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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2002

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

For the transition period from _____ to _____

Commission file number: **0-26642**

MYRIAD GENETICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**87-0494517**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
320 Wakara Way, Salt Lake City, UT	**84108**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(801) 584-3600**

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $.01 Par Value Per Share
Preferred Share Purchase Rights
(Title of Class)

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 reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

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. o

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) on September 2, 2002 was $392,025,303, based on the last sale price as reported by The Nasdaq Stock Market.

As of September 18, 2002 the registrant had 23,835,056 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or parts thereof) are incorporated by reference into the following parts of this Form 10-K: Certain information required in Part III of this Annual Report on Form 10-K is incorporated from the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on November 13, 2002.

PART I

Item 1. BUSINESS

Overview

We are a leading biopharmaceutical company focused on the development and marketing of novel therapeutic and predictive medicine products. We have developed a number of proprietary proteomic technologies which permit us to identify genes, their related proteins and the biological pathways they form. We use this information to better understand the role proteins play in the onset and progression of human disease. We operate two wholly owned subsidiaries, Myriad Pharmaceuticals, Inc. and Myriad Genetic Laboratories, Inc., to commercialize our therapeutic and predictive medicine discoveries. Myriad Pharmaceuticals, Inc. develops and intends to market novel therapeutic products. Myriad Genetic Laboratories, Inc. focuses on the development and marketing of predictive medicine products that assess an individual's risk of developing a specific disease.

Myriad researchers have made important discoveries in the fields of cancer, viral diseases such as AIDS, and acute thrombosis. These discoveries point to novel disease pathways and have paved the way for the development of new drugs. Additionally, our pipeline of drug targets offers therapeutic opportunities for the treatment of diseases such as heart disease, rheumatoid arthritis, Alzheimer's disease and other central nervous system disorders. We have identified 871 drug targets to date. We have also established an extensive portfolio of drug candidates that are under development at Myriad. Fifteen of these drug candidates are in pre-clinical testing. Flurizan™, our lead therapeutic product for the treatment of prostate cancer, is currently in a large, multi-center human clinical trial. We also recently submitted an Investigational New Drug (IND) application for the evaluation of R-flurbiprofen (MPC-7869) for the treatment of Alzheimer's disease. We intend to independently develop and, subject to regulatory approval, market our therapeutic products, particularly in the area of cancer and infectious diseases.

We also have developed and commercialized five innovative predictive medicine products: BRACAnalysis®, which is used to assess a woman's risk of developing breast and ovarian cancer, COLARIS™ and COLARIS AP™, which are used to determine a person's risk of developing colon cancer, MELARIS®, which is used to determine a person's risk of developing malignant melanoma, and CardiaRisk®, which is used for therapeutic management of hypertensive patients. We market these products using our own internal 106 person sales force in the United States and we have entered into marketing collaborations with other organizations in Austria, Brazil, Canada, Germany, Japan, and Switzerland. Revenues from these proprietary products grew approximately 57% from the prior year to $26.8 million in the fiscal year ended June 30, 2002.

We believe that the future of medicine lies in the creation of new classes of drugs that prevent disease from occurring or progressing and that treat the cause, not just the symptoms, of disease. In addition, we believe that advances in the emerging field of predictive medicine will improve our ability to determine which patients are subject to a greater risk of developing these diseases and who therefore should receive these new preventive medicines.

We have devoted substantially all of our resources to maintaining our research and development programs, undertaking drug discovery and development, and operating our predictive medicine business. Our revenues have consisted primarily of sales of predictive medicine products and research payments received pursuant to collaborative agreements, upfront fees, and milestone payments. We have yet to attain profitability and, for the year ended June 30, 2002, we had a net loss of $14.0 million and as of June 30, 2002 had an accumulated deficit of $73.8 million.

We have formed strategic alliances with 12 major pharmaceutical or multinational companies including Abbott Laboratories, Bayer Corporation, E.I. du Pont de Nemours and Company (DuPont),

Eli Lilly and Company, Hitachi Ltd., Hoffmann-LaRoche Inc., Novartis Corporation, Oracle Corporation, Pharmacia Corporation, Schering AG, Schering-Plough Corporation, and Torrey Mesa Research Institute, a subsidiary of Syngenta. We intend to enter into additional collaborative relationships to discover genes, proteins, protein networks, and drug targets associated with common diseases as well as to continue to fund internal research projects. However, we may be unable to enter into additional collaborative relationships on terms acceptable to us.

In April 2001, we announced the formation of Myriad Proteomics, Inc., a new venture with Hitachi, Ltd. and Oracle Corporation to map the human proteome. Myriad Proteomics, which is 49 percent owned by the Company, intends to develop and market a proprietary map of the human proteome to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development.

We expect to incur losses for at least the next several years, primarily due to expansion of our drug discovery and development efforts, expansion of our research and development programs, launch of new predictive medicine products, and expansion of our facilities. Additionally, we expect to incur substantial sales, marketing and other expenses in connection with building our pharmaceutical and predictive medicine businesses. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

Business Strategy

Understanding the cause of a disease at the level of genes, proteins and biological pathways can be very helpful in determining how best to treat the disease. Historically, technologies used to discover treatments for the symptoms of diseases have been less effective against complex diseases that arise through a combination of genetic and environmental factors, such as cancer and heart disease. In order to treat complex diseases effectively, it is imperative to understand how the body uses its genetic information, how the disruption of important biological pathways can lead to disease, and how drugs can be developed to prevent, halt or reverse disease progression. As we learn more about the genetic basis of disease, we believe that we will be able to develop drugs that are safer and more efficacious.

The majority of diseases are treated by modifying the activities of proteins in affected cells and tissues. The quest for safer and more effective treatments for a wider range of diseases has led us to employ genomics and proteomics in our drug discovery and development programs.

Gene-based small molecule drug discovery and development programs at Myriad typically involve the following steps:

Target Discovery. Target discovery involves identifying genes and their proteins related to disease susceptibility, onset or progression. A better understanding of some diseases has resulted from the identification of disease-related proteins and the subsequent understanding of their function.

Protein Function and Biological Pathway Determination. Proteins control virtually all cellular processes, including important disease processes. The determination of a protein's function and clarifying the role of a protein in the biological pathway of a disease, leads to the identification of key regulators in that pathway or drug target.

Target Validation. After identifying an important disease-related protein, the drug target must be validated to confirm that it is at a control point in a disease-related pathway and that a drug which interacts with the target is expected to have a beneficial effect. If through the validation process a protein is not qualified to serve as a drug target, other proteins in the same disease pathway can be examined as potential targets.

Assay Development and High-Throughput Screening. A specific assay must be developed for each validated drug target to identify compounds that inhibit or activate the specific protein. To identify

potential drugs, a target is tested through high-throughput screening against a chemically diverse library, usually comprised of millions of different small molecule compounds. The screening process frequently produces several compounds that interact with the identified drug target.

Drug Development. Compounds that may be suitable for development into potential drugs undergo selection and optimization. Once selected, the compound is optimized by synthesizing and testing a series of closely related compounds. Based on expected activity, safety and bioavailability, the most promising leads are selected. If the disease results from the loss of function of a specific protein, protein replacement therapy may represent an attractive alternative. Following optimization, lead compounds and protein therapeutics enter into pre-clinical testing to establish their efficacy and safety in animals. If pre-clinical tests are successful, candidate drugs enter clinical trials to determine their efficacy and safety in humans.

Predictive Medicine. In predictive medicine we analyze genes and their proteins to predict individuals' risks for developing diseases and their responses to specific treatments. Armed with this risk assessment information, individuals can increase surveillance and take preventive action to prevent or delay the onset of disease. As drugs are developed and approved for use, knowledge about side effects and efficacy in specific individuals emerges. Using this pharmacogenomic knowledge, personal genetic profiles can be developed to predict responses of individuals to drugs.

We believe that the future of medicine lies in the creation of new classes of drugs that are safer and more effective; drugs that not only treat disease but that also prevent disease from occurring. We also believe that the emerging field of predictive medicine will revolutionize the practice of medicine by identifying an individual's risk of developing diseases later in life.

Our business strategy is to understand the relationship between proteins and diseases in order to develop the next generation of therapeutic and predictive medicine products. Through our proprietary technologies, we are uniquely positioned to identify these proteins and the biological pathways they form, and develop novel therapeutic and predictive medicine products. Our business strategy includes the following key elements:

- *Use our technologies to discover important disease genes and proteins, understand their functions and identify lead compounds.* We plan to expand our proprietary technologies to uncover additional disease pathways, discover functions for many of the proteins in these pathways and identify high quality drug targets. In addition, we will continue to employ our high-throughput screening technology in order to rapidly identify novel small molecule drugs. We believe this will result in the identification of numerous lead compounds for potential drug development. Based on the specific characteristics of our drug targets, we will augment our small molecule drug development capability with protein replacement therapy and antibody therapy.

- *Develop and commercialize therapeutic products.* We intend to take selected compounds, particularly in the areas of cancer and infectious diseases such as AIDS, through the clinical development process ourselves. We are focusing on these diseases due to the large unmet need for effective and less toxic drugs, and the oftentimes shorter and less expensive clinical trials resulting from the potential for fast track status that the U.S. Food and Drug Administration, or FDA, has typically afforded novel drugs in these areas. Additionally, we will be able to leverage the expertise of our existing oncology sales force in the marketing of novel cancer therapies and intend to expand our existing sales force to address the AIDS market as well.

- *Grow and expand our predictive medicine business.* We plan continue to increase the domestic and foreign market penetration of our existing predictive medicine products and create additional products to capitalize on the emerging areas of predictive medicine.

- *Capitalize on our strategic alliances with major pharmaceutical companies.* We expect to maintain our strategic alliances focused on the discovery of novel drug targets. This will shift much of the

financial risk associated with drug development to our partners, while permitting us to benefit from our partners' drug development expertise and marketing strength.

Our Integrated Set of Technologies

We have developed and integrated a powerful set of technologies that enable us to discover genes of commercial importance and understand their role in disease pathways. Our technology platform provides the knowledge to develop therapeutic and predictive medicine products, based on a vastly improved understanding of the genetic basis of disease.

We believe that because virtually all cellular processes are controlled by proteins, including important disease processes, knowledge of protein interactions and functions can be extremely valuable in the identification of novel drug targets for therapeutic development. In order to determine the function of genes and their role in disease pathways, we use our proprietary ProNet® and ProSpec™ technologies. These technologies enable us to identify human proteins, to discover the other proteins with which they interact and to improve our understanding of their involvement in important disease pathways. Each protein and its interacting partners form a network, which reads like a map, positioning the protein in the disease pathway and tracing the protein's role in that pathway.

Using our high-throughput proteomic technologies, we screen target proteins with our proprietary libraries constructed from a variety of different tissues and organs, such as heart, brain, kidney, liver, breast and prostate. We have constructed over 33 proprietary libraries each containing approximately 10 million protein fragments. We apply our proprietary automation and robotic capabilities to the protein search process to allow high-throughput processing of protein interactions. Our current capacity allows us to identify hundreds of protein interactions each day.

We believe that ProNet® and ProSpec™ provide significant opportunities to identify and develop novel drug targets by:

- discovering new proteins in the disease pathways;
- discovering functions for novel proteins;
- identifying new functions for known proteins;
- identifying proteins involved in critical interactions along the pathway; and
- selecting high quality drug targets from disease pathways.

We have developed a proprietary drug screening technology called ProTrap™ which allows us quickly and cost effectively to build high-throughput drug screens using a yeast-based system. We believe that yeast-based screens offer a number of distinct cost and time advantages in comparison to the more commonly used mammalian or cell-free screens. Yeast are inexpensive and easy to grow and yeast screens can be run through our liquid handling robotics platform.

In the ProTrap™ system, yeast are manipulated genetically so that they produce a human or viral protein. When the protein is produced in one of a variety of proprietary yeast strains, it causes the strain to change in a way that can be easily detected. Therefore, when a small molecular weight compound inhibits or activates the protein, a further change in the characteristics of the yeast strain is identified. The drug discovery screens are designed to be run in parallel, such that each screen controls for false positives in other screens. The result is greater efficiency and a higher screening throughput. Additionally, our ProTrap™ technology has been extended to complement our other target validation technologies by determining the functions of proteins. It can also determine the biological activity of mutant proteins that may have utility in pharmacogenomics.

Our high-throughput sequencing and screening systems use a robotics platform and bioinformatics software custom designed by our scientists and software engineers. This integrated system has been

expanded to incorporate the introduction of a large number of genes and research populations, permitting the rapid comparison of novel mutations in candidate genes between individuals with diseases and healthy individuals drawn from the same population. This high-throughput, automated system enables us to rapidly detect genes and proteins, which are highly correlated with disease, and in many instances can be shown to be causal.

The gene and drug discovery process generates vast amounts of information. Accordingly, we have designed proprietary bioinformatics systems, which provide significant analytical and data management capabilities. Our systems are based on integrated, protocol-driven database management software, which is used to track experiments and collect relevant data. In addition, we have developed a proprietary laboratory information management system. This system has the advantages of simplicity of design, ease of maintenance, and speed of development. To date, we have used our information management software for our high-throughput systems for protein analysis, genotyping, genomic sequencing, mutation screening and compound screening. This has been of fundamental importance in sample tracking and quality assessment and quality control. We believe our strength in bioinformatics provides us with a substantial competitive advantage.

We employ state-of-the-art robotics platforms in all of our high-throughput systems. We use the same robotics software and hardware to ensure efficiency throughout our operations. Each of our robotics systems is connected continually in a real time interface with our proprietary laboratory information management system to maintain a high degree of precision in sample tracking. Our robotics systems have been designed to ensure that the sample volumes used for each of the applications are kept at minimum levels to maintain reagent cost savings in each of our operations. The high level of automation as well as the concerted effort in optimizing biochemistry and reducing reagent volumes allows us to produce data at a very competitive cost in the industry.

