

EXACT SCIENCES CORP  
Form DEF 14A  
April 27, 2007  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

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

**EXACT SCIENCES CORPORATION**  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

Edgar Filing: EXACT SCIENCES CORP - Form DEF 14A

April 27, 2007

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of EXACT Sciences Corporation to be held at 10:00 a.m., local time, on Friday, July 20, 2007, at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109.

We look forward to your attending either in person or by proxy. At the annual meeting, you will be asked to elect two Class I directors for three-year terms and to ratify the selection of our independent accountants. The Board of Directors unanimously recommends that you vote FOR each of these proposals. Details regarding the matters to be acted upon at this meeting appear in the accompanying Notice of Annual Meeting and Proxy Statement. Please give this material your careful attention.

Enclosed in this package is a proxy card for you to record your vote and a return envelope for your proxy card. Your vote is important and I hope that you will vote as soon as possible by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage-prepaid envelope.

Whether or not you plan to attend the annual meeting, we urge you to sign and return the enclosed proxy so that your shares will be represented at the annual meeting. If you so desire, you can withdraw your proxy and vote in person at the annual meeting. Voting by written proxy will ensure your representation at the annual meeting if you do not attend in person.

Very truly yours,

DON M. HARDISON  
*President and Chief Executive Officer*

---

**EXACT SCIENCES CORPORATION**  
**100 Campus Drive**  
**Marlborough, Massachusetts 01752**  
**(508) 683-1200**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on July 20, 2007**

To the Stockholders of EXACT Sciences Corporation:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of EXACT Sciences Corporation, a Delaware corporation, will be held on July 20, 2007, at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109, for the following purposes:

1. To elect two members of the Board of Directors to serve for three year terms as Class I directors, each such director to serve for such term and until his respective successor has been duly elected and qualified, or until his earlier death, resignation or removal.
2. To ratify the selection of the firm of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.
3. To transact such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

Only stockholders of record at the close of business on May 22, 2007, the record date fixed by the Board of Directors, are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

By Order of the Board of Directors

DON M. HARDISON  
*President and Chief Executive Officer*

Boston, Massachusetts  
April 27, 2007

---

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE REQUESTED TO SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED STAMPED ENVELOPE BY RETURN MAIL.**

**IN ACCORDANCE WITH SECURITY PROCEDURES, ALL PERSONS ATTENDING THE ANNUAL MEETING OF STOCKHOLDERS WILL BE REQUIRED TO PRESENT PICTURE IDENTIFICATION.**

---

**EXACT SCIENCES CORPORATION**  
**100 Campus Drive**  
**Marlborough, Massachusetts 01752**

**PROXY STATEMENT**  
**April 27, 2007**

This proxy statement is furnished in connection with the solicitation of proxies by our Board of Directors for use at the annual meeting of stockholders of EXACT Sciences Corporation, a Delaware corporation (the Company or EXACT ) to be held at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109 on July 20, 2007, at 10:00 a.m., local time, and any adjournments or postponements thereof. Our 2006 Annual Report to Stockholders, containing financial statements for the fiscal year ended December 31, 2006, is being mailed together with this proxy statement to all stockholders entitled to vote at the annual meeting. This proxy statement and the accompanying notice and form of proxy is expected to be first sent or given to stockholders on or about May 24, 2007.

The record date for the determination of stockholders entitled to notice of and to vote at the annual meeting has been fixed by our Board of Directors as the close of business on May 22, 2007. Holders of our common stock are entitled to cast one vote for each share held of record at the close of business on May 22, 2007 on each matter submitted to a vote at the annual meeting. As of April 20, 2007, 26,843,543 shares of the Company's common stock were outstanding.

Stockholders may vote in person or by proxy. Execution of a proxy will not in any way affect a stockholder's right to attend the annual meeting and vote in person. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, before the taking of the vote at the annual meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly completing a later-dated proxy relating to the same shares and delivering it to the Secretary of the Company before the taking of the vote at the annual meeting, or (iii) attending the annual meeting and voting in person (although attendance at the annual meeting will not in and of itself constitute a revocation of a proxy). If a stockholder is not attending the annual meeting, any proxy or notice of revocation should be returned to the Secretary of the Company at the above address in time for receipt no later than the close of business on the day preceding the annual meeting.

A majority in interest of the outstanding shares of our common stock entitled to vote and represented at the annual meeting in person or by proxy shall constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting. A non-vote occurs when a broker or other nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the broker or other nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Directors are elected by a plurality of the votes cast by stockholders entitled to vote and voting on the matter at the annual meeting. On all other matters that may be submitted to stockholders, an affirmative vote of at least

a majority of the shares present, or represented by proxy, entitled to vote and voting at the annual meeting is required for approval. Broker non-votes on any matter shall be deemed not to have been voted on such matter. The vote on each matter submitted to stockholders is tabulated separately.

