



**Part II** Organizational Action *(continued)*

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment

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**18** Can any resulting loss be recognized? ▶ See attachment

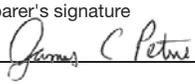
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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ 2/18/2021  
Print your name ▶ Jeff Elliott Title ▶ Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	James Petrie	<u></u>	2/17/2021		P00532103
	Firm's name ▶ Deloitte Tax LLP			Firm's EIN ▶	86-1065772
	Firm's address ▶ 555 E Wells St, Milwaukee, WI 53202			Phone no.	414-271-3000

**Exact Sciences Corporation**  
**(successor to Thrive Earlier Detection Corp.)**  
**EIN: 02-0478229**  
**Attachment to Form 8937**

**The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations related to the effects of the Merger (as defined below) on securities. The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular persons or categories of persons. Holders of Thrive Earlier Detection Corp. (“Thrive”) Capital Stock (defined below) are encouraged to consult their independent tax advisors regarding the particular consequences of the Merger to them (including the applicability and effect of all federal, state, local and non-U.S. laws).**

**Line 14**

On January 5, 2021, Thrive Eagle Merger Sub I, Inc. (“**First Merger Sub**”), a Delaware corporation and a wholly-owned, direct subsidiary of Exact Sciences Corporation (“**Parent**”), merged with and into Thrive, with Thrive surviving (the “**First Step Merger**”). Later that same day and after the conclusion of the First merger, Thrive, as a wholly-owned, direct subsidiary of Parent, merged with and into Eagle Merger Sub II, LLC (“**Second Merger Sub**”), a Delaware limited liability company the equity of which was wholly owned by Parent, with Second Merger Sub surviving (the “**Second Step Merger**,” and together with the First Step Merger, the “**Merger**”). The Merger was carried out pursuant to an Agreement and Plan of Merger between Parent, First Merger Sub, Second Merger Sub, and Thrive, dated October 26, 2020 (the “**Merger Agreement**”).

As a result of the Merger, Thrive common stock, Junior A preferred stock, the Junior A-1 preferred stock, Series A preferred stock, and Series B preferred stock (collectively, the “**Thrive Capital Stock**”) were converted into the right to receive, at the election of the holder and subject to the terms and conditions described in the Merger Agreement:<sup>1</sup>

- (a) A number of shares of Parent common stock (“**Parent Stock**”) equal to the Per Share Stock Election Consideration (the “**Stock Election**”);
- (b) A cash payment in an amount equal to the Per Share Cash Election Consideration (the “**Cash Election**”); or
- (c) A number of shares of Parent Stock equal in value to the Per Share Stock Election Consideration for each share (a “**Mixed Election – Stock Election**”) and a cash payment in an amount equal in value to the Per Share Cash Election Consideration for

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<sup>1</sup> Capitalized Terms that are not defined in these responses to Form 8937, Report of Organization Actions Affecting Basis of Securities, have the meaning assigned to them under the Merger Agreement.

each share (“**Mixed Election – Cash Election**,” and together with the Mixed Election – Stock Election, a “**Mixed Election**”).

For shares of Thrive Capital stock with respect to which an effective, properly completed election was not received on or before the deadline established under the Merger Agreement, the holders of such shares were deemed to make a Mixed Election, with the specific number of shares subject to a Mixed Election – Stock Election or a Mixed Election – Cash Election set by the exchange agent.

Regardless of the elections made by Thrive shareholders, however, the Merger Agreement required that 35 percent of the aggregate Merger Consideration, or \$595,000,000, be paid in cash, and 65 percent, or \$1,105,000,000, be paid in Parent Stock (based on a value of \$99 per share). To achieve this result, the elections described above were subject to proration, as necessary, to preserve the balance of consideration outlined in the Merger Agreement. Accordingly, each share of Thrive Capital Stock that was subject to either a Stock Election or a Mixed Election – Stock Election was exchanged for 0.0513 shares of Parent Stock, \$1.0738 in cash, and the right to the Contingent Cash Consideration (discussed below), subject to the priority specified, if any, on the applicable election form. Each share of Thrive Capital Stock that was subject to either a Cash Election or a Mixed Election – Cash Election was exchanged for \$6.1542 in cash and the right to the Contingent Cash Consideration (discussed below).

In addition to the consideration received pursuant to the elections described above, each share of Thrive Capital Stock was also received (i) a contingent right to receive additional cash upon achievement of the FDA Milestone (as defined in the Merger Agreement); (ii) a contingent right to receive additional cash upon achievement of the CMS Milestone (as defined in the Merger Agreement); and (iii) a portion of the Expense Fund (as defined in the Merger Agreement) if and when it is released (collectively, any contingent cash payment from the FDA Milestone, the CMS Milestone, and the Expense Fund will be referred to as the “**Contingent Cash Consideration**”).

No holder of Thrive Capital Stock was issued a fractional share of Parent Stock in the Merger, but instead, any shares of Parent Stock issuable to a single shareholder were aggregated and then rounded up to the nearest whole number.