Therapeutic Product Development

The pharmaceutical industry has been successful in developing medicines to treat the symptoms of disease. However, as the current generation of compounds nears the end of its patent protection, the industry has begun to seek new approaches to disease treatment. We believe that the future of medicine will be in the creation of new drugs that either prevent disease from initially developing or prevent disease from progressing by treating the cause, not just the symptoms, of disease. We believe that we can capture a greater portion of the potential value of drug targets that we discover by identifying and developing lead compounds, protein replacement therapies, and antibody therapies and taking these drug candidates through human clinical trials. For those therapeutic products in the area of cancer, we would be able to leverage the marketing efforts of our existing oncology sales force. Given the concentrated nature of the AIDS market, we intend to expand our sales force to address this market ourselves.

We formed Myriad Pharmaceuticals, our wholly owned subsidiary, to use our proprietary technologies to discover and develop novel therapeutic products. We believe that our technology provides us with a significant advantage in drug discovery because it enables us to generate a large number of potential drug targets. Once these targets have been identified, we can rapidly screen a large number of these drug targets against our library of compounds. This integrated platform enables us to pursue a rapid and cost effective approach to identifying potentially valuable drug candidates.

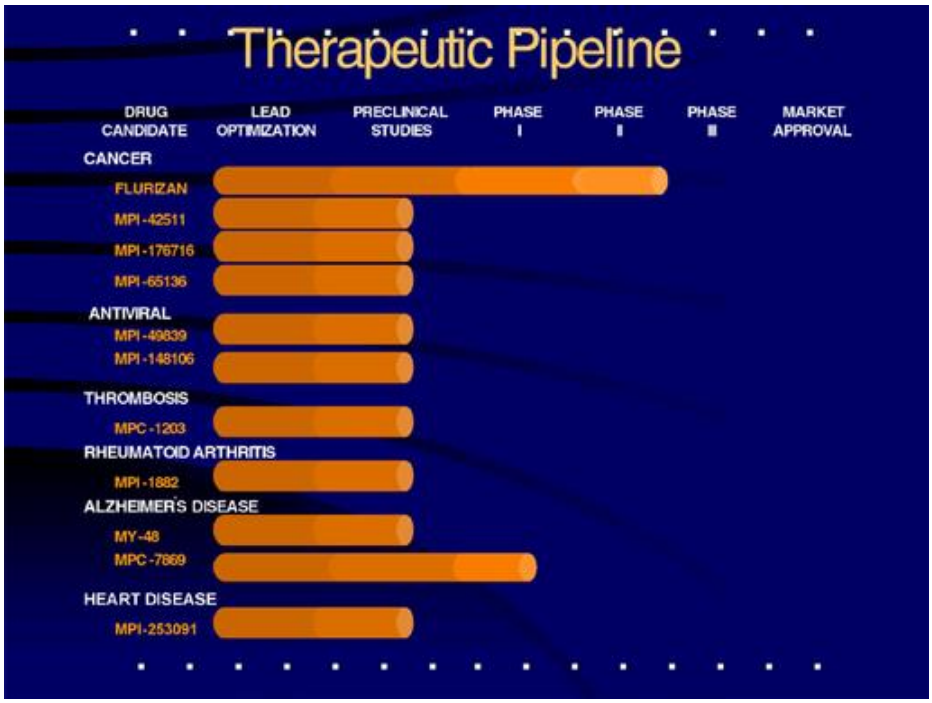
Our high-throughput screening is highly automated, using robot workstations and a proprietary computerized management system that monitors each step of the process, confirms that each step has been performed to eliminate operator errors and automatically correlates results with compound identity and drug target. Current capacity is approximately 50 million screening data points per year.

We also build mammalian cell secondary assays to evaluate the initial compounds arising from the primary drug discovery screens. To date, we have completed the evaluation of these assays for colon

cancer, other solid tumors, AIDS and inflammatory diseases and have developed protocols to evaluate the mammalian toxicity of all compounds found in our drug discovery screens. We are exploring the biology around genes that we believe are involved in a variety of disease areas, including arteriosclerosis, chronic pain, chronic obstructive pulmonary disease and sleep disorders, and have selected 1,356 proteins for further evaluation using our ProNet® technology.

To date, we have discovered 871 drug targets. We have built drug discovery screens for many of our proprietary drug targets and are screening them against our own library of 200,000 small molecule weight compounds. We have identified numerous candidate drug compounds from our drug discovery screens, including drug candidates for cancer, heart disease, rheumatoid arthritis, Alzheimer's disease, HCV, HBV, acute thrombosis, and HIV targets, which satisfy the initial criteria of showing selectivity for one molecular target without obvious toxicity. Furthermore, the compounds have been shown to display a good dose response curve, showing increased activity at higher concentrations and decreased activity at lower concentrations.

We have 15 drug candidates currently under development in pre-clinical studies. Flurizan™, our lead therapeutic product for the treatment of prostate cancer, is currently in a large, multi-center human clinical trial. We also recently submitted an Investigational New Drug (IND) application for the evaluation of R-flurbiprofen for the treatment of Alzheimer's disease. The following table outlines the status of our major drug development programs:



Flurizan: Candidate Drug for Prostate Cancer. Flurizan is a novel drug for the treatment of prostate cancer and is our most advanced therapeutic program. It has completed a phase II human clinical trial. In animal models of cancer, Flurizan demonstrated marked anti-tumor and anti-metastatic activity, significantly reducing the incidence of primary and secondary prostate tumors. In humans, the drug was well tolerated in normal healthy subjects and in advanced prostate cancer patients who have relapsed. The drug has good bioavailability and would be given in pill form, once a day. Among relapsing prostate cancer patients, the level of prostate specific antigen (PSA) increases dramatically. After Flurizan was given to a group of these patients, 52% experienced a reduction in the growth rate

of their PSA levels. Flurizan holds promise as an effective, safe drug for the treatment and prevention of prostate cancer. Four patents have issued on the drug.

MPI-176716: Candidate drug for Solid Tumors, Leukemia and Lymphoma. MPI-176716 is a novel small- molecule drug that inhibits an important step in the pathway controlling programmed cell death. As a result, most dividing cancer cell types tested to date are sensitive to this drug. We expect this drug candidate to address solid tumors as well as leukemia and lymphomas. These cancers account for an expected 1.3 million cases in 2001, according to the American Cancer Society. Drugs that have the potential to treat a common underlying mechanism of cancer have broad application to the treatment of disease and therefore, a very large market potential worldwide. Our cancer drug is in preclinical testing and if successful we plan to enter human clinical trials in cancer patients.

MPI-49839: Candidate Drug for AIDS. Our novel drug, MPI-49839, represents a new approach to the treatment of AIDS. The concept behind the drug may enable the creation of an entirely new class of therapeutics. The drug is distinct from the protease inhibitors and reverse-transcriptase inhibitors, which are the current generation of AIDS drugs, or fusion and integrase inhibitors, which are other classes of anti-HIV drugs being studied. Our anti-HIV drug is especially exciting in that it has the potential to improve on these current treatments for AIDS. With the evolution of multi-drug resistant strains of the virus comes an increased need for therapies that act through different mechanisms. Although current drugs have been quite successful in improving survival for AIDS patients, the drugs do not eliminate the virus, thus drug therapy becomes a life-long commitment. Researchers at the University of California recently estimated that an alarming 42% of HIV-infected individuals will be resistant to the current generation of drugs by 2005. The ability to establish long-term suppression of viral activity requires new drugs that are more impervious to viral resistance. Novel approaches such as Myriad's may well provide that extended therapeutic benefit to patients. MPI-49839 is in pre-clinical studies, and if successful, we plan to enter human clinical trials in AIDS patients.

MPI-42511: Candidate Drug for Colon Cancer. MPI-42511 is a novel small-molecule drug that inhibits a key regulator of a cancer pathway that is involved in 95% of all cases of colon cancer. Our scientists employed a rapid, high-throughput two-tier screening procedure to discover this potential colon cancer drug. Initially, we screened our library of small molecules for their ability to inhibit the activity of the drug target. We isolated several candidates, which were subsequently screened for the ability to specifically kill human colon cancer cells without harming normal cells. These compounds provide the potential to prevent unchecked cell growth during the progression of colon cancer. The lead drug is now in pre-clinical evaluation, and if successful, we plan to enter human clinical trials in colon cancer patients.

MPC-1203: Candidate Drug for Acute Thrombosis. MPC-1203 is a proprietary recombinant form of the human protein, anti-thrombin III. Anti-thrombin III plays a critical role in helping to maintain the flow of blood by inhibiting clot formation. It is a circulating plasma protein that is produced in the liver. Following severe trauma or major surgery, this essential protein is degraded by enzymes, and can no longer prevent the blood from clotting. Our proprietary form effectively resists degradation by these enzymes, which are released during inflammatory events. By resisting inactivation, MPC-1203 remains in circulation, available to carry out its function in the body. Blood clotting is a major concern following orthopedic surgery such as hip replacement surgery, open heart surgery and other critical trauma to the body. Clotting of the blood is also a cause of organ failure and death following sepsis and cancer. MPC-1203 is the subject of two United States patent applications and eight foreign patent applications. Our protein drug is in pre-clinical testing, and if successful, we plan to enter human clinical trials.

MPC-7869: Candidate Drug for Alzheimer's Disease. We recently submitted an Investigational New Drug (IND) application to the FDA for the evaluation of MPC-7869 (R-flurbiprofen) in the treatment and prevention of Alzheimer's disease. In our Phase I human clinical trial, which has now been cleared

by the FDA for initiation, we intend to establish the safety profile and dosing regimens of MPC-7869 in healthy elderly volunteers. Alzheimer's disease is a degenerative neurological condition affecting up to 20% of all people aged 80 or older, with an estimated 4 million cases in the United States alone. Current approved treatments, such as acetylcholinesterase inhibitors, temporarily mitigate symptoms without meaningfully impacting progression of the underlying disease. Alzheimer's disease is marked by progressive cognitive decline and by the accumulation of amyloid plaques and neurofibrillary tangles in the brain. The major structural component of these plaques is amyloid beta protein, specifically Amyloid beta-42 (Ab42). Many researchers now believe that Ab42 plays an important role in the onset of Alzheimer's disease. Preclinical studies performed with NIH funding, at Mayo Clinic Jacksonville and UCSD have demonstrated that R-flurbiprofen substantially lowers the levels of Ab42 in both human cell lines and in animal models of Alzheimer's disease. We believe MPC-7869 holds promise as an effective, safe drug for the treatment and prevention of Alzheimer's disease.

Predictive Medicine Products

Predictive medicine identifies those individuals at risk for the development of specific diseases, and guides the healthcare management of those predisposed individuals to delay the onset or prevent the occurrence of specific diseases. Once a predisposed individual is identified, that individual can make more informed decisions in selecting the most appropriate surveillance measures and therapeutic course of action. Because predictive medicine guides the healthcare management of those predisposed individuals, this allows healthcare resources to be focused on individuals who have the greatest need and may reduce waste in the healthcare system.

Through our wholly owned subsidiary, Myriad Genetic Laboratories, we are committed to the development and marketing of novel products for the emerging market opportunities of predictive medicine. We provide educational and support services to physicians and healthcare professionals as part of our predictive medicine business. The predictive medicine products we have developed and currently market are not subject to FDA approval, but are subject to oversight and approval under the Clinical Laboratory Improvement Amendments, or CLIA. We have obtained all approvals required by CLIA.

Our strategy is to first introduce predictive medicine products in the United States, and then to make them available worldwide through strategic marketing partnerships abroad. We have developed five predictive medicine products, BRACAnalysis®, COLARIS™ and COLARIS AP®, MELARIS®, and CardiaRisk®. We are currently marketing these products in the United States directly through our own 106 person oncology sales force, as well as through a partnership with Laboratory Corporation of America Holdings (LabCorp). Through our partnership with LabCorp we intend to make our predictive medicine products broadly available to primary care physicians throughout the United States. LabCorp is our exclusive sales and distribution partner, marketing the products through its 600-person U.S. sales force to more than 200,000 of LabCorp's physician customers. All of Myriad's predictive medicine products are included in this agreement.

The potential international market for our predictive medicine products is estimated to be at least twice the size of the United States market. After introducing predictive medicine products in the United States, we plan to introduce our products in foreign markets primarily through strategic marketing partners. We have completed marketing agreements with MDS Laboratory Services in Canada, Falco Biosystems, Ltd. in Japan, Bioscientia, Ltd. in Germany, Austria and Switzerland, and Laboratorio Fleury in Brazil.

BRACAnalysis®: Predictive Medicine Product for Breast and Ovarian Cancer. It is estimated that each year, approximately 203,500 women in the United States are diagnosed with breast cancer and approximately 23,300 women are diagnosed with ovarian cancer. Each year in the United States, an estimated 39,600 women will die from breast cancer, which has the second highest cancer mortality rate among women, and an estimated 13,900 women will die of ovarian cancer. BRCA1 and BRCA2 appear to be responsible for approximately 84% of the early onset hereditary breast cancer and approximately 90% of hereditary ovarian cancer. A study of women in the United States published in the American Journal of Human Genetics indicates that a woman with a BRCA1 mutation has an 86% risk of developing breast cancer by age 80 as compared to a general population risk of 10%. Additionally, according to a study published in Lancet, the risk to a woman with a BRCA1 mutation of developing ovarian cancer by age 70 is approximately 44%, compared to a general population risk of approximately 1%. Women with BRCA2 mutations have approximately the same risk of breast cancer as BRCA1 mutation carriers. BRCA2 mutations also increase the risk of ovarian cancer in women, although not as much as in those with BRCA1 mutations.

