including Lessor) and all such rent shall remain due and owing notwithstanding such advance payment; or

(d) Bound by any amendment or modification of the Lease made without its consent and written approval; or

(e) Required to restore the building, complete any improvements or otherwise perform the obligations of Lessor under the Lease in the event of a foreclosure of the Mortgage or acceptance by Beneficiary of a deed in lieu of foreclosure, in either instance prior to full restoration of the building or completion of any improvements.

Neither Wells Fargo nor any other party who, from time to time, shall be included in the definition of the term "Beneficiary" hereunder shall have any liability or responsibility under or pursuant to the terms of this Agreement or the Lease after it ceases to own a fee interest in or to the property described on EXHIBIT A.

4. Subject to the terms of this Agreement (including, but not limited to, those in SECTION 2 hereof), the Lease and the terms thereof are, and shall at all times continue to be, subject and subordinate in each and every respect, to the Mortgage and their respective terms, to any and all renewals, modifications, extensions, substitutions, replacements and/or consolidations of the Mortgage, and to all other liens now or hereafter serving as security for the Note. Nothing herein contained shall be deemed or construed as limiting or restricting the enforcement by Beneficiary of any of the terms, covenants, provisions or remedies of the Mortgage, whether or not consistent with the Lease.

5. The term "Beneficiary" shall be deemed to include Wells Fargo and all of its successors and assigns, including anyone who shall have succeeded to Lessor's interest by, through or under judicial or power-of-sale foreclosure or other proceedings brought pursuant to the Mortgage, or deed in lieu of such foreclosure or proceedings, or otherwise.

6. In the absence of the prior written consent of Beneficiary, Lessee agrees not to do any of the following: (a) prepay the rent under the Lease for more than one (1) month in advance, (b) enter into any agreement with the Lessor to amend or modify the Lease, (c) voluntarily surrender the Demised Premises or, except as expressly permitted under the Lease, terminate the Lease prior to the expiration date thereof set forth in the Lease, and (d) sublease or assign the Demised Premises.

7. In the event Lessor shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Lessee shall give written notice thereof to Beneficiary and Beneficiary shall

have the right (but not the obligation) to cure such failure. Lessee shall not take any action with respect to such failure under the Lease, including, without limitation, any action in order to terminate, rescind or avoid the Lease or to withhold any rent thereunder, for a period of thirty (30) days after receipt of such written notice by Beneficiary; provided, however, that in the case of any default which cannot with diligence be cured within said 30-day period, if Beneficiary shall proceed promptly to cure such failure and thereafter prosecute the curing of such failure with diligence and continuity, the time within which such failure may be cured shall be extended for such period as may be necessary to complete the curing of such failure with diligence and continuity.

8. So long as the loan evidenced by the Note (the "LOAN") is outstanding, Lessee covenants to provide Beneficiary with all information, including, but not limited to evidence of payment of taxes and insurance (if Lessee is obligated for such payments under the Lease) to which the Lessor may be entitled under the Lease.

9. So long as the Loan is outstanding, Beneficiary or its designee may enter upon the Property at all reasonable times, upon twenty-four (24) hours notice during normal working hours, to visit or inspect the Property and discuss the affairs, finances and accounts of Lessee applicable to the Property or the Lease at such reasonable times as Beneficiary or its designee may request.

10. Lessee hereby represents and warrants that the Lease and this Agreement have been duly authorized, executed and delivered by Lessee and constitute legal, valid and binding instruments, enforceable against Lessee in accordance with their respective terms, except as such terms may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally.

11. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by the parties hereto and their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

12. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

13. All notices or other communications required or permitted to be given pursuant to the provisions hereof shall be in writing and shall be considered as properly given if mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, or by delivering same in person to the intended addressee, or by prepaid telegram. Notice so given in person or by telegram shall be effective upon its deposit. Notice so given by mail shall be effective two (2) days after deposit in the United States mail. Notice given in any other manner shall be effective only if and when received by the addressee. For purposes of notice, the addresses of the parties shall be:

```
Lessor:          Marlborough Campus Limited Partnership
                 c/o Berwind Property Group, Inc.
                 770 Township Line Road, Suite 150
                 Yardley, PA 19067
                 Attention:       Scott A. Williams
                                  Senior Vice President

Lessee:
                 ----------------------------------------------------
                 ----------------------------------------------------
                 ----------------------------------------------------
                 ----------------------------------------------------
```

Beneficiary: Wells Fargo Bank, National Association
c/o Real Estate Merchant Banking
1750 H Street, N.W., Suite 400
Washington, D.C. 20006

Attention: Manager - Loan Administration Department

provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other parties in the manner set forth hereinabove.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

By:

By:
"Lessee"

STATE OF _____)
) ss:
COUNTY OF _____)

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that _____, who is personally well known to me as, or satisfactorily proven to be, the person named as _____ of in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the ____ day of _____, 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him or her by said Agreement, acknowledged the same to be the act and deed of said organization, and delivered the same as such.

GIVEN under my hand and official seal this ____ day of _____, 2003.

Notary Public

My Commission Expires:

[SIGNATURES CONTINUED ON NEXT PAGE]

LESSOR:

By:

Name:

Title:

STATE OF _____)
) ss:
COUNTY OF _____)

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that _____, who is personally well known to me as, or satisfactorily proven to be, the person named as the _____ of _____, Lessor in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the ____ day of _____, 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him or her by said Agreement, acknowledged the same to be the act and deed of said organization, and delivered the same as such.

GIVEN under my hand and official seal this ____ day of _____, 2003.

Notary Public

My Commission Expires:

[SIGNATURES CONTINUED ON NEXT PAGE]

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:

Erin P. Peart Vice President

DISTRICT OF COLUMBIA) ss:

I, a Notary Public in and for the aforesaid jurisdiction, do hereby certify that ERIN P. PEART, who is personally well known to me as, or satisfactorily proven to be, the person named as Vice President of Wells Fargo Bank, National Association in the foregoing Non-Disturbance, Attornment, Estoppel and Subordination Agreement bearing date as of the ____ day of _____, 2003, personally appeared before me in the said jurisdiction, and by virtue of the authority vested in him/her by said Agreement, acknowledged the same to be the act and deed of Wells Fargo Bank, National Association, and delivered the same as such.

GIVEN under my hand and official seal this ____ day of _____, 2003.

Notary Public

My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

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Exhibit I	Form of SNDA

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (the "Amendment"), dated as of January 20, 2005, is made by and between MARLBOROUGH CAMPUS LIMITED PARTNERSHIP, a Massachusetts limited partnership ("LANDLORD"), and EXACT SCIENCES CORPORATION, a Delaware corporation ("TENANT").

BACKGROUND

Landlord and Tenant entered into a lease dated as of January 23, 2003 (the "ORIGINAL LEASE"), as amended by a First Amendment to lease dated as of August 28, 2003 (the "FIRST AMENDMENT"; Original Lease, as amended, the "LEASE") pursuant to which Landlord has leased to Tenant certain premises consisting of approximately 55,740 rentable square feet (the "Original Premises") located on the fifth and sixth floors of the building (the "BUILDING") located at 100 Campus Drive, in the Campus at Marlborough (the "Project") in Marlborough, Massachusetts; and

Tenant has requested Landlord to consent to a reduction in the size of the Original Premises, to remove from the Premises the approximately 30,203 rentable square feet of space comprising the fifth floor of the Building (the "Give Back Space"), and to add to the Premises approximately 11,834 rentable square feet of space located on the second floor of the Building (the "Expansion Premises"), as more particularly shown on EXHIBIT A-1 attached hereto and made a part hereof; and

Landlord and Tenant wish to amend the Lease as more particularly set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Lease, and for other good and valuable consideration, the parties, intending to be legally bound hereby, the parties hereto agree as follows:

1. DEFINED TERMS. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meaning set forth in the Lease.

2. MODIFICATION OF THE PREMISES. (a) Landlord hereby leases and rents unto the Tenant and the Tenant hereby hires and takes from the Landlord the Expansion Premises. From and after the date of this Amendment, all references in the Lease to the Premises shall be deemed to include the Expansion Premises.