### **Line 15**

In general, the Merger is intended to qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code, as amended. Thrive shareholders that are eligible and do not affirmatively elect out, may be permitted to use the installment method under section 453 (“**Installment Method**”) to report gain recognized in the Merger.

*Thrive shareholders should consult their independent tax advisor to determine the appropriate method for calculating and reporting any gain recognized as a result of the Merger, the availability of the Installment Method, the method for determining their basis in Parent Stock received in the Merger, and the treatment of a portion of the Contingent Cash Consideration as interest under section 483.*

## Stock Election and Mixed Election

Each Thrive shareholder who made the Stock Election or the Mixed Election should recognize gain (but not loss) under section 356(a) in an amount equal to the lesser of: (1) the amount by which the sum of (a) the fair market value of the Parent Stock, (b) the cash received at closing, and (c) the fair market value of the right to the Contingent Cash Consideration exceeds such shareholder's tax basis in the Thrive Capital Stock exchanged for such consideration; and (2) the amount of cash received plus the fair market value of the shareholder's right to the Contingent Cash Consideration. See Line 16, below, for additional information regarding the value of Parent Stock and basis allocations.

Under section 358(a), a Thrive shareholder's basis in the Parent Stock received equals the basis in the Thrive Capital Stock surrendered in the exchange, decreased by (i) the fair market value of the right to the Contingent Cash Consideration and (ii) the cash received at closing; and increased by (x) the amount (if any) treated as a dividend, and (y) the amount of gain (if any) which was recognized on such exchange (except the portion treated as a dividend) (the "**Adjusted Tax Basis**").

See below for additional information about reporting under the Installment Method.

*Thrive shareholders should consult their independent tax advisor to determine the availability of the Installment Method and the treatment of a portion of the Contingent Cash Consideration as interest under section 483.*

## Cash Election

Each Thrive shareholder who made the Cash Election should recognize gain or loss under section 1001 based on the sum of the cash received at closing and the fair market value of the right to the Contingent Cash Consideration and such shareholder's tax basis in its Thrive Capital Stock. A shareholder who made a Mixed Election – Cash Election should refer to the "Stock Election and Mixed Election" discussion above. See below for additional information about reporting under the Installment Method.

*Thrive shareholders should consult their independent tax advisor to determine the availability of the Installment Method and the treatment of a portion of the Contingent Cash Consideration as interest under section 483.*

## Reporting Under the Installment Method

Eligible Thrive Shareholders may be permitted to report the gain recognized in the Merger under the deferral and recognition rules of the Installment Method. Although there is no binding authority governing the application of the Installment Method in the case of a reorganization under section 368(a), proposed guidance provides that the aggregate tax basis of the Thrive Capital Stock surrendered in the Merger should be allocated to the Parent Stock received in the Merger in an amount not to exceed the fair market value of the Parent Stock received (instead of the rules under section 358(a) described above), with any excess basis being applied to offset gain recognized as a result of cash received in the Merger under the Installment Method.

*Thrive shareholders should consult their independent tax advisor to determine the availability of the Installment Method and the treatment of a portion of the Contingent Cash Consideration as interest under section 483.*

### **Line 16**

One reasonable method to determine the fair market value of each share of Parent Stock received in the Merger is to use the mean of the highest and lowest quoted price on January 5, 2021, which is \$127.79 (high of \$130.43 and low of \$125.14).

*Consult your tax advisor regarding the fair market value of the right to the Contingent Cash Consideration.*

For purposes of computing gain (but not loss) under section 356(a), shareholders should take into account the specified or default priorities on the election form when applying the cash received at closing with respect to particular shares or classes of Thrive Capital Stock.

Further, where one share of Parent Stock is received in exchange for more than one share of Thrive Capital Stock, the Adjusted Tax Basis must generally be allocated to the shares of Parent Stock received in a manner that reflects, to the greatest extent possible, the basis in the shares of Thrive Capital Stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate the Adjusted Tax Basis in this manner, the aggregate tax basis in the Thrive Capital Stock surrendered must be allocated to the Parent Stock in a manner that minimizes the disparity in the holding periods of the Thrive Capital Stock whose basis is allocated to any particular share of Parent Stock received.

### **Line 17**

Stock Election and Mixed Election: Sections 356(a), 358(a)-(b), 368(a) and 483 (and, if applicable, section 453 and Prop. Treas. Reg. section 1.453-1(f), relating to the Installment Method).

Cash Election: Sections 1001 and 483 (and, if applicable, section 453 and Prop. Treas. Reg. section 1.453-1(f), relating to the Installment Method).

### **Line 18**

Stock Election and Mixed Election: No loss may be recognized as a result of the Merger.

Cash Election: Loss (if any) may be recognized as a result of the Merger.

### **Line 19**

The U.S. federal income tax consequences of the Merger are taken into account in the tax year of each holder of Thrive Capital Stock that includes January 5, 2021.