BRACAnalysis® is a comprehensive analysis of the BRCA1 and BRCA2 genes for determining a woman's susceptibility to breast and ovarian cancer. BRACAnalysis® provides important information that we believe will help the patient and her physician make better informed lifestyle, surveillance, chemoprevention and treatment decisions. The price for the test is currently $2,760 and is covered by most health maintenance organizations and health insurance providers in the United States. We have nine issued United States patents covering BRACAnalysis®.

COLARIS™: Predictive Medicine Product for Colon Cancer and Uterine Cancer. Colorectal cancer is the second leading cause of cancer deaths in the United States, with approximately 148,300 new cases expected to be diagnosed in the year 2002. Familial forms of colorectal cancer were estimated in 1997 to account for 10% to 30% of all cases according to the American Society of Clinical Oncologists. The health care management considerations in these hereditary syndromes are similar to those for breast and ovarian cancer at-risk individuals. Individuals who carry a mutation in one of the two colon cancer genes have a greater than 80% lifetime risk of developing colon cancer and women have a 60% life time chance of developing uterine cancer. Highly effective preventive measures include colonoscopy and the removal of precancerous polyps. To illustrate the predictive medicine value of molecular testing in colorectal cancer

syndromes, it has been shown that individuals who carry gene mutations can lower their risk of developing cancer by more than 50% with appropriate preventive and surveillance measures.

COLARIS™ is a comprehensive analysis of the MLH1 and MSH2 genes for determining a person's risk of developing colon cancer or uterine cancer. COLARIS™ provides important information that we believe will help in the surveillance and possible prevention of colon cancer. The price for the test is $1,950 and is covered by most health maintenance organizations and health insurance providers in the United States.

COLARIS AP™: Predictive Medicine Product for Colon Cancer. In May 2002 we introduced our fifth predictive medicine product for genetic susceptibility to colon cancer. COLARIS AP™ detects mutations in the APC gene, which cause a colon polyp-forming syndrome known as familial adenomatous polyposis (FAP), and a more common variation of the syndrome known as attenuated FAP (aFAP). FAP may be responsible for as much as 20% of hereditary colorectal cancer, and aFAP

may underlie as much as 20% of all colon cancer cases. There are an estimated 32,000 possible cases of FAP and aFAP each year in the United States. Our other colon cancer product is COLARIS™, a predictive medicine test for hereditary colon cancer that is not associated with significant polyp formation. Together, COLARIS™ and COLARIS AP™ may account for approximately 90% of all hereditary colon cancer syndromes. The price for the test is $1,685 and is covered by most health maintenance organizations and health insurance providers in the United States.

MELARIS™: Predictive Medicine Product for Melanoma. In September 2001 we introduced our fourth predictive medicine product for genetic susceptibility to malignant melanoma, a deadly form of skin cancer. The incidence of melanoma, a malignant form of skin cancer, has increased approximately 4% per year since the early 1970's and is the second fastest growing cancer in the United States. This year 53,600 Americans are expected to be diagnosed with melanoma, according to the American Cancer Society. We discovered that mutations in the p16 gene are involved in cancer and can be inherited and predispose individuals to melanoma, as reported in the September 1994 issue of the journal *Nature Genetics*. Melanoma is lethal within five years in 86% of cases where it has spread to another site in the body. However, when melanoma is diagnosed at an early stage, fewer than 10% of patients die within five years. We believe that approximately 10% of melanoma cases are hereditary.

MELARIS™, which assesses a person's risk of developing melanoma, provides important information that we believe will be useful in the surveillance and prevention of melanoma. Melanoma can be prevented through appropriate screening and a specific threshold of action for mutation carriers, in which precancerous lesions are removed before cancer can develop. We have six issued United States patents covering MELARIS™. The price for the test is $745 and is covered by most health maintenance organizations and health insurance providers in the United States.

CardiaRisk®: Personalized Medicine Product for Hypertension. Approximately 50 million people in the United States are hypertensive. Hypertension has a significant genetic component and is a major risk factor for cardiovascular disease, kidney failure and stroke. The angiotensinogen gene, or AGT gene, is believed to be involved in the salt-dependent form of hypertension, which accounts for approximately 35% of all hypertension. Therapy for these patients includes the use of a low-salt diet, other dietary regimens, and numerous drug therapies to control blood pressure. Results of a study of 1,509 patients by the National Institutes of Health showed that of all patients placed on a low-salt diet, only patients with the AGT mutation achieved a significant reduction in blood pressure over the three-year course of the study. Patients in this study with the variant form of the AGT gene were also found to be 42% more likely to experience hypertension earlier in life and more severely.

CardiaRisk® identifies individuals likely to respond to specific high blood pressure therapies by screening for mutations of the AGT gene. Using CardiaRisk® to help predict the specific therapies and drugs to which a patient will respond may improve patient compliance, reduce adverse side effects and decrease overall healthcare costs. CardiaRisk® is a fully automated test that we perform using DNA extracted from a patient's blood sample. The cost for the test is $315 and it is not currently reimbursed by health insurance. We believe CardiaRisk® is one of the first commercially available personalized medicine products. We have six issued United States patents covering CardiaRisk®.

Strategic Alliances

In order to limit the financial risks associated with the development of therapeutic products, including costs associated with related clinical trials of such drugs, our strategy is to enter into alliances with corporate partners who assume such risks and other financial costs. In addition to our current strategic alliances, we are actively pursuing other partners in areas that we believe may enhance our ability to develop and exploit our technology. In fiscal year 2002 we entered into three new strategic alliances with Abbott Laboratories, Pharmacia Corporation, and E.I. du Pont de Nemours and Company.

We are dependent on each strategic partner to commercialize the therapeutic products identified during our collaboration. If our partner commercializes the product, we will receive a royalty on sales of the product or share in the profits derived from sales of the drug. If any of our strategic partners cease efforts to commercialize any therapeutic products identified during our collaboration, the rights to commercialize those products will revert back to us.

We have formed strategic alliances with 12 major pharmaceutical or multinational companies including Abbott Laboratories, Bayer Corporation, E.I. du Pont de Nemours and Company (DuPont), Eli Lilly and Company, Hitachi Ltd., Hoffmann-LaRoche Inc., Novartis Corporation, Oracle Corporation, Pharmacia Corporation, Schering AG, Schering-Plough Corporation, and Torrey Mesa Research Institute, a subsidiary of Syngenta.

We intend to enter into additional collaborative relationships with other corporate partners to locate and sequence genes and proteins, to discover protein networks associated with other common diseases, and to identify lead compounds which may be developed into commercial therapeutic products by those partners.

Patents and Proprietary Rights

We intend to seek patent protection in the United States and major foreign jurisdictions for genes, proteins, protein interactions, antibodies, drug targets, drug compounds, transgenic animals, technology related methods and processes and other inventions which we believe are patentable and where we believe our

interests would be best served by seeking patent protection. We also intend to seek patent protection or rely upon trade secret rights to protect certain other technologies which may be used in discovering and characterizing new genes and proteins and which may be used in the development of novel predictive medicine and therapeutic products. To protect our trade secrets and other proprietary information, we require that our employees and consultants enter into confidentiality and invention assignment agreements. However, those confidentiality and invention assignment agreements may not provide us with adequate protection. In addition, any such patents may not issue, and the breadth or the degree of protection of any claims of such patents may not afford us with significant protection.

We own or have licensed rights to 99 issued patents and numerous patent applications in the United States and foreign countries. However, any patent applications which we have filed or will file or to which we have licensed or will license rights may not issue, and patents that do issue may not contain commercially valuable claims. In addition, any patents issued to us or our licensors may not afford meaningful protection for our technology or products or may be subsequently circumvented, invalidated or narrowed.

Our processes and potential products may also conflict with patents which have been or may be granted to competitors, academic institutions or others. As the biotechnology industry expands and more patents are issued, the risk increases that our processes and potential products may give rise to interferences filed by others in the U.S. Patent and Trademark Office, or to claims of patent infringement by other companies, institutions or individuals. These entities or persons could bring legal actions against us claiming damages and seeking to enjoin clinical testing, manufacturing and marketing of the related product or process. If any of these actions are successful, in addition to any potential liability for damages, we could be required to cease the infringing activity or obtain a license in order to continue to manufacture or market the relevant product or process. We may not prevail in any such action and any license required under any such patent may not be made available on acceptable terms, if at all.

Our failure to obtain a license to any technology that we may require to commercialize our technologies or potential products could have a material adverse effect on our business. There is also considerable pressure on academic institutions to publish discoveries in the genomic and proteomic fields. Such a publication by an academic collaborator of ours prior to the filing date of our

application, if it covers a discovery claimed in the application, may preclude the patent from issuing or the filing of foreign patent applications, or if a patent was issued, may invalidate the patent.

We also rely upon unpatented proprietary technology, and in the future may determine in some cases that our interests would be better served by reliance on trade secrets or confidentiality agreements rather than patents or licenses. These include some of our genomic, proteomic, robotic and bioinformatic technologies. We may not be able to protect our rights to such unpatented proprietary technology and others may independently develop substantially equivalent technologies. If we are unable to obtain strong proprietary rights to our processes or products after obtaining regulatory clearance, competitors may be able to market competing processes and products.

Others may obtain patents having claims which cover aspects of our products or processes which are necessary for or useful to the development, use or manufacture of our services or products. Should any other group obtain patent protection with respect to our discoveries, our commercialization of predictive medicine products and potential therapeutic products could be limited or prohibited.

In addition, we are a party to various license agreements which give us the rights to use certain technology in our research, development and testing processes. We may not be able to continue to license this technology on commercially reasonable terms, if at all. Our failure to maintain rights to this technology could have a material adverse effect on our business.

Competition

Competition is intense in our existing and potential markets. Our competitors in the United States and abroad are numerous and include, among others, major pharmaceutical and diagnostic companies, specialized biotechnology firms, universities and other research institutions. Many of our potential competitors have considerably greater financial, technical, marketing and other resources than we do. We expect competition to intensify in the fields in which we are involved as technical advances occur in these fields and become more widely known.

We expect to encounter significant competition with respect to any drugs that may be developed using our technologies. Companies that complete clinical trials, obtain required regulatory approvals and commence commercial sales of therapeutic products prior to us may achieve a significant competitive advantage. We may not be able to develop such products successfully and we may not obtain patents covering such products that provide protection against competitors. Moreover, competitors may succeed in developing therapeutic products that circumvent our products, our competitors may succeed in developing technologies or products that are more effective than those developed by us or that would render our technologies or products less competitive or obsolete.

The technologies for discovering genes that predispose persons to major diseases and approaches for commercializing those discoveries are new and rapidly evolving. Rapid technological developments could result in our potential services, products, or processes becoming obsolete before we recover a significant portion of our related research and development costs and associated capital expenditures. If we do not discover additional disease-predisposing genes, characterize their functions, develop predictive medicine products and related information services based on such discoveries, obtain regulatory and other approvals, and launch such services or products before our competitors, we could be adversely affected. Moreover, any predictive medicine products that we may develop could be made obsolete by less expensive or more effective tests or methods that may be developed in the future.

Governmental Regulation

Regulation by governmental authorities in the United States and foreign countries is a significant factor in the development, manufacture and marketing of our proposed products and services and in our ongoing research and development activities. The therapeutic products and predictive medicine

products developed by us will require regulatory approval by governmental agencies prior to commercialization. Various federal statutes and regulations also govern or influence the testing, manufacturing, safety, labeling, storage, record keeping, and marketing of therapeutic products. The process of obtaining these approvals and the subsequent compliance with applicable statutes and regulations require the expenditure of substantial time and financial resources. Any failure by us or our collaborators, licensors or licensees to obtain, or any delay in obtaining, regulatory approval could have a material adverse effect on our business.

Therapeutics. We intend to develop independently therapeutic products based on our discoveries. Such products will be subject to regulation by the FDA and foreign regulatory authorities and require approval before they may be clinically tested and commercially marketed for human therapeutic use in the United States and other countries. The precise regulatory requirements with which we will have to comply are undergoing frequent revisions and refinement. It is also uncertain whether the clinical data generated in such studies will be acceptable to the FDA such that the FDA will approve the marketing of such products. In addition, obtaining FDA approval for therapeutic products is a costly and time consuming process.

The steps required before a pharmaceutical agent may be marketed in the United States include:

- pre-clinical laboratory, *in vivo* and formulation studies;
- the submission to the FDA of an Investigational New Drug, or IND, application, which must become effective before human clinical trials may commence;
- adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug;
- the submission of a New Drug Application, or NDA, to the FDA; and
- FDA approval of the NDA, including approval of all product labeling and advertising.

The testing and approval process requires substantial time, effort, and financial resources and we cannot be certain that any approvals for any of our products will be granted on a timely basis, if at all.

Human clinical trials are typically conducted in three sequential phases which may overlap:

- PHASE I: The drug is initially introduced into healthy human subjects or patients and tested for safety, dosage tolerance, absorption, metabolism, distribution and excretion.
- PHASE II: Involves studies in a limited patient population to identify possible adverse effects and safety risks, to determine the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.
- PHASE III: When Phase II evaluations demonstrate that a dosage range of the product is effective and has an acceptable safety profile, Phase III trials are undertaken to further evaluate dosage and clinical efficacy and to further test for safety in an expanded patient population at geographically dispersed clinical study sites.