The persons named as attorneys-in-fact in the proxy, Don M. Hardison and Jeffrey R. Luber, were selected by the Board of Directors and are officers of the Company. All properly executed proxies returned in time to be counted at the meeting will be voted by such persons at the meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. With respect to the election of directors, any stockholder submitting a proxy has a right to withhold authority to vote for any individual nominee by writing that nominee's name in the space provided on the proxy. Where a proxy is properly signed and returned without indicating any voting instructions regarding the foregoing matters, the shares represented by the proxy will be voted **FOR** the proposal.

The Board of Directors knows of no other matters to be presented at the annual meeting. If any other matter should be presented at the annual meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named in the proxies.

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

The following table sets forth certain information regarding beneficial ownership of our common stock as of April 20, 2007 by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer in the Summary Compensation Table below;
- each of our directors;
- each person nominated to become director; and
- all executive officers, directors and nominees as a group.

Unless otherwise noted below, the address of each person listed on the table is c/o EXACT Sciences Corporation, 100 Campus Drive, Marlborough, Massachusetts 01752. To our knowledge, and subject to applicable community property laws, each person listed below has sole voting and investment power over the shares shown as beneficially owned except to the extent jointly owned with spouses or otherwise noted below.

Edgar Filing: EXACT SCIENCES CORP - Form DEF 14A

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, or SEC. The information does not necessarily indicate ownership for any other purpose. Under these rules, shares of common stock issuable by us to a person pursuant to options or warrants which may be exercised within 60 days after April 20, 2007 are deemed to be beneficially owned and outstanding for purposes of calculating the number of shares and the percentage beneficially owned by that person. However, these shares are not deemed to be beneficially owned and outstanding for purposes of computing the percentage beneficially owned by any other person. The applicable percentage of common stock outstanding as of April 20, 2007 is based upon 26,843,543 shares outstanding.

Name and Address of Beneficial Owner	Number of Issued Shares	Number of Shares Issuable(1)	Total Shares Beneficially Owned	Percent of Common Stock Outstanding
The TCW Group, Inc.(2)	2,717,376		2,717,376	10.12 %
Paloma International L.P.(3)	2,240,696		2,240,696	8.35 %
Intrinsic Value Asset Management(4)	2,346,000		2,346,000	8.74 %
One Liberty Fund Entities(5)	1,202,787		1,202,787	4.48 %
Edwin M. Kania Jr.(6)	1,289,607	77,499	1,367,106	5.08 %
Don M. Hardison(7)	250,520	788,058	1,038,578	3.76 %
Jeffrey R. Luber	3,172 (8)	234,442	237,614	*
Harry W. Wilcox, III(9)	8,424 (10)	92,220	100,644	*
Charles R. Carelli, Jr.	3,172 (8)	55,831	59,003	*
Sally W. Crawford	55,626	77,499	133,125	*
Lance Willsey, MD	9,591	72,499	82,090	*
Connie Mack, III	11,591	72,499	84,090	*
Patrick J. Zenner		67,499	67,499	*
All executive officers, directors and director nominees as a group (8 persons)	1,623,279	1,445,826	3,069,105	10.85 %

\* Indicates ownership of less than 1%.

(1) Represents shares of our common stock issuable pursuant to options which may be exercised on or before June 19, 2007, which is 60 days after April 20, 2007.

(2) Includes 2,717,376 shares for which the TCW Business Unit (defined below) has shared dispositive power, and 1,425,680 shares for which the TCW Business Unit has shared voting power. Various persons other than the TCW Business Unit have the right to receive or the power to direct the receipt of dividends from, of the proceeds from the sale of, our shares of common stock. TCW Group, Inc., or TCW, together with its direct and indirect subsidiaries collectively constitute The TCW Group, Inc. business unit, or the TCW Business Unit. The TCW Business Unit is primarily engaged in the

provision of investment management services. As of July 6, 2001, the ultimate parent company of TCW is Societe Generale, S.A., or SG. The principal business of SG is acting as a holding company for a global financial services group, which includes certain distinct specialized business units that are independently operated, including the TCW Business Unit. SG may be deemed ultimately to control TCW and the TCW Business Unit. SG disclaims beneficial ownership of the shares owned by the TCW Business Unit. The address of TCW is 865 South Figueroa Street, Los Angeles, California 90017. This information has been obtained solely from a Schedule 13G filed by TCW, on behalf of the TWC Business Unit, with the SEC on February 14, 2007, and all such information, including the percentage of common stock beneficially owned, is as of December 31, 2006.