(b) Tenant agrees to vacate the Give Back Space on or before April 30, 2005, and to surrender the Give Back Space to Landlord in accordance with the terms and conditions of the Lease, as if such date were the expiration date of the Lease with respect to the Give Back Space. Subject to the terms and conditions of this Amendment, the Term of the Lease shall terminate with respect to the Give Back Space on the date that Tenant vacates the Give Back Space and surrenders it to Landlord as set forth above (such date, the "Give Back Date"). If Tenant fails to

vacate the Give Back Space on or before April 30, 2005, other than due to Landlord's failure to enter into a lease with 3Com for the Give Back Space, Tenant shall be a tenant at sufferance with respect to the Give Back Space and shall continue paying Base Rent on the Give Back Space at the per rentable square foot rate set forth in the Original Lease, in addition to the Base Rent set forth in Section 5 below. Tenant acknowledges that Landlord has entered into, or intends to enter into a lease with 3Com Corporation for the Give Back Space, and that such lease is a material inducement to Landlord's entering into this Agreement, and that Landlord could suffer significant damages if Tenant defaults under the terms of this Agreement. Nothing herein shall be deemed to constitute Landlord's consent or acquiescence to Tenant's remaining in the Give Back Space after April 30, 2005. From and after the Give Back Date, all reference in the Lease to the Premises shall be deemed to exclude the Give Back Space.

(c) From and after the Give Back Date, the Premises shall consist of the remaining portion of the Original Premises comprising the sixth floor of the Building (the "Remaining Premises") and the Expansion Premises, with the entire Premises consisting of a total of approximately 37,371 rentable square feet, and
Section 2.2 of the Summary is amended accordingly.

3. TERM. The Lease Term with respect to the Expansion Premises shall commence on the date hereof and shall expire on July 31, 2010, concurrently with the expiration of the Term of the Lease with respect to the Remaining Premises, unless sooner terminated or extended pursuant to the provisions of the Lease.

4. OPTION TO EXTEND. The Option to Extend set forth in Section 2.2 of the Original Lease may be exercised with respect to the entire Premises (as amended by this Amendment), but not less than the entire Premises. Except as set forth in Section 2.2 of the Original Lease, as modified by this Amendment, Tenant has no rights to extend or renew the Lease Term.

5. RENT. (a) BASE RENT. SECTION 4 of the Summary of Basic Lease Information in the Lease is amended to read as follows: "4. Base Rent:

Period	Annual Base Rent	Monthly Installment of Base Rent
8/1/2004-4/30/2005**	$ 1,282,020.00	$ 106,835.00*
5/1/2005**-7/31/2005	$ 892,826.89	$ 74,402.24*
8/1/2005-7/31/2006	$ 920,696.89	$ 76,724.76*
8/1/2006-7/31/2007	$ 948,566.89	$ 79,047.24*
8/1/2007-7/31/2008	$ 976,436.89	$ 81,369.74*
8/1/2008-7/31/2009	$ 1,004,306.89	$ 83,692.24*
8/1/2009-7/31/2010	$ 1,032,176.89	$ 86,014.74*

*Monthly installment of rent shall be reduced, to the extent applicable, by the credit referred to in Section 21.2 of the Original Lease.

** Based on Give Back Date of April 30, 2005; to be adjusted if Give Back Date is any date other than April 30, 2005.

Landlord and Tenant agree that the Base Rent has been calculated, in part, to reimburse Landlord for the fact that the Give Back Space is being re-leased with a base year of calendar year 2005. The Base Rent for each year during the Lease Term commencing on the Give Back Date shall be adjusted after the actual Direct Expenses are determined for calendar year 2005, to add to the annual Base Rent set forth above, the amount equal to the product of : (i) (a)the per square foot difference in actual Direct Expenses for Building 1 for calendar year 2005 over Direct Expenses for Building 1 for calendar year 2003 (each as adjusted in accordance with Section 4.3 of the Original Lease, if applicable) minus (b) $24,109.39 (which is $1.312504 (the estimated difference in Direct Expenses for calendar year 2005 over calendar year 2003), times (ii) 18,369 (the rentable square feet in the Give Back Space). Landlord and Tenant agree that they shall enter into an amendment setting forth the recalculated Base Rent after actual Direct Expenses for 2005 have been determined.