In the case of products for severe or life-threatening diseases such as cancer, the initial human testing is often conducted in patients rather than in healthy volunteers. Since these patients already have the target disease, these studies may provide initial evidence of efficacy traditionally obtained in Phase II trials and thus these trials are frequently referred to as Phase I/II trials. We cannot be certain that we will successfully complete Phase I, Phase II or Phase III testing of any compound within any specific time period, if at all. Furthermore, the FDA or the sponsor may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

The results of product development, pre-clinical studies and clinical studies are submitted to the FDA as part of a NDA. The FDA may deny a NDA if the applicable regulatory criteria are not satisfied or may require additional clinical data. Even if such data is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Once issued, the FDA may withdraw product approval if compliance with regulatory standards is not maintained or if problems occur after the product reaches the market. In addition, the FDA may require testing and surveillance programs to monitor the effect of approved products which have been commercialized, and the FDA has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs.

On November 21, 1997, President Clinton signed into law the Food and Drug Administration Modernization Act. That Act codified the FDA's policy of granting "fast track" approval for therapies intended to treat severe or life-threatening diseases such as cancer and AIDS. This new policy is intended to facilitate the study of life saving therapies and shorten the total time for marketing approvals; however, there can be no assurance that these fast track procedures will shorten the time of approval for any of our products.

Satisfaction of the above FDA requirements or similar requirements of state, local and foreign regulatory agencies typically takes several years and the actual time required may vary substantially, based upon the type, complexity and novelty of the product or indication. Government regulation may delay or prevent marketing of potential products for a considerable period of time and impose costly procedures upon our or our partners' activities. The FDA or any other regulatory agency may not grant any approvals on a timely basis, if at all. Success in early stage clinical trials does not assure success in later stage clinical trials. Data obtained from clinical activities is not always conclusive and may be susceptible to varying interpretations which could delay, limit or prevent regulatory approval. Even if a product receives regulatory approval, the approval may be significantly limited to specific indications and dosages. Further, even after regulatory approval is obtained, later discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market. Delays in obtaining, or failures to obtain regulatory approvals may have a material adverse effect on our business. In addition, we cannot predict what adverse governmental regulations may arise from future U.S. or foreign governmental action.

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including record-keeping requirements and reporting of adverse experiences with the drug. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with current good manufacturing practices, or cGMP, which impose certain procedural and documentation requirements upon us and our third-party

manufacturers. We cannot be certain that we or our present or future suppliers will be able to comply with the cGMP regulations and other FDA regulatory requirements.

Predictive Medicine. We are subject to governmental regulation at the federal, state, and local levels as a clinical laboratory. We have received CLIA certification from the Department of Health and Human Services. On the state level, New York has implemented regulations concerning molecular diagnostic testing and we have received approval from the State of New York for breast and ovarian cancer susceptibility, colon and uterine cancer susceptibility and hypertension/heart disease risk. We are aware of several other states that require licensing or registration of general clinical laboratory activities. We believe that we have taken all steps required of us in such jurisdictions in order for us to conduct business in those jurisdictions. However, we may not be able to maintain state level regulatory compliance in all states where we may do business. Failure to maintain state regulatory compliance, or changes in state regulatory schemes, could result in a substantial curtailment or even prohibition of our clinical activities and could have a material adverse effect on our business.

CLIA authorizes the Department of Health and Human Services to regulate clinical laboratories. These regulations, which affect us, mandate that all clinical laboratories be certified to perform testing on human specimens and provide specific conditions for certification. These regulations also contain guidelines for the qualification, responsibilities, training, working conditions and oversight of clinical laboratory employees. In addition, specific standards are imposed for each type of test which is performed in a laboratory. CLIA and the regulations promulgated thereunder are enforced through quality inspections of test methods, equipment, instrumentation, materials and supplies on a periodic basis. Any change in CLIA or these regulations or in the interpretation thereof could have a material adverse effect on our business.

Our business is also subject to regulation under state and federal laws regarding environmental protection and hazardous substances control, including the Occupational Safety and Health Act, the Environmental Protection Act, and the Toxic Substance Control Act. We believe that we are in material compliance with these and other applicable laws and that our ongoing compliance will not have a material adverse effect on our business. However, statutes or regulations applicable to our business may be adopted which impose substantial additional costs to assure compliance or otherwise materially adversely affect our operations.

Human Resources

As of September 1, 2002, we had 491 full-time equivalent employees, including 65 persons holding doctoral or medical doctor degrees. Most of our employees are engaged directly in research, development, production and marketing activities. We believe that the success of our business will depend, in part, on our ability to attract and retain qualified personnel.

Our employees are not covered by a collective bargaining agreement, and we consider our relations with our employees to be good.

Risk Factors

We are a company in the early stages of development and commercialization and may never achieve the goals of our business plan.

We may be unable to continue to successfully develop or commercialize our products. Certain of our products are still in the early stages of development. We began operations in 1991 and have been engaged primarily in research directed toward the discovery and sequencing of genes, proteins, and protein pathways that predispose people to common diseases and the development of therapeutic and predictive medicine products. In October 1996 we introduced for commercial use BRACAnalysis®, our first predictive medicine product. In January 1998 we introduced for commercial use CardiaRisk®, our second predictive medicine product. In August 2000, we introduced for commercial use COLARIS™, our third predictive medicine product. In September 2001, we introduced for commercial use MELARIS®, our fourth predictive medicine product. In May 2002, we introduced for commercial use COLARIS AP™, our most recent predictive medicine product.

Our lead therapeutic compound has recently entered a large, multi-center human clinical trial. We also recently submitted an Investigational New Drug (IND) application for the evaluation of R-flurbiprofen (MPC-7869) for the treatment of Alzheimer's disease. Other therapeutic products are in various stages of pre-clinical development. Any therapeutic products under development by us will take several more years to develop and undergo extensive pre-clinical and clinical testing. Additionally, therapeutic products are subject to substantial regulatory review. We may be unable to discover or develop any therapeutic or additional predictive medicine products through the utilization of our technologies. Even if we develop products for commercial use, we may not be able to develop products that:

- meet applicable regulatory standards, in a timely manner or at all;
- successfully compete with other technologies and products;
- avoid infringing the proprietary rights of others;
- are manufacturable in sufficient quantities or at reasonable cost; or
- are successfully marketed.

We have a history of operating losses and expect to continue to incur losses in the future.

We have a limited operating history and have experienced operating losses since our inception. We expect these losses to continue for the next several years and we may never be profitable or achieve significant revenues. For example, we experienced net losses of $14.0 million during the fiscal year ended June 30, 2002, $7.2 million during the year ended June 30, 2001 and $8.7 million during the year ended June 30, 2000. We had an accumulated deficit of $73.8 million as of June 30, 2002. In order to develop and commercialize our products, we expect to incur significant increases in our expenses over the next several years. As a result, we expect to incur operating losses at least for the foreseeable future. Our ability to achieve significant revenues or profitability will depend upon numerous factors, including our ability to:

-

identify drug targets and lead compounds that may lead to future therapeutic products;

- create and introduce additional marketable predictive medicine products; and
- obtain and maintain strategic collaborations.

If we are unable to overcome financial and regulatory obstacles, including those that arise in connection with new technologies, then we may never be able to develop commercially viable therapeutic products.

We are currently initiating the development of potential therapeutic products, which will require significant research and development expenditures, extensive pre-clinical and clinical testing and regulatory approvals. Preclinical and clinical testing will require the expenditure of significant funds. Even after spending significant funds, we may not be able to develop or successfully commercialize any potential therapeutic products.

Therapeutic products that we may develop will be subject to the risks of failure inherent in the development of therapeutic products based on new technologies. These risks include the possibilities that:

- potential therapeutic products will be found to be unsafe or ineffective or otherwise fail to receive necessary regulatory clearances;
- the products, if safe and effective, will be difficult to manufacture on a large scale or uneconomical to market;

- proprietary rights of third parties will preclude us or our partners from marketing our products; or
- third parties will market superior or equivalent products.

In addition, before receiving all required FDA approvals to market any product, we will have to demonstrate that the product is safe and effective on the patient population and for the diseases that would be treated. The clinical testing, manufacturing and marketing of products are subject to the rigorous testing and approval process of the FDA and equivalent foreign regulatory authorities, which can take many years and requires the expenditure of substantial financial and other resources. We may never obtain regulatory approvals for any products that we develop. Moreover, if regulatory approval of a product is granted, this approval may impose limitations on the indicated uses for which it may be marketed. Further, even if such regulatory approval is obtained, a marketed product and its manufacturer are subject to continuing review, and the discovery of previously unknown problems with a product or manufacturer may result in restrictions on such product or manufacturer, including withdrawal of the product from the market.

Clinical trials or marketing of any potential therapeutic products may expose us to liability claims from the use of these therapeutic products. We may not be able to obtain product liability insurance or, if obtained, sufficient coverage may not be available at a reasonable cost. In addition, as we develop therapeutic products internally, we will have to make significant investments in therapeutic product development, marketing, sales and regulatory compliance resources. We will also have to establish or contract for the manufacture of products, including supplies of drugs used in clinical trials, under the current good manufacturing practices of the FDA, which can be time consuming and costly.

If we are unable to maintain relationships with current collaborative partners or enter into new collaborative arrangements, then our business will be harmed.

We currently depend heavily and will depend heavily in the future on third parties for support in product development, manufacturing, marketing and distribution. Part of our current business strategy is to form collaborative arrangements with strategic partners to develop and commercialize therapeutic products based on our gene discoveries. We may not be able to maintain our current collaborative arrangements or negotiate additional acceptable collaborative arrangements in the future.

The research phase of our collaborations expire after a fixed term. Any current or future collaborative arrangement may not be successful. Failure of any collaborative arrangement, or termination by any of our collaborative partners of their respective agreements, could have a material adverse effect on our business. Further, additional milestone payments and future potential royalty payments from our collaborators are dependent upon their continuing to develop products based on the potential therapeutic targets we delivered to them. These partners may decide not to develop any products based on these targets. Even if these partners commence such development, they could decide to terminate it at any time.

In addition, our collaborative partners may pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including our competitors, as a means of developing diagnostic products or treatments for the diseases targeted by the collaborative programs. Our interests may not continue to coincide with those of our collaborative partners, and some of our collaborative partners may develop, independently or with third parties, therapeutic or diagnostic products that could compete with those developed in collaboration with our partners or independently. Additionally, disputes over rights or technology or other proprietary interests may arise. Such disputes or disagreements between us and our collaborative partners could lead to delays in collaborative research projects, or could result in litigation or arbitration, any of which could have a material adverse effect on our business. In addition, there have been a significant number of recent consolidations among pharmaceutical companies. These consolidations among the companies with which we are

collaborating could result in the diminution or termination of, or delays in, the development or commercialization of the products or research programs under one or more of our collaborative agreements.

Our current predictive medicine products and other predictive medicine or therapeutic products that we may develop may never achieve significant commercial market acceptance.

We may not succeed in achieving significant commercial market acceptance of any of our products. While we have marketed several of our predictive medicine products for several years and have gained some acceptance with oncologists and surgeons, we need to convince the larger group of

obstetricians/gynecologists and primary care physicians of the benefits of our predictive medicine products in order to increase our sales of those products. Our ability to successfully commercialize our current predictive medicine products, as well as any other predictive medicine or therapeutic products that we may develop, will depend on several factors, including:

- Our ability to convince the medical community of the safety and clinical efficacy of our products and their potential advantages over existing therapeutic products and predictive medicine techniques.

- The agreement by third-party payors to provide full or even partial reimbursement coverage for our products, the scope and extent of which will affect patients willingness or ability to pay for our products and will likely heavily influence physicians' decisions to recommend our products. To date, no third-party payors have been willing to reimburse patients for CardiaRisk.

- The willingness of physicians and patients to utilize predictive medicine products which are difficult to perform and interpret. This difficulty is caused by a combination of factors, including the large number, sometimes many hundreds, of different mutations in the genes which our tests analyze, the need to characterize each specific mutation, and the ability of our products to predict only as to a statistical probability, not certainty, that a tested individual will develop the disease for which the test has been completed.

These factors present obstacles to significant commercial acceptance of our products, which we will have to spend substantial time and money to overcome, if we can do so at all. Our inability to successfully do so will harm our business.

If we do not compete effectively with scientific and commercial competitors, we may not be able to successfully commercialize our products.

Research in the field of genomics and proteomics is intense and highly competitive. This research is characterized by rapid technological change. Our competitors in the United States and abroad are numerous and include, among others, major pharmaceutical and diagnostic companies, biotechnology firms, universities and other research institutions. Many of our potential competitors have considerably greater financial, technical, marketing and other resources than we do, which may allow these competitors to discover important genes and determine their function before we do. We could be adversely affected if we do not discover genes, proteins or protein pathways and characterize their function, develop therapeutic and predictive medicine products based on these discoveries, obtain regulatory and other approvals and launch these products and their related services before our competitors. We also expect to encounter significant competition with respect to any therapeutic or predictive medicine products that we may develop or commercialize. Those companies that complete clinical trials, obtain required regulatory approvals and commence commercial sales of therapeutic products before we do may achieve a significant competitive advantage in marketing and commercializing their products. We may not be able to develop therapeutic or predictive medicine products successfully and may not obtain patents covering these products that provide protection against our competitors. Moreover, our competitors may succeed in developing therapeutic or

predictive medicine products that circumvent our technologies or products. Or, our competitors may succeed in developing technologies or products that are more effective than those developed by us or that would render our technologies or products less competitive or obsolete. We expect competition to intensify in the fields in which we are involved as technical advances in these fields occur and become more widely known.

If our current collaborators or scientific advisors terminate their relationships with us or develop relationships with a competitor, our ability to discover genes and commercialize therapeutic and predictive medicine products could be adversely affected.