(3) Consists of 2,240,696 shares beneficially owned by Paloma International L.P., or Paloma, through its wholly-owned subsidiary, Sunrise Partners Limited Partnership. Paloma, MAK Capital One L.L.C., Donald S. Sussman and Michael A. Kaufman have shared dispositive power and shared voting power with respect to all 2,240,696 shares. Mr. Kaufman also has shared dispositive power and shared voting power with respect to 406,206 shares beneficially owned by MAK Capital Fund LP. The address of Paloma International L.P. is Two American Lane, Greenwich, Connecticut 06836. This information has been obtained from a Schedule 13G/A filed by Paloma International L.P. with the Securities and Exchange Commission on February 13, 2007, and all such information, including the percentage of common stock beneficially owned, is as of December 31, 2006.

(4) Consists of 2,346,000 shares beneficially owned by Intrinsic Value Asset Management, Inc. Intrinsic Value Asset Management, Inc. has sole dispositive power and sole voting power with respect to all 2,346,000 shares. This information has been obtained from a Schedule 13G filed by Intrinsic Value Asset Management, Inc. with the Securities and Exchange Commission on January 3, 2007, and all such information, including the percentage of common stock beneficially owned, is as of December 31, 2006.

(5) Includes 726,999 shares beneficially owned by OneLiberty Fund III, L.P., of which OneLiberty Partners III, L.P. is the general partner. Also includes 465,096 shares beneficially owned by OneLiberty Fund IV, L.P., of which OneLiberty IV, L.L.C. is the general partner, and 10,692 shares beneficially owned by OneLiberty Advisors Fund IV, L.P. Mr. Kania may be deemed to share voting and investment power with respect to such shares and disclaims any beneficial ownership of such shares except to the extent of his pecuniary interest therein. The address of the OneLiberty Fund Entities is 150 Cambridge Park Drive, Cambridge, Massachusetts 02140. One Liberty Fund III, L.P. has pledged 726,999 shares in connection with a secured business demand line of credit note with a commercial bank.

(6) Includes shares owned by the OneLiberty Fund entities as set forth in Note (5). Mr. Kania is a general partner of OneLiberty Partners III, L.P. and a general partner of OneLiberty Advisors Fund IV, L.P. Mr. Kania may be deemed to share voting and investment power with respect to such shares and disclaims any beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(7) Includes 20,625 shares held by the Donnie M. Hardison, III Irrevocable Trust 2000 and 20,625 shares held by the John C. Hardison Irrevocable Trust 2000 for the benefit of certain members of Mr. Hardison's family. Mr. Hardison disclaims beneficial ownership of such shares. Also includes

4,079 shares of our common stock held in the EXACT Sciences Fund under our tax-qualified 401(k) retirement saving plan.

(8) Represents shares held in the EXACT Sciences Fund under our tax-qualified 401(k) retirement saving plan.

(9) Harry W. Wilcox, III resigned as the Company's Senior Vice President, Chief Financial Officer and Treasurer, effective as of April 28, 2006, and ceased to be an executive officer of the Company as of such date. Mr. Wilcox continued his employment with us in the part-time role of Senior Vice President of Corporate Development until October 20, 2006, at which time he became a consultant to us.

(10) Includes 4,345 shares held by Mr. Wilcox and 4,079 shares of our common stock in the EXACT Sciences Fund under our tax-qualified 401(k) retirement saving plan.

Our policy governing transactions in our securities by directors, officers and employees permits our directors, officers and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, known as the Exchange Act. 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 our executive officers and directors who have a trading plan in effect 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 SEC. However, we undertake no obligation to update or revise the information provided herein, including for the revision or termination of an established trading plan, other than in such quarterly and annual reports.



**PROPOSAL I  
ELECTION OF DIRECTORS**

Upon the recommendation of the Corporate Governance and Nominating Committee of our Board of Directors, the Board of Directors has nominated and recommended Messrs. Don M. Hardison and Connie Mack, III for election to the Board of Directors as Class I directors. Shares represented by all proxies received by the Board of Directors and not marked so as to withhold authority to vote for any individual nominee (by writing that individual director's name where indicated on the proxy) will be voted **FOR** the election of all the nominees named below. The Board of Directors knows of no reason why any such nominee would be unable or unwilling to serve, but if such should be the case, proxies may be voted for the election of some other person nominated by the Board of Directors.

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

The following table sets forth the nominees to be elected at the annual me