6. BASE YEAR. The Base Year for the Premises shall remain as set forth in the Lease.

7. TENANT'S PRO RATA SHARE.

(a) If the Give Back Date has not occurred as of April 30, 2005, effective May 1, 2005 and continuing until the Give Back Date, Tenant's Share shall be 12.73%, and Tenant's Building Share shall be 47.17%.

(b) Effective as of the Give Back Date, Tenant's Share shall be 7.04% (based on 37,371/530,895) and Tenant's Building Share shall be 25.53% (based on 37,371/146,362).

8. "AS IS"; NO TENANT IMPROVEMENT ALLOWANCE; NO LANDLORD LIABILITY. (a) Tenant hereby accepts the Expansion Premises in "as is" condition. Tenant agrees to construct the demising wall between the Expansion Premises and "3Com Proposed Area" as shown on EXHIBIT A-1 (including without limitation, finishing the wall on the 3Com side) at Tenant's sole cost and expense. Tenant agrees to complete such improvements on or before February 28, 2005, subject to Force Majeure, time being of the essence. Landlord shall not be required to perform any improvements to the Expansion Premises or to provide Tenant with any tenant improvement allowance. All provisions of the Lease concerning improvements constructed by Tenant shall apply to the tenant improvements to be constructed in the Expansion Premises.

(b) Tenant acknowledges that the Expansion Space is not currently demised and that Tenant shall be responsible for all costs to demise the Expansion Space as set forth in Section 8(a) above. Landlord shall have no obligation to construct the said demising wall and Landlord shall have no liability to Tenant by reason of and/or related to any entry into the Expansion Premises through or from the said 3Com Proposed Area.

9. TENANT'S CHILLER SHARE. Effective on the Give Back Date, Tenant's Chiller Share shall be reduced to 27.5% (based on 60.5/220 tons).

10. FURNITURE. (a) All of the Furniture listed on EXHIBIT L attached hereto and made a part hereof (the "GIVE BACK FURNITURE") shall remain in the Give Back Space and shall be returned to Landlord in good condition, and in accordance with the terms and conditions of the Lease, on the Give Back Date.

(b) Effective as of the date of this Amendment, EXHIBIT C to the Lease (as amended by the First Amendment) is deleted in its entirety and is replaced by EXHIBIT C-1 and EXHIBIT C-2 attached hereto. Landlord and Tenant acknowledge that the parties have conducted a "walk-through" inspection of the Expansion Premises in order to confirm the completeness and accuracy of the Furniture shown on EXHIBIT C-2, and to give Tenant the opportunity to confirm that the Furniture in the Expansion Premises is in good condition and repair. Landlord shall have no obligation to replace any Furniture that is not in good condition or repair. Tenant accepts the Furniture in its "as-is" condition, without any representation or warranty by Landlord. LANDLORD SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS AND/OR WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE FURNITURE.

11. PARKING. Section 9 of the Summary is amended in its entirety to read as follows, effective as of the Give Back Date: "Tenant shall have non-exclusive use of 100 parking spaces at the Project, as more particularly set forth in Article 28."

12. TENANT'S ELECTRICITY COST. The Expansion Premises are currently not separately metered. If any portion of the electricity servicing the Expansion Premises is not separately metered to Tenant, to account for Tenant's electrical use in the Expansion Premises, Tenant shall pay to Landlord as Additional Rent an initial flat monthly fee calculated based on the rate of One Dollar ($1.00) per year per rentable square foot of the portion of such space that is not separately metered, subject to adjustment based on Landlord's reasonable estimate of Tenant's electrical usage. Notwithstanding the preceding sentence, as set forth in SECTION 4.7 of the Original Lease, Landlord shall have the right to separately meter (or install a sub-meter or check meter for) the Expansion Premises and/or certain systems or equipment in the Building, at Landlord's sole cost, at any time during the Lease Term and thereafter charge Tenant for Tenant's electrical use as reflected by such meter(s). Landlord and Tenant acknowledge that the Original Premises were separately metered, and that 3Com has agreed to install a separate meter or submeter (the "3Com Meter") for the Give Back Space as part of its tenant improvements in that space, so that Tenant's electricity usage in the Remaining Premises on the sixth floor will be separately metered. Landlord shall have no responsibility for the installation or maintenance of the 3Com Meter, nor for any electricity usage in the Give Back Space prior to the installation of the 3Com Meter. The amount payable pursuant to this SECTION 12 shall be in addition to the amounts set forth in, and shall be payable as provided in SECTION 4.7 of the Original Lease.