We have relationships with collaborators at academic and other institutions who conduct research at our request. These collaborators are not our employees. As a result, we have limited control over their activities and, except as otherwise required by our collaboration agreements, can expect only limited amounts of their time to be dedicated to our activities. We have established collaborations with the University of Utah, Intermountain Health Care, Galileo Genomics, Inc., Iceland Genomics Corporation, and PrecisionMed, Inc. to pursue the discovery of genes involved in cancer, cardiovascular disease, obesity, osteoporosis, asthma, and certain central nervous system disorders. Our ability to discover genes, proteins, and protein pathways involved in human disease and commercialize therapeutic and predictive medicine products will depend in part on the continuation of these collaborations. If any of these collaborations are terminated, we may not be able to enter into other acceptable collaborations. In addition, our existing collaborations may not be successful.

Our research collaborators and scientific advisors may have relationships with other commercial entities, some or all of which could compete with us. Our research collaborators and scientific advisors sign agreements which provide for the confidentiality of our proprietary information and the results of studies conducted at our request. We may not, however, be able to maintain the confidentiality of our technology and other confidential information in connection with every collaboration. The dissemination of our confidential information could have a material adverse effect on our business.

If our current operating plan changes and we find that our existing capital resources will not meet our needs, we may find it necessary to raise additional funding, which funding may not be available.

We anticipate that our existing capital resources will enable us to maintain currently planned operations for at least the next two years. However, we base this expectation on our current operating plan, which may change. We have incurred, and will continue to incur, significant costs in the discovery, development and marketing of current and prospective therapeutic and predictive medicine products. Our ongoing gene discovery programs and our efforts to develop therapeutic and predictive medicine products will require substantial cash resources. If, for example, a new disease gene is discovered through these efforts, we would require funds in addition to our current operating plan to develop and launch a new predictive medicine product. Additionally, if we discover a new drug target with promising therapeutic properties, we would require funding in addition to our current operating plan to move the candidate drug into pre-clinical studies and human clinical trials. If, due to changes in our current operating plan, adequate funds are not available, we may be required to raise additional funds. Sources of additional capital resources include, but are not limited to, public or private equity financings, establishing a credit facility, or selling convertible debt securities. This additional funding may not be available to us or, if available, it may not be on reasonable terms.

Because of our potential long-term capital requirements, we may access the public or private equity markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. If additional funds are raised by issuing equity securities, existing shareholders may suffer significant dilution.

If we are unable to comply with applicable governmental regulations, we may not be able to continue our operations.

The establishment and operation of our predictive medicine laboratory and the production and marketing of services and products developed through our technologies, as well as our ongoing research and development activities, are subject to regulation by numerous federal, state and local governmental authorities in the United States and by comparable regulatory agencies in other countries where we might seek to market services and products that may be developed. On the state level, only New York has implemented regulations concerning predictive medicine products and we have been accredited under the Clinical Laboratory Evaluation Program by the Department of Health of the State of New York for BRACAnalysis®, CardiaRisk®, COLARIS™, MELARIS®, and COLARIS AP™. Failure to maintain state regulatory compliance, or changes in state regulatory schemes, could result in a substantial curtailment or even prohibition of Myriad Laboratories' clinical activities and could have a material adverse effect on our business. We have received federal accreditation from the Department of Health and Human Services under the Clinical Laboratory Improvement Amendments, or CLIA, to operate our predictive medicine laboratory. However, our accreditation may subsequently be revoked, suspended or limited, or our accreditation may not be renewed on an annual basis as required. Furthermore, while the FDA has elected not to substantially regulate the activities or diagnostic tests performed by laboratories like our clinical laboratory, the FDA has stated that it has the right to do so, and the FDA may seek to regulate or require clearance or approval of our products in the future. If the FDA should require that these products receive FDA approval prior to their use in our laboratory, this approval may not be received on a timely basis, if at all.

If groups such as insurance companies and employers discriminate against individuals with a genetic predisposition to a disease, then demand for our predictive medicine products may decrease.

Predictive medicine products have raised ethical issues regarding confidentiality and the appropriate uses of information provided by these products. For these reasons, governmental authorities place restrictions on, or regulate the use of, predictive medicine products. While largely prohibited through federal and state laws, it is possible that discrimination by insurance companies against patients shown to have a genetic predisposition to a particular disease could occur through the raising of premiums by insurers to prohibitive levels, outright cancellation of insurance or unwillingness to provide coverage. We could experience a delay in market penetration or a reduction in the size of our potential serviceable market, which would adversely affect future revenue, if insurance discrimination were to become a significant barrier to testing acceptance. Similarly, employers could discriminate against employees with a genetic predisposition to a disease due to the increased risk for disease resulting in possible cost increases for health insurance and the potential for lost employment time. Any of these scenarios could cause us to experience a delay or reduction in product acceptance, which could materially adversely affect our business.

If we are not able to protect our proprietary technology, our business will be harmed and we may not remain competitive.

Our success will depend, in part, on our ability to obtain patent protection, both in the United States and in other countries, for genes we discover, for the function of the proteins produced by the genes and related technologies, processes, methods and other inventions that we believe are patentable. Our ability to preserve our trade secrets and other intellectual property is also critical to our long-term success. The patent position of biotechnology firms generally is highly uncertain and involves complex legal and factual questions. To date there has not emerged from the United States Patent and Trademark Office ("PTO"), the United States courts, or from patent offices or courts in foreign countries, a consistent policy regarding the breadth of claims allowed in biotechnology patents. Our or our licensors' patent applications may never issue as patents, and the claims of any issued patents may

not afford meaningful protection for our technology or products. In addition, any patents issued to us or our licensors may be challenged, and subsequently narrowed, invalidated or circumvented.

Our products may also conflict with patents that have been or may be granted to others. As the biotechnology industry expands and more patent applications are filed and patents are issued, the risk increases that our products may give rise to a declaration of interference by the PTO, or to claims of patent infringement by other companies, institutions or individuals. These entities or persons could bring legal proceedings against us seeking damages or seeking to enjoin us from testing, manufacturing or marketing our products. Patent litigation is costly, and even if we prevail, the cost of such litigation could have a material adverse effect on us. If the other parties in any such actions are successful, in addition to any liability for damages, we could be required to cease the infringing activity or obtain a license. Any license required may not be available to us on acceptable terms, if at all. Our failure to obtain a license to any technology that we may require to commercialize our products could have a material adverse effect on our business. In addition, there is considerable pressure on academic institutions to publish discoveries in the genetic field. Such a publication by an academic collaborator of ours, prior to the filing of a patent application on this discovery, may compromise our ability to obtain U.S. and foreign patent protection for the discovery.

If a third party files a patent application with claims to a gene or protein we have discovered, the PTO may declare an interference between competing patent applications. If an interference is declared, we may not prevail in the interference. If the other party prevails in the interference, we may be precluded from commercializing services or products based on the gene or protein, or may be required to seek a license. A license may not be available to us on commercially acceptable terms, if at all.

We also rely upon unpatented proprietary technologies. We may not be able to adequately protect our rights in such unpatented proprietary technologies, which could have a material adverse effect on our business. For example, others may independently develop substantially equivalent proprietary information or techniques or otherwise gain access to our proprietary technologies or disclose our technologies to our competitors.

If we were sued for patent infringement by third parties, we might incur significant costs and delays in product introduction.

Our industry includes many organizations seeking to rapidly identify and characterize genes through the use of gene expression analysis and other technologies. To the extent any patents are issued to those organizations on partial or full-length genes or uses for such genes, the risk increases that the sale of our predictive medicine products currently being marketed or under development, and any sales of therapeutic drugs developed by us, may give rise to claims of patent infringement. Others may have filed and in the future are likely to file patent applications covering genes or gene products that are similar or identical to our products. Any of these patent applications may have priority over our patent applications. Any legal action against us or our collaborators claiming damages and seeking to enjoin commercial activities relating to the affected products and processes could, in addition to subjecting us to potential liability for damages, require us or our collaborators to obtain a license in order to continue to manufacture or market the affected products and processes or could enjoin us from continuing to manufacture or market the affected products and processes, thereby significantly increasing our costs associated with, and significantly delaying, product introduction and marketing. We may not prevail in any of these actions and any license required under any of these patents may not be available on

commercially acceptable terms, if at all. We believe that there may be significant litigation in the industry regarding patent and other intellectual property rights. If we become involved in this litigation, it could consume a substantial portion of our managerial and financial resources.

If we fail to retain our key personnel and hire, train and retain qualified employees and consultants, we may not be able to successfully continue our business.

Because of the specialized scientific nature of our business, we are highly dependent upon our ability to attract and retain qualified management, scientific and technical personnel. We are currently recruiting additional qualified management, scientific and technical personnel. Competition for such personnel is intense. Loss of the services of or failure to recruit additional key management, scientific and technical personnel would adversely affect our research and development programs and predictive medicine business and may have a material adverse effect on our business as a whole.

Our agreements with our employees generally provide for employment that can be terminated by either party without cause at any time, subject to specified notice requirements. Further, the non-competition provision to which each employee is subject expires on the applicable date of termination of employment.

We depend on a limited number of third parties for some of our supplies of equipment and reagents. If these supplies become unavailable, then we may not be able to successfully perform our research or operate our business at all or on a timely basis.

We currently rely on two suppliers to provide our gene sequencing machines and reagents required in connection with our research. We believe that currently there are limited alternative suppliers of gene sequencing machines and reagents. The gene sequencing machines or the reagents may not remain available in commercial quantities at acceptable costs. If we are unable to obtain when needed additional gene sequencing machines or an adequate supply of reagents or other ingredients at commercially reasonable rates, our ability to continue to identify genes and perform molecular diagnostic testing would be adversely affected.

If we were successfully sued for product liability, we could face substantial liabilities that exceed our resources.

Our business exposes us to potential liability risks inherent in the testing, marketing and processing of predictive medicine products, including possible misdiagnoses. Although we are insured against such risks up to a $13,000,000 annual aggregate limit in connection with the use of our products, our present product liability insurance may be inadequate. A successful product liability claim in excess of our insurance coverage could have a material adverse effect on our business. Any successful product liability claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products. Our business also may expose us to liability inherent in the testing, manufacturing and marketing of prospective therapeutic products. Liability claims may be asserted against us. We have obtained product liability and other related insurance, but we may not be able to maintain this insurance on acceptable terms.

Our business involves environmental risks that may result in liability for us.

In connection with our research and development activities, we are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens and wastes. Although we believe that we have complied with the applicable laws, regulations and policies in all material respects and have not been required to correct any material noncompliance, we may be required to incur significant costs to comply with environmental and health and safety regulations in the future. Although we believe that our safety procedures for handling and disposing of controlled materials comply with the standards prescribed by state and federal regulations, accidental

contamination or injury from these materials may occur. In the event of such an occurrence, we could be held liable for any damages that result and any such liability could exceed our resources.

Our stock price is highly volatile and our stock may lose all or a significant part of its value.

The market prices for securities of biotechnology and genomic companies have been volatile. This volatility has significantly affected the market prices for these securities for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock. The market price for our common stock has fluctuated significantly since public trading commenced in October 1995, and it is likely that the market price will continue to fluctuate in the future. In addition, the stock market has experienced extreme price and volume fluctuations. Events or factors that may have a significant impact on our business and on the market price of our common stock include the following:

- quarterly fluctuations in operating results;
- announcements by us, our collaborative partners or our present or potential competitors;
- technological innovations or new commercial products or services;
- regulatory approval developments;
- developments or disputes concerning patent or proprietary rights;
- public concern regarding the safety, efficacy or other implications of our products or services; or
- general market conditions out of our control.

Item 2. FACILITIES

Our headquarters and facilities are located in Salt Lake City, Utah. We currently lease a 149,000 square foot building dedicated to research and development, administration and laboratory space that has received federal certification under CLIA. Activity related to our research, drug development and predictive medicine segments is performed at this location. The lease on our primary facility has a term of fifteen years, through March 2016, and provides for a renewal option for a term of up to ten additional years.

We believe that our existing facilities and equipment are well maintained and in good working condition. We believe our current facilities will provide adequate capacity for the foreseeable future. We continue to make investments in capital equipment as needed to meet the research requirements of our collaborative agreements, our drug development requirements, and the anticipated demand for our predictive medicine products.

Item 3. LEGAL PROCEEDINGS

We are not a party to any material legal proceedings.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the year ended June 30, 2002.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our Common Stock began trading on the Nasdaq National Market on October 6, 1995 under the symbol "MYGN". The following table sets forth, for the last two fiscal years, the high and low sales prices for the Common Stock, as reported by the Nasdaq National Market:

	High	Low
Fiscal 2002:		
Fourth Quarter	$ 35.00	$ 16.30
Third Quarter	$ 53.20	$ 30.11
Second Quarter	$ 63.64	$ 28.70
First Quarter	$ 62.50	$ 24.75
Fiscal 2001:		
Fourth Quarter	$ 79.85	$ 29.50
Third Quarter	$ 81.75	$ 31.25
Second Quarter	$ 138.00	$ 67.188
First Quarter	$ 92.813	$ 53.00

As of August 28, 2002, there were approximately 165 stockholders of record of the Common Stock and, according to our estimates, approximately 19,358 beneficial owners of the Common Stock. We have not paid dividends to our stockholders since our inception and we do not plan to pay cash dividends in the foreseeable future. We currently intend to retain earnings, if any, to finance our growth.

Sale of Unregistered Securities

None.

Item 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our consolidated financial data as of and for each of the five years ended June 30, 2002. The selected consolidated financial data as of and for each of the five years ended June 30, 2002 have been derived from our consolidated financial statements. The consolidated financial statements and the report thereon for the year ended June 30, 2002 are included elsewhere in this Annual Report on Form 10-K. The information below should be read in conjunction with the consolidated financial statements (and notes thereon) and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7.

	Years Ended June 30,				
	2002	2001	2000	1999	1998
Consolidated Statement of Operations Data:					
Research revenue	$ 27,015,167	$ 28,071,252	$ 25,219,766	$ 20,093,057	$ 20,999,598
Predictive medicine revenue	26,821,332	17,091,139	8,793,272	5,220,349	2,210,983

Total revenues	53,836,499	45,162,391	34,013,038	25,313,406	23,210,581
Costs and expenses:					
Predictive medicine cost of revenue	10,716,761	7,402,906	3,986,473	3,066,354	1,391,368
Research and development expense	36,294,669	33,818,144	28,098,769	23,452,220	23,002,340
Selling, general and administrative expense	25,484,836	17,077,846	13,474,923	11,105,520	11,807,023
Total costs and expenses	72,496,266	58,298,896	45,560,165	37,624,094	36,200,731
Operating loss	(18,659,767)	(13,136,505)	(11,547,127)	(12,310,688)	(12,990,150)
Other income (expense):					
Interest income	5,384,802	6,850,479	3,208,506	2,348,827	3,223,683
Interest expense	—	—	—	(6,278)	(32,681)
Other	(214,405)	(305,134)	(383,481)	(27,314)	2,113
Loss before income taxes	(13,489,370)	(6,591,160)	(8,722,102)	(9,995,453)	(9,797,035)
Income taxes	500,000	583,333	—	—	—
Net loss	$ (13,989,370)	$ (7,174,493)	$ (8,722,102)	$ (9,995,453)	$ (9,797,035)
Basic and diluted net loss per share	$ (0.59)	$ (0.31)	$ (0.43)	$ (0.53)	$ (0.53)
Basic and diluted weighted average shares outstanding	23,660,127	22,815,035	20,220,446	18,782,244	18,578,962

	As of June 30,				
	2002	2001	2000	1999	1998
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable investment securities	$ 124,242,908	$ 145,954,968	$ 88,655,844	$ 38,926,459	$ 53,109,493
Working capital	56,833,907	104,615,236	57,263,118	8,348,224	21,806,290
Total assets	157,390,080	172,145,355	106,375,305	53,550,940	67,391,972
Stockholders' equity	128,869,500	139,561,798	77,706,647	48,215,736	57,481,013

Quarterly Financial Data (Unaudited)

	Quarters Ended,			
	June 30, 2002	March 31, 2002	December 31, 2001	September 30, 2001
Consolidated Statement of Operations Data:				
Research revenue	$ 6,431,912	$ 5,803,255	$ 7,107,309	$ 7,672,691
Predictive medicine revenue	7,680,539	7,255,065	6,368,132	5,517,596
Total revenues	14,112,451	13,058,320	13,475,441	13,190,287
Costs and expenses:				
Predictive medicine cost of revenue	3,031,148	2,848,591	2,565,334	2,271,689
Research and development expense	10,680,968	8,739,952	8,612,388	8,261,360
Selling, general and administrative expense	7,867,977	5,911,925	6,080,473	5,624,462
Total costs and expenses	21,580,093	17,500,468	17,258,195	16,157,511
Operating loss	(7,467,642)	(4,442,148)	(3,782,754)	(2,967,224)
Other income (expense):				
Interest income	958,656	1,076,435	1,418,554	1,931,156
Other	(214,190)	(5,655)	29,491	(24,050)
Loss before income taxes	(6,723,176)	(3,371,368)	(2,334,709)	(1,060,118)
Income taxes	125,000	125,000	125,000	125,000
Net loss	$ (6,848,176)	$ (3,496,368)	$ (2,459,709)	$ (1,185,118)
Basic and diluted net loss per share	$ (0.29)	$ (0.15)	$ (0.10)	$ (0.05)
Basic and diluted weighted average shares outstanding	23,790,574	23,763,165	23,607,694	23,482,735

	Quarters Ended,			
	June 30, 2001	March 31, 2001	December 31, 2000	September 30, 2000
Consolidated Statement of Operations Data:				
Research revenue	$ 5,661,695	$ 6,652,289	$ 7,988,017	$ 7,769,251
Predictive medicine revenue	5,160,282	4,914,950	3,965,898	3,050,009
Total revenues	10,821,977	11,567,239	11,953,915	10,819,260
Costs and expenses:				
Predictive medicine cost of revenue	2,221,517	2,149,029	1,726,998	1,305,362
Research and development expense	7,247,908	8,428,402	9,351,036	8,790,797
Selling, general and administrative expense	4,806,659	4,247,554	4,080,244	3,943,390
Total costs and expenses	14,276,084	14,824,985	15,158,278	14,039,549
Operating loss	(3,454,107)	(3,257,746)	(3,204,363)	(3,220,289)
Other income (expense):				
Interest income	1,372,919	2,057,167	2,022,100	1,398,293
Other	(22,021)	(27,465)	(7,183)	(248,465)
Loss before income taxes	(2,103,209)	(1,228,044)	(1,189,446)	(2,070,461)
Income taxes	83,333	500,000	—	—
Net loss	$ (2,186,542)	$ (1,728,044)	$ (1,189,446)	$ (2,070,461)
Basic and diluted net loss per share	$ (0.09)	$ (0.07)	$ (0.05)	$ (0.09)
Basic and diluted weighted average shares outstanding	23,323,937	23,219,841	22,698,098	22,032,596

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading biopharmaceutical company focused on the development and marketing of novel therapeutic and predictive medicine products. We have developed a number of proprietary proteomic technologies which permit us to identify genes, their related proteins and the biological pathways they form. We use this information to better understand the role proteins play in the onset and progression of human disease. We operate two wholly owned subsidiaries, Myriad Pharmaceuticals, Inc. and Myriad Genetic Laboratories, Inc., to commercialize our therapeutic and predictive medicine discoveries. Myriad Pharmaceuticals, Inc. develops and intends to market novel therapeutic products. Myriad Genetic Laboratories, Inc. focuses on the development and marketing of predictive medicine products that assess an individual's risk of developing a specific disease.

Myriad researchers have made important discoveries in the fields of cancer, viral diseases such as AIDS, and acute thrombosis. These discoveries point to novel disease pathways and have paved the way for the development of new drugs. Additionally, our pipeline of drug targets offers therapeutic opportunities for the treatment of diseases such as heart disease, rheumatoid arthritis, Alzheimer's disease and other central nervous system disorders. We have identified 871 drug targets to date. We have also established an extensive portfolio of drug candidates that are under development at Myriad. Fifteen of these drug candidates are in pre-clinical testing. Flurizan™, our lead therapeutic product for the treatment of prostate cancer, is currently in a large, multi-center human clinical trial. We also recently submitted an Investigational New Drug (IND) application for the evaluation of R-flurbiprofen (MPC-7869) for the treatment of Alzheimer's disease. We intend to independently develop and, subject to regulatory approval, market our therapeutic products, particularly in the area of cancer and infectious diseases.

We also have developed and commercialized five innovative predictive medicine products: BRACAnalysis®, which is used to assess a woman's risk of developing breast and ovarian cancer, COLARIS™ and COLARIS AP™, which are used to determine a person's risk of developing colon cancer, MELARIS®, which is used to determine a person's risk of developing malignant melanoma, and CardiaRisk®, which is used for therapeutic management of hypertensive patients. We market these products using our own internal 106 person sales force in the United States and we have entered into marketing collaborations with other organizations in Austria, Brazil, Canada, Germany, Japan, and Switzerland. Revenues from these proprietary products grew approximately 57% from the prior year to $26.8 million in the fiscal year ended June 30, 2002.

We believe that the future of medicine lies in the creation of new classes of drugs that prevent disease from occurring or progressing and that treat the cause, not just the symptoms, of disease. In addition, we believe that advances in the emerging field of predictive medicine will improve our ability to determine which patients are subject to a greater risk of developing these diseases and who therefore should receive these new preventive medicines.

We have devoted substantially all of our resources to maintaining our research and development programs, undertaking drug discovery and development, and operating our predictive medicine business. Our revenues have consisted primarily of sales of predictive medicine products and research payments received pursuant to collaborative agreements, upfront fees, and milestone payments. We have yet to attain profitability and, for the year ended June 30, 2002, we had a net loss of $14.0 million and as of June 30, 2002 had an accumulated deficit of $73.8 million.

We have formed strategic alliances with 12 major pharmaceutical or multinational companies including Abbott Laboratories, Bayer Corporation, E.I. du Pont de Nemours and Company (DuPont), Eli Lilly and Company, Hitachi Ltd., Hoffmann-LaRoche Inc., Novartis Corporation, Oracle

Corporation, Pharmacia Corporation, Schering AG, Schering-Plough Corporation, and Torrey Mesa Research Institute, a subsidiary of Syngenta. We intend to enter into additional collaborative relationships to discover genes, proteins, protein networks, and drug targets associated with common diseases as well as to continue to fund internal research projects. However, we may be unable to enter into additional collaborative relationships on terms acceptable to us.

In April 2001, we announced the formation of Myriad Proteomics, Inc., a new venture with Hitachi, Ltd. and Oracle Corporation to map the human proteome. Myriad Proteomics, which is 49 percent owned by the Company, intends to develop and market a proprietary map of the human proteome to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development.

We expect to incur losses for at least the next several years, primarily due to expansion of our drug discovery and development efforts, expansion of our research and development programs, launch of new predictive medicine products, and expansion of our facilities. Additionally, we expect to incur substantial sales, marketing and other expenses in connection with building our pharmaceutical and predictive medicine businesses. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

Critical Accounting Policies

Critical accounting policies are those policies which are both important to the portrayal of a company's financial condition and results and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies are as follows:

- revenue recognition;
- investments in privately-held companies;
- investment in Myriad Proteomics, Inc.;

Revenue Recognition. We apply the provisions of Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 101, *Revenue Recognition* (SAB 101) to all our revenue transactions. Research revenues include revenues from research and technology licensing agreements. We recognize revenue from research contracts in accordance with the percentage-of-completion method of accounting and following the guidance in Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. Percent complete is estimated based on costs incurred relative to total estimated contract costs. We make adjustments, if necessary, to the estimates used in the percentage-of-completion method of accounting as work progresses and we gain experience. Our estimates of total contract costs include assumptions, such as estimated research hours to complete, materials costs, and other direct and indirect costs. Actual results may vary significantly from our estimates. Revenues related to up-front payments and technology license fees when continuing involvement or research services are required of us are recognized over the period of performance.

Predictive medicine revenues include revenues from the sale of predictive medicine products and related marketing agreements. Predictive medicine revenue is recognized upon completion of the test and communication of results. Up-front payments related to marketing agreements are recognized ratably over the life of the agreement.

Investments in Privately-Held Companies. We review the valuation of our investments in privately-held biotechnology and pharmaceutical companies for possible impairment as changes in facts and circumstances indicate that impairment should be assessed. The amount of impairment, if any, and valuation of these investments are based on our estimates and, in certain circumstances, the completion of independent, third-party appraisals of the investments. Inherent in these estimates and appraisals are

assumptions such as the comparability of the investee to similar publicly traded companies, the value of the investee's underlying research and development efforts, the likelihood that the investee's current research projects will result in a marketable product, and the investee's expected future cash flows. Accordingly, the amount recognized by us upon ultimate liquidation of these investments may vary significantly from the estimated fair values at June 30, 2002.

Investment In Myriad Proteomics. In April 2001, we announced the formation of a new alliance with Hitachi, Ltd. (Hitachi), Friedli Corporate Finance A.G. (Friedli), and Oracle Corporation (Oracle) to map the human proteome. The newly formed entity, Myriad Proteomics, Inc. (Myriad Proteomics) intends to develop and market its proprietary proteomic information to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development.

As part of the formation of Myriad Proteomics we entered into administrative and scientific outsourcing agreements with Myriad Proteomics. These agreements expired on June 30, 2002 and new agreements covering subsequent limited outsourcing services have been established. Charges to Myriad Proteomics for services incurred related to the administrative and scientific outsourcing agreements were based on actual time and expenses that we incurred on behalf of Myriad Proteomics and were not recorded as revenues but as a contra research expense.

RESULTS OF OPERATIONS

Years ended June 30, 2002 and 2001

Research revenues for our fiscal year ended June 30, 2002 were $27.0 million compared to $28.1 million for the fiscal year ended June 30, 2001. Research revenue is comprised of research payments received pursuant to collaborative agreements, amortization of license fees and milestone payments. This decrease of 4% in research revenue is primarily attributable to greater emphasis on our internal research and drug development programs, performing research for Myriad Proteomics, and the successful completion of the Bayer and TMRI collaborations in December 2001. Partially offsetting the overall decrease in research revenue were revenues from our new collaborations with Abbott Laboratories and DuPont, both entered into in March 2002. Research revenue from our research

collaboration agreements is generally recognized as related costs are incurred. Consequently, as these programs progress and costs increase or decrease, revenues increase or decrease proportionately.

Predictive medicine revenues for our fiscal year ended June 30, 2002 were $26.8 million, an increase of 57% or $9.7 million over the prior fiscal year. Predictive medicine revenue is comprised of sales of predictive medicine products and fees and royalties from our predictive medicine product marketing partners. Increased sales and marketing efforts and wider acceptance of our products by the medical community have resulted in increased revenues for the fiscal year ended June 30, 2002. However, there can be no assurance that predictive medicine revenues will continue to increase at historical rates.

Research and development expenses for the fiscal year ended June 30, 2002 were $36.3 million compared to $33.8 million for the prior fiscal year. The increase of 7% was primarily due to increased costs associated with our ongoing clinical trial for Flurizan™ and increased research spending for our ongoing drug discovery efforts in Myriad Pharmaceuticals. Research and development expenses were partially offset by reimbursement for research we performed for Myriad Proteomics as part of a scientific outsourcing agreement. For the fiscal year ended June 30, 2002, research and development expenses were reduced by $5.5 million as a result of these scientific outsourcing services.