13. NOTICES. The Tenant's addresses contained in Section 29.16 of the Lease are deleted and the following addresses are substituted in lieu thereof:

TENANT:
To the Premises:
100 Campus Drive
Marlborough, MA 01752

Attn: Mr. Don Hardison
President and Chief Executive Officer

With copies to:

Testa, Hurwitz & Thibeault, LLP 125 High Street - Oliver Street Tower Boston, MA 02110
Attn: Real Estate Department

14. RIGHT OF FIRST OFFER. Article 30 of the Lease is hereby deleted in its entirety. Tenant has no right of first offer or right to expand into any other space within the Project.

15. RATIFICATION OF LEASE. Except as modified by this Second Amendment, the Lease is hereby ratified and affirmed, and is in full force and effect and unmodified in all other respects. In the event of any inconsistency between the terms and conditions of this Second Amendment and the terms and conditions of the Lease, the terms and conditions of this Second Amendment shall govern.

16. NO OTHER AMENDMENT. There are no other oral or written understandings, agreements or obligations between Landlord and Tenant other than those expressly set forth in the Lease and this Second Amendment. In the event of any inconsistency between the terms of this Second Amendment and the terms of the Lease, the terms of this Second Amendment shall control.

17. NO PRESUMPTION AGAINST DRAFTER. Landlord and Tenant understand, agree and acknowledge that this Second Amendment has been freely negotiated by both parties; and that, in any controversy, dispute, or contest over the meaning, interpretation, validity or enforceability of this Second Amendment or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Second Amendment or any portion thereof.

18. ENFORCEABILITY. If any provision of this Second Amendment shall be invalid or unenforceable to any extent, the remainder of this Second Amendment shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

18. BROKER. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only Cushman & Wakefield of Massachusetts, Inc. ("C & W") and LPC Commercial Services, Inc. ("LPC"; C&W and LPC, collectively, "BROKERS"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Second

Amendment. Tenant shall be solely responsible for payment of any commission, fee, or other compensation due to C & W in connection with the transactions contemplated by this Amendment and the releasing of 18,369 rentable square feet of the Give Back Space to 3Com Corporation. Landlord shall be responsible for payment of any commission, fee, or other compensation to LPC pursuant to a separate agreement between Landlord and LPC. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation to be paid by the indemnifying party pursuant to the terms of this Section, and/or alleged to be owing on account of any dealings with any real estate broker or agent other than Brokers occurring by, through, or under the indemnifying party.

19. COUNTERPARTS. This Second Amendment may be executed in multiple counterparts, each of which shall constitute an original.

20. AUTHORITY. Each individual executing this Second Amendment hereby represents and warrants that Landlord, Landlord's general partner, or Tenant, as applicable, is a duly formed and existing entity in good standing qualified to do business in the Commonwealth of Massachusetts and has full right and authority to execute and deliver this Second Amendment and perform its obligations under the Lease (as amended by this Second Amendment) and that each person or entity acting and/or signing on behalf of Landlord, Landlord's general partner, or Tenant, as applicable, is authorized to do so. Each of the parties hereto represents and warrants to the other that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Second Amendment, except that the approval of Landlord's mortgagee may be required, and if so, will be obtained by Landlord prior to Landlord's execution of this Second Amendment.