Selling, general and administrative expenses for the fiscal year ended June 30, 2002 were $25.5 million compared to $17.1 million for the prior fiscal year. Selling, general and administrative expenses consist primarily of salaries, commissions and related personnel costs for sales, marketing, executive, legal, finance, accounting, human resources, information technology, and business

development personnel, allocated facilities expenses and other corporate expenses. The increase of 49% was primarily attributable to increases in our sales force from 75 to 106 sales representatives, the launch of two new predictive medicine products, and marketing costs related to our direct-to-consumer campaign to support our predictive medicine business. We expect this larger sales force and related marketing efforts to enable us to increase awareness of our predictive medicine business. We expect our selling, general and administrative expenses will continue to fluctuate dependent on the number and scope of new product launches and our drug discovery and development efforts.

Cash, cash equivalents, and marketable investment securities decreased $21.7 million or 15% from $146.0 million at June 30, 2001 to $124.2 million at June 30, 2002. This decrease in cash, cash equivalents, and marketable investment securities is primarily attributable to increased expenditures for our internal drug development programs and other expenditures incurred in the ordinary course of business. As a result of the our decreased cash position and declining interest rates, interest income for the fiscal year ended June 30, 2002 was $5.4 million compared to $6.9 million for the fiscal year ended June 30, 2001, a decrease of 22%.

Years ended June 30, 2001 and 2000

Research revenues for our fiscal year ended June 30, 2001 were $28.1 million compared to $25.2 million for the fiscal year ended June 30, 2000. The increase in our research revenue of 11% was primarily attributable to increased revenue recognized from both our Hitachi and TMRI collaborations. Research revenue from our research collaboration agreements is generally recognized as related costs are incurred. Consequently, as these programs progress and costs increase or decrease, revenues increase or decrease proportionately.

Predictive medicine revenues of $17.1 million were recognized in the fiscal year ended June 30, 2001, an increase of 94% or $8.3 million over the prior year. Predictive medicine revenue is comprised of sales of predictive medicine products resulting from our discovery of important disease genes. The successful launch of COLARIS™, as well as increased sales and marketing efforts, together with wider acceptance of our products by the medical community, gave rise to the increased revenues for the fiscal year ended June 30, 2001. However, there can be no assurance that predictive medicine revenues will continue to increase at historical rates.

Research and development expenses for the year ended June 30, 2001 increased to $33.8 million from $28.1 million for the prior year, an increase of 20%. This increase was primarily due to an increase in the drug discovery and drug development efforts of Myriad Pharmaceuticals, Inc., our wholly-owned subsidiary, as well as research activities relating to our strategic collaborations.

Selling, general and administrative expenses for the fiscal year ended June 30, 2001 were $17.1 million compared to $13.5 million for the fiscal year ended June 30, 2000. This increase of 27% was primarily attributable to costs associated with the ongoing promotion of our predictive medicine business, including the launch of COLARIS™, that was introduced in September 2000. We also bolstered our sales force to 75 full time employees, to allow us to increase awareness of our predictive medicine business through direct contact with health care professionals. We expect that our selling, general and administrative expenses will continue to fluctuate as needed in support of our predictive medicine business and our drug discovery and development efforts.

Cash, cash equivalents, and marketable investment securities increased $57.3 million, or 65%, from $88.7 million at June 30, 2000 to $146.0 million at June 30, 2001. This increase in our cash, cash equivalents and marketable investment securities was primarily attributable to the sale of approximately $68.6 million of our Common Stock in private placements during the year, as well as receipt of approximately $10 million from license fees and milestone payments. As a result of our increased cash position, interest income for the fiscal year ended June 30, 2001 was $6.9 million compared to $3.2 million for the fiscal year ended June 30, 2000, an increase of 114%. The loss on disposition of

assets of $0.3 million in the fiscal year ended June 30, 2001 was primarily the result of our retiring unproductive assets.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was $16.3 million during the fiscal year ended June 30, 2002 compared to $3.8 million used in operating activities during the prior fiscal year. Trade receivables increased $3.8 million between June 30, 2001 and June 30, 2002, primarily due to the 57% increase in predictive medicine sales during the same period. Prepaid expenses increased $0.6 million between June 30, 2001 and June 30, 2002 due to advance payments to purchase lab supplies at a discount. Related party receivables decreased $1.8 million between June 30, 2001 and June 30, 2002, due to reimbursement for services provided

to Myriad Proteomics. Other assets increased $0.6 million between June 30, 2001 and June 30, 2002, primarily due to the acquisition of patents. Related party payables increased $1.0 million between June 30, 2001 and June 30, 20002 due to equipment purchased from Myriad Proteomics. Deferred revenue, representing the difference in collaborative payments received and research revenue recognized, decreased by $5.4 million between June 30, 2001 and June 30, 2002.

Our investing activities provided cash of $38.1 million during the fiscal year ended June 30, 2002 and used cash of $85.1 million during the prior fiscal year. Investing activities were comprised primarily of changes to marketable investment securities and capital expenditures for research equipment. During the fiscal year ended June 30, 2002, we shifted a portion of our investments from marketable investment securities to cash and cash equivalents due to changes in interest rates. During the fiscal year ended June 30, 2002 other assets increased $2.5 million due to an investment in a privately held pharmaceutical company, and was partially offset $0.6 million due to the sale of part of our investment in a separate privately held biotechnology company. Additional investing activities included capital expenditures of $6.9 million for research equipment and facility improvements.

Financing activities provided $3.4 million during the fiscal year ended June 30, 2002, due to the exercise of stock options.

On November 9, 2001, we filed a Form S-3 shelf registration statement with the Securities and Exchange Commission for the sale of up to $250 million of various types of securities, which the SEC declared effective on November 21, 2001. The registered shares are available for sale at our discretion upon the filing of a prospectus supplement with the SEC.

We believe that with our existing capital resources, we will have adequate funds to maintain our current and planned operations for at least the next two years, although no assurance can be given that changes will not occur that would consume available capital resources before such time. Our future capital requirements will be substantial and will depend on many factors, including:

- the progress of our preclinical and clinical activities;
- the progress of our research and development programs;
- the progress of our drug discovery and drug development programs;
- the cost of developing and launching additional predictive medicine products;
- the costs of filing, prosecuting and enforcing patent claims;
- the costs associated with competing technological and market developments;
- the payments received under collaborative agreements and changes in collaborative research relationships;
- the costs associated with potential commercialization of our discoveries, if any, including the development of manufacturing, marketing and sales capabilities; and

- the cost and availability of third-party financing for capital expenditures and administrative and legal expenses.

Because of our significant long-term capital requirements, we intend to raise funds when conditions are favorable, even if we do not have an immediate need for additional capital at such time.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, sales, or operating results during the periods presented.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We maintain an investment portfolio in accordance with our Investment Policy. The primary objectives of our Investment Policy are to preserve principal, maintain proper liquidity to meet operating needs and maximize yields. Our Investment Policy specifies credit quality standards for our investments and limits the amount of credit exposure to any single issue, issuer or type of investment.

Our investments consist of securities of various types and maturities of three years or less, with a maximum average maturity of 12 months. These securities are classified either as available-for-sale or held-to-maturity. Available-for-sale securities are recorded on the balance sheet at fair market value with unrealized gains or losses reported as part of accumulated other comprehensive loss. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Gains and losses on investment security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned. A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary results in a charge to earnings and establishes a new cost basis for the security. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method.

The securities held in our investment portfolio are subject to interest rate risk. Changes in interest rates affect the fair market value of the marketable investment securities. After a review of our marketable securities as of June 30, 2002, we have determined that in the event of a hypothetical ten percent increase in interest rates, the resulting decrease in fair market value of our marketable investment securities would be insignificant to the consolidated financial statements as a whole.

Certain Factors That May Affect Future Results of Operations

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Annual Report contains such "forward-looking statements" within the meaning of the

Private Securities Litigation Reform Act of 1995. These statements may be made directly in this Annual Report, and they may also be made a part of this Annual Report by reference to other documents filed with the Securities and Exchange Commission, which is known as "incorporation by reference."

Words such as "may," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, among other things: our inability to further identify, develop and achieve commercial success for new products and technologies; the possibility of delays in the research and development necessary to select drug development candidates and delays in

clinical trials; the risk that clinical trials may not result in marketable products; the risk that we may be unable to successfully finance and secure regulatory approval of and market our drug candidates; our dependence upon pharmaceutical and biotechnology collaborations; the levels and timing of payments under our collaborative agreements; uncertainties about our ability to obtain new corporate collaborations and acquire new technologies on satisfactory terms, if at all; the development of competing systems; our ability to protect our proprietary technologies; patent-infringement claims; and risks of new, changing and competitive technologies and regulations in the United States and internationally. Please also see the discussion of risks and uncertainties under "Risk Factors" in Item 1 of this Report.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Annual Report or in any document incorporated by reference might not occur. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only of the date of this Annual Report or the date of the document incorporated by reference in this Annual Report. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to the Company or to any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 8. FINANCIAL STATEMENTS

MYRIAD GENETICS, INC.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Independent Auditors' Report

The Board of Directors and Stockholders
Myriad Genetics, Inc.:

We have audited the accompanying consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries as of June 30, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity and comprehensive loss, and cash flows for each of the years in the three-year period ended June 30, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Myriad Genetics, Inc. and subsidiaries as of June 30, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Salt Lake City, Utah
August 23, 2002

**MYRIAD GENETICS, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

June 30, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	$ 61,066,953	35,936,817
Marketable investment securities	12,007,946	91,282,481
Prepaid expenses	4,826,825	4,219,037
Trade accounts receivable, less allowance for doubtful accounts of $505,000 in 2002 and $255,000 in 2001	7,233,162	3,634,370
Other receivables	219,601	314,571
Related party receivables	—	1,811,517
Total current assets	85,354,487	137,198,793
Equipment and leasehold improvements:		
Equipment	26,409,275	21,425,910
Leasehold improvements	5,383,989	3,721,345
	31,793,264	25,147,255
Less accumulated depreciation and amortization	16,360,166	12,416,209
Net equipment and leasehold improvements	15,433,098	12,731,046
Long-term marketable investment securities	51,168,009	18,735,670
Other assets	5,434,486	3,479,846
	$ 157,390,080	172,145,355
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 9,461,575	9,657,385
Related party payable	1,037,446	—
Accrued liabilities	3,591,189	3,082,799
Deferred revenue	14,430,370	19,843,373
Total current liabilities	28,520,580	32,583,557
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 5,000,000 shares; no shares issued and outstanding	—	—
Common stock, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 23,817,098 shares in 2002 and 23,441,659 shares in 2001	238,171	234,417
Additional paid-in capital	202,149,210	198,800,273
Accumulated other comprehensive income	307,964	363,583
Accumulated deficit	(73,825,845)	(59,836,475)
Total stockholders' equity	128,869,500	139,561,798
	$ 157,390,080	172,145,355

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2002, 2001, and 2000

	2002	2001	2000
Research revenue	$ 27,015,167	28,071,252	25,219,766
Predictive medicine revenue	26,821,332	17,091,139	8,793,272
Total revenues	53,836,499	45,162,391	34,013,038
Costs and expenses:			
Predictive medicine cost of revenue	10,716,761	7,402,906	3,986,473
Research and development expense	36,294,669	33,818,144	28,098,769
Selling, general, and administrative expense	25,484,836	17,077,846	13,474,923
Total costs and expenses	72,496,266	58,298,896	45,560,165
Operating loss	(18,659,767)	(13,136,505)	(11,547,127)
Other income (expense):			
Interest income	5,384,802	6,850,479	3,208,506
Other	(214,405)	(305,134)	(383,481)
Loss before income taxes	(13,489,370)	(6,591,160)	(8,722,102)
Income taxes	500,000	583,333	—
Net loss	$ (13,989,370)	(7,174,493)	(8,722,102)
Basic and diluted loss per common share	$ (0.59)	(0.31)	(0.43)
Basic and diluted weighted average shares outstanding	23,660,127	22,815,035	20,220,446

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity and Comprehensive Loss

Years ended June 30, 2002, 2001, and 2000

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Deferred compensation	Accumulated deficit	Comprehensive income (loss)	Stockholders' equity
	Shares	Amount						
Balances at June 30, 1999	18,857,464	$ 188,575	92,283,661	(68,846)	(247,774)	(43,939,880)		48,215,736
Issuance of common stock for cash upon exercise of options and warrants	1,092,958	10,930	6,525,622	—	—	—	—	6,536,552
Issuance of common stock for cash, net of offering costs	1,916,060	19,161	31,426,120	—	—	—	—	31,445,281
Amortization of deferred compensation	—	—	—	—	247,774	—	—	247,774
Net loss	—	—	—	—	—	(8,722,102)	(8,722,102)	(8,722,102)
Unrealized gains (losses) on marketable investment securities:								
Unrealized holding losses arising during year	—	—	—	—	—	—	(63,638)	—
Less classification adjustment for losses included in net loss	—	—	—	—	—	—	47,044	—
Other comprehensive loss	—	—	—	(16,594)	—	—	(16,594)	(16,594)
Comprehensive loss	—	—	—	—	—	—	$ (8,738,696)	
Balances at June 30, 2000	21,866,482	218,666	130,235,403	(85,440)	—	(52,661,982)		77,706,647
Issuance of common stock for cash upon exercise of options and warrants	811,219	8,112	4,960,754	—	—	—	—	4,968,866
Issuance of common stock for cash, net of offering costs	763,958	7,639	63,604,116	—	—	—	—	63,611,755
Net loss	—	—	—	—	—	(7,174,493)	(7,174,493)	(7,174,493)
Unrealized gains (losses) on marketable investment securities:								
Unrealized holding gains arising during year	—	—	—	—	—		449,023	—
Less classification adjustment for losses included in net loss	—	—	—	—	—	—	—	—