21. CONTINGENCY. This Second Amendment is contingent upon Landlord's entering into a lease amendment with 3Com Corporation with respect to the Give Back Space, and certain other space on the second floor of the Building, all in form and substance satisfactory to Landlord, in its sole discretion, on or before January 21, 2005. In the event that Landlord has not executed such an amendment within said time period, Landlord may terminate this Second Amendment upon written notice given to Tenant on or before January 31, 2005, in which case this Second Amendment shall be and become null and void and of no further force or effect.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed the day and date first above written.

"LANDLORD":

MARLBOROUGH CAMPUS LIMITED
PARTNERSHIP, a Massachusetts limited partnership

By: Bergen of Marlborough, Inc., general partner

By: /s/ John L. Brogan
Its: Vice President

"TENANT":

EXACT SCIENCES CORPORATION

Attest:

By: /s/ Jeffrey Luber
Name: Jeffrey Luber
Title: General Counsel

By: /s/ Don Hardison
Name: Don Hardison
Title: President & CEO

(Corporate Seal)

(ACKNOWLEDGMENT FOR CORPORATION)

COMMONWEALTH OF MASSACHUSETTS

SS.:

COUNTY OF MIDDLESEX

On this 20th day of January, 2005, before me the undersigned notary public, personally appeared Don Hardison, and provided to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding or attached document and acknowledged to me that he/she signed it voluntarily for its stated purpose, as President & CEO of EXACT Sciences Corporation.

Subscribed and sworn to
before me at Marlborough,
on the date aforesaid.

/s/ Jeffrey Luber

Secretary

/s/ Lanee L. Johnson

Notary Public

(Notarial Seal)

EXHIBIT A-1
[Diagram Showing the Expansion Premises]

EXHIBIT C-1

EXHIBIT C-1
EXACT SCIENCES
FLOOR 6
100 CAMPUS DRIVE
1/13/2005

		COUNT
KITCHEN AREA	GE Microwave	1
	Curtis Alpha Coffee Maker	1
	Oasis Water Cooler	1
	Stain. Steel (Indecasa) Tables	2
	Stain. Steel Chairs	6
	Refrigerator	1
OFFICE CUBICLES		2
	Red Chair	1
	Yellow Chair	2
	3 drawer file	1
CONFERENCE ROOMS		
Acadia & Cane River	Blue chairs	16
	Red chairs	5
	Sm. Round table	3
	Rect. Conference Table	2
SHIPPING & RECEIVING		
	Red Chair	3

EXHIBIT C-2

EXHIBIT C-2
EXACT SCIENCES
FLOOR 2
100 CAMPUS DRIVE
1/13/2005

KITCHEN AREA	COUNT
Coffee Maker	1
Water Cooler	1
Refrigerator	1
Steel Tables	1
Steel Stools	3

		Chairs							Bookcases		
		Purple	Black	Red	Yellow	Dk. Blue	Dk. Gray	Lt. Gray	Metal 6'	Metal < 6'	Wood or Lam < 6'
OFFICE CUBICLES	46										
RECEPTION CUBE	1										
CONFERENCE ROOMS											
United States				1	1			1			
Canada				1	2	11	1	1			
COMMON AREAS		2	4	42	43	21	1	8	1	1	2
TOTALS	47	2	4	44	46	32	2	10	1	1	2

	Files				Tables			
	2 drawer	4 drawer	Metal Storage Cab	6' long	Rect. Conf.	Cube Tables	Large Conf	Small Round
OFFICE CUBICLES						4		
RECEPTION CUBE								
CONFERENCE ROOMS								
United States					1			1
Canada				1				
COMMON AREAS	1	2	1				1	1
TOTALS	1	2	1	1	1	4	1	2

EXHIBIT L

BLDG 100 - 5TH FLOOR
1/13/2005

LINCOLN PROPERTY

		Chairs					Bookcases		Files		
		Orange	Red	Yellow	Dk. Blue	Lt. Gray	Dk. Gray	Metal 6'	Metal < 6'	2 drawer	3 drawer	4 drawer
OFFICE CUBICLES	71		78	41		1			1			
CONFERENCE ROOMS												
Bryce Canyon			8									
Mt Rushmore			14									
Grand Canyon			12									
Yosemite			6									
Joshua Tree			35	21	9	3						
Zion							8					
Badlands			6									
RECEPTION		4										
OFFICES												
			1	74	0	0	3	1	0	9	4	0
COMMON AREAS												
Library				3				1				
Halls			6	6							7	
TOTALS	71	4	166	145	9	4	11	2	1	9	11	0

	Tables						
	Lab Table	4' long	6' long	Rect. Cond.	Cube.Tables	Round Conf.	Small Round
OFFICE CUBICLES					4		
CONFERENCE ROOMS							
Bryce Canyon				1			1
Mt Rushmore							1
Grand Canyon							1
Yosemite						1	1
Joshua Tree			3	6			
Zion				2			1
Badlands							
RECEPTION							
OFFICES							
	1	0	0	0	1	0	1
COMMON AREAS							
Library			1				1
Halls					4		
TOTALS	1	0	4	9	9	1	7

KITCHEN AREA	COUNT
Microwave	1
Coffee Maker	1
Water Cooler	1
Steel Tables	2
Steel Stools	6
Refrigerator	1

EXHIBIT 12.1

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS (IN THOUSANDS, EXCEPT RATIO DATA)

	Fiscal Year Ended December 31,				
	2004	2003	2002	2001	2000
Loss before benefit for taxes on loss	$ (18,523)	$ (28,340)	$ (29,883)	$ (23,485)	$ (11,883)
Add: fixed charges	290	174	70	60	43
Income before taxes and fixed charges	(18,233)	(28,166)	(29,813)	(23,425)	(11,840)
Fixed charges:					
Estimated interest component of rental expense	290	174	70	60	43
Ratio of earnings before taxes and fixed charges to fixed charges	(1)	(1)	(1)	(1)	), (1(2)

(1) During each of these periods, our earnings were less than our fixed charges. The amount of such deficiency was approximately $18.5 million, $28.3 million, $29.9 million, $23.5 million and $11.9 million for fiscal years 2004, 2003, 2002, 2001 and 2000, respectively.

(2) During each of this period, our earnings were less than our combined fixed charges and preferred dividends. The amount of such deficiency was approximately $11.9 million for fiscal year 2000, as dividends were at the discretion of the board of directors, none of which were declared.

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-108679, Form S-8 No. 333-107840 and Form S-8 No. 333-54618) of EXACT Sciences Corporation and in the related Prospectuses of our reports dated March 11, 2005, with respect to the consolidated financial statements of EXACT Sciences Corporation, EXACT Sciences Corporation's management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of EXACT Sciences Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 11, 2005

EXHIBIT 31.1

CERTIFICATION

I, Don M. Hardison, President and Chief Executive Officer of Exact Sciences Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Exact Sciences Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2005

/s/ Don M. Hardison

Don M. Hardison
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Harry W. Wilcox, III, Senior Vice President, Chief Financial Officer and Treasurer of Exact Sciences Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Exact Sciences Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2005

/s/ Harry W. Wilcox, III

Harry W. Wilcox, III
Senior Vice President, Chief Financial Officer and Treasurer

EXHIBIT 31.3

CERTIFICATION

I, Charles R. Carelli, Jr., Controller and Principal Officer of Exact Sciences Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Exact Sciences Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 14, 2005

/s/ Charles R. Carelli, Jr.

Charles R. Carelli, Jr.
Controller and Principal Accounting Officer

EXHIBIT 32

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Exact Sciences Corporation (the "Company") for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Don M. Hardison, President and Chief Executive Officer of the Company, Harry W. Wilcox, III, Senior Vice President, Chief Financial Officer and Treasurer of the Company, and Charles R. Carelli, Jr., Controller and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d), of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 14, 2005

/s/ Don M. Hardison

Don M. Hardison
President and Chief Executive Officer

Dated: March 14, 2005

/s/ Harry W. Wilcox, III

Harry W. Wilcox, III
Senior Vice President, Chief Financial Officer and Treasurer

Dated: March 14, 2005

/s/ Charles R. Carelli, Jr.

Charles R. Carelli, Jr.
Controller and Principal Accounting Officer