Other comprehensive gain	—	—	—	449,023	—	—	449,023	449,023
Comprehensive loss	—	—	—	—	—	—	$ (6,725,470)	—
Balances at June 30, 2001	23,441,659	234,417	198,800,273	363,583	—	(59,836,475)		139,561,798
Issuance of common stock for cash	375,439	$ 3,754	3,348,937	—	—	—	—	3,352,691
Net loss	—	—	—	—	—	(13,989,370)	(13,989,370)	(13,989,370)
Unrealized gains (losses) on marketable investment securities:								
Unrealized holding losses arising during period	—	—	—	—	—	—	(63,515)	—
Less classification adjustment for gains included in net loss	—	—	—	—	—	—	7,896	—
Other comprehensive loss	—	—	—	(55,619)	—	—	(55,619)	(55,619)
Comprehensive loss	—	—	—	—	—	—	$ (14,044,989)	—
Balances at June 30, 2002	23,817,098	$ 238,171	202,149,210	307,964	—	(73,825,845)		128,869,500

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2002, 2001, and 2000

	2002	2001	2000
Cash flows from operating activities:			
Net loss	$ (13,989,370)	(7,174,493)	(8,722,102)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,496,146	3,728,563	3,284,734
Loss on disposition/impairment of assets	222,301	305,134	383,481
Loss (gain) on sale of investment securities	(7,896)	—	47,044
Bad debt expense	250,000	110,000	71,561
Changes in operating assets:			
Trade receivables	(3,848,792)	(1,392,216)	(1,100,765)
Prepaid expenses	(607,788)	(1,540,053)	(2,056,284)
Other receivables	94,970	84,376	1,456,749
Related party receivables	1,811,517	(1,811,517)	—
Other assets	(670,154)	—	465,663
Accounts payable and accrued expenses	312,580	3,571,968	4,495,772
Related party payable	1,037,446	—	—
Deferred revenue	(5,413,003)	342,931	18,837,682
Net cash provided by (used in) operating activities	(16,312,043)	(3,775,307)	17,163,535
Cash flows from investing activities:			
Proceeds from sale of equipment	—	—	14,851
Capital expenditures	(6,852,742)	(5,255,213)	(4,617,196)
Investments in other companies	(2,482,243)	(2,700,000)	(750,000)
Proceeds from sale of investments in other companies	630,000	—	—
Purchases of investment securities held-to-maturity	(8,513,715)	(119,683,435)	(4,126,628)
Maturities of investment securities held-to-maturity	14,123,075	126,610,618	5,957,410
Purchases of investment securities available-for-sale	(81,243,183)	(129,650,517)	(19,857,144)
Sales of investment securities available-for-sale	122,428,296	45,595,314	19,043,131
Net cash provided by (used in) investing activities	38,089,488	(85,083,233)	(4,335,576)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	3,352,691	68,580,621	37,981,833
Net cash provided by financing activities	3,352,691	68,580,621	37,981,833
Net increase (decrease) in cash and cash equivalents	25,130,136	(20,277,919)	50,809,792
Cash and cash equivalents at beginning of year	35,936,817	56,214,736	5,404,944

Cash and cash equivalents at end of year	$	61,066,953	35,936,817	56,214,736
Supplemental disclosures of noncash investing and financing activities:				
Fair value adjustment on marketable investment securities charged to stockholders' equity	$	(55,619)	449,023	(16,594)

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2002, 2001, and 2000

(1) Summary of Significant Accounting Policies

(a) Organization and Business Description

Myriad Genetics, Inc. and subsidiaries (collectively, the Company) is a leading biopharmaceutical company focusing on the development and marketing of novel therapeutic and predictive medicine products. The Company has developed a number of proprietary proteomic technologies that permit it to identify genes, their related proteins, and the biological pathways they form. The Company uses this information to understand the role they play in the onset and progression of major human disease. The Company operates two wholly owned subsidiaries, Myriad Pharmaceuticals, Inc. and Myriad Genetic Laboratories, Inc., to commercialize its therapeutic and predictive medicine discoveries. The Company's operations are located in Salt Lake City, Utah.

(b) Principles of Consolidation

The consolidated financial statements presented herein include the accounts of Myriad Genetics, Inc. and its wholly owned subsidiaries, Myriad Genetic Laboratories, Inc., Myriad Pharmaceuticals, Inc., and Myriad Financial, Inc. All intercompany amounts have been eliminated in consolidation.

(c) Cash Equivalents

Cash equivalents of $48,101,712 and $15,376,672 at June 30, 2002 and 2001, respectively, consist of short-term securities. The Company considers all highly liquid debt instruments with maturities at date of purchase of 90 days or less to be cash equivalents.

(d) Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed using the straight-line method based on the lesser of estimated useful lives of the related assets or lease terms. Equipment and leasehold improvements have depreciable lives which range from five to seven years.

(e) Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This Statement requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(f) Income Taxes

Income taxes are recorded using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(g) Revenue Recognition

Research revenues include revenues from research and technology licensing agreements. The Company recognizes revenue from research contracts in accordance with the percentage-of-completion method of accounting and following the guidance in Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. Percent complete is estimated based on costs incurred relative to total estimated contract costs. The Company makes adjustments, if necessary, to the estimates used in the percentage-of-completion method of accounting as work progresses and the Company gains experience. Payments to the Company under these agreements cover the Company's direct costs and an allocation for overhead and general and administrative expenses. Payments received on uncompleted long-term research contracts may be greater than or

less than incurred costs and estimated earnings and have been recorded as other receivables or deferred revenues in the accompanying consolidated balance sheets. Revenues related to technology license fees when continuing involvement or research services by the Company are required are recognized over the period of performance.

Predictive medicine revenues include revenues from the sale of predictive medicine products and related marketing agreements. Predictive medicine revenue is recognized upon completion of the test and communication of results. Payments received in advance of predictive medicine work performed are recorded as deferred revenue. Up-front payments related to marketing agreements are recognized ratably over the life of the agreement.

Revenues are recognized in accordance with the provisions of Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 101, *Revenue Recognition*, (SAB 101). In December of 1999, the SEC staff released SAB 101 to provide guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company adopted SAB 101 during the second quarter of fiscal 2001. The adoption of SAB 101 did not have an impact on the Company's results of operations or financial position.

(h) Net Loss per Common and Common Equivalent Share

Net loss per common share is computed based on the weighted average number of common shares and, as appropriate, dilutive potential common shares outstanding during the period. Stock options are considered to be potential common shares.

Basic loss per common share is the amount of loss for the period available to each share of common stock outstanding during the reporting period. Diluted loss per share is the amount of loss for the period available to each share of common stock outstanding during the reporting period and to each share that would have been outstanding assuming the issuance of common shares for all dilutive potential common shares outstanding during the period.

In calculating loss per common share the net loss and the weighted average common shares outstanding were the same for both the basic and diluted calculation.

For the years ended June 30, 2002, 2001, and 2000, there were antidilutive potential common shares of 4,176,135, 4,121,061, and 3,892,248, respectively. Accordingly, these potential common shares were not included in the computation of diluted loss per share for the years presented, but may be dilutive to future basic and diluted earnings per share.

(i) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(j) Marketable Investment Securities

The Company accounts for marketable investment securities by grouping them into one of two categories: held-to-maturity or available-for-sale. Held-to-maturity securities are those securities that the Company has the ability and intent to hold until maturity. All other securities are classified as available-for-sale.

Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Available-for-sale securities are recorded at fair value. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of stockholders' equity until realized.

Gains and losses on investment security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned. A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary results in a charge to earnings and establishes a new cost basis for the security. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method.

(k) Fair Value Disclosure

At June 30, 2002, the consolidated financial statements' carrying amount of the Company's financial instruments approximates fair value except as disclosed in note 2.

(l) Stock-Based Compensation

The Company has adopted the disclosure provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123*)*. SFAS 123 permits entities to adopt a fair-value based method of accounting for stock options or similar equity instruments. However, it also allows an entity to continue measuring compensation cost for stock-based compensation using the intrinsic-value method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* (APB 25). The Company has elected to continue to apply the provisions of APB 25 and provide pro forma disclosures required by SFAS 123.

(m) Other Assets

Other assets are comprised of purchased intellectual property and investments in privately held biotechnology and pharmaceutical companies. The private biotechnology and pharmaceutical company investments are both accounted for under the cost method. Management reviews the valuation of both investments for possible impairment as changes in facts and circumstances indicate that impairment should be assessed. For the year ended June 30, 2002, the Company recognized an impairment loss of $217,757 related to its investment in a privately held pharmaceutical company, which is included in other

expenses in the accompanying consolidated statements of operations. The amount of impairment and valuation of this investment were based on management's estimates and the completion of an independent, third-party appraisal of the investment. Accordingly, the amount recognized by the Company upon the ultimate liquidation of this investment may vary significantly from the estimated fair value at June 30, 2002.

(n) Recent Accounting Pronouncements

In May 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, *Rescission of FASB Statements Nos. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections* (SFAS 145). SFAS 145 eliminates Statement 4 (and Statement 64, as it amends Statement 4), which requires gains and losses from extinguishments of debt to be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. As a result, the criteria in APB Opinion No. 30 will now be used to classify those gains and losses. SFAS 145 amends FASB Statement No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions are accounted for in the same manner as sale-leaseback transactions. In addition, SFAS 145 makes technical corrections to some existing pronouncements. The Company is required to adopt the provisions related to the rescission of Statements 4 and 64 on July 1, 2002, and for all transactions entered into beginning May 15, 2002, adopt the provision related to the amendment of Statement 13. The Company is currently evaluating this statement but does not expect that it will have a material effect on its business, results of operations, financial position, or liquidity.

In July 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (SFAS 146). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. SFAS 146 requires recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred, as opposed to when

the entity commits to an exit plan under EITF No. 94-3. The Company is required to adopt the provisions of SFAS 146 for exit or disposal activities that are initiated after December 31, 2002. The Company is currently evaluating this statement but does not expect that it will have a material effect on its business, results of operations, financial position, or liquidity.

(2) Marketable Investment Securities

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale and held-to-maturity securities by major security type and class of security at June 30, 2002 and 2001 were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
At June 30, 2002:				
Held-to-maturity:				
U.S. government obligations	$ 2,543,229	3,675	—	2,546,904
Corporate bonds and notes	2,208,278	22,208	—	2,230,486
	$ 4,751,507	25,883	—	4,777,390
Available-for-sale:				
Corporate bonds and notes	$ 51,852,191	371,980	(78,546)	52,145,625
Euro dollar bonds	6,264,293	22,720	(8,190)	6,278,823
	$ 58,116,484	394,700	(86,736)	58,424,448
At June 30, 2001:				
Held-to-maturity:				
Auction rate securities	$ 2,005,912	—	—	2,005,912
U.S. government obligations	7,633,745	12,529	—	7,646,274
Corporate bonds and notes	721,210	—	(385)	720,825
	$ 10,360,867	12,529	(385)	10,373,011
Available-for-sale:				
Commercial paper	$ 39,103,968	25,900	(2,165)	39,127,703
Corporate bonds and notes	38,882,060	203,281	(20,748)	39,064,593
Certificates of deposit	6,013,253	433	(6,185)	6,007,501
Asset-backed securities	134,257	1,157	(4,108)	131,306
Euro dollar bonds	15,160,163	170,770	(4,752)	15,326,181
	$ 99,293,701	401,541	(37,958)	99,657,284

Maturities of debt securities classified as available-for-sale and held-to-maturity are as follows at June 30, 2002:

	Amortized cost	Fair value
Held-to-maturity:		
Due within one year	$ 1,475,711	1,490,081
Due after one year through three years	3,275,796	3,287,309
	$ 4,751,507	4,777,390
Available-for-sale:		
Due within one year	$ 10,475,005	10,532,235
Due after one year through three years	47,641,479	47,892,213
	$ 58,116,484	58,424,448

(3) Leases

The Company leases office and laboratory space and equipment under three noncancelable operating leases. Future minimum lease payments under these leases as of June 30, 2002 are as follows:

Fiscal year ending:	
2003	$ 4,964,082
2004	3,933,628
2005	3,018,926
2006	3,018,916
2007	2,313,059
Thereafter	14,104,933
	$ 31,353,544

Rental expense was $4,604,885 in 2002, $4,447,203 in 2001, and $3,777,738 in 2000.

(4) Stock-Based Compensation

Prior to 1992, the Company granted nonqualified stock options to directors, employees, and other key individuals providing services to the Company. In 1992, the Company adopted the "1992 Employee, Director, and Consultant Fixed Stock Option Plan" (subsequently renamed the 2002 Amended and Restated Employee, Director and Consultant Stock Option Plan) and has reserved 8,000,000 shares of common stock for issuance upon the exercise of options that the Company plans to grant from time to time under this plan. The exercise price of options granted in 2002, 2001, and 2000 is equivalent to the estimated fair market value of the stock at the date of grant. The number of shares, terms, and exercise period are determined by the board of directors on an option-by-option basis. Options generally vest ratably over four or five years and expire ten years from date of grant. As of June 30, 2002, 1,676,260 shares are reserved for future grant under the 2002 plan.

A summary of activity is as follows:

	2002		2001		2000	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding at beginning of year	4,055,561	$ 34.03	3,826,748	$ 16.48	3,909,582	$ 6.32
Plus options granted	825,764	39.00	1,299,784	71.03	1,286,850	36.51
Less:						
Options exercised	(344,073)	7.40	(805,528)	6.36	(1,007,232)	5.92
Options canceled or expired	(426,617)	56.34	(265,443)	46.17	(362,452)	7.24
Options outstanding at end of year	4,110,635	$ 34.94	4,055,561	$ 34.03	3,826,748	$ 16.48
Options exercisable at end of year	1,526,064	25.45	1,039,248	14.14	1,093,510	6.17
Weighted average fair value of options granted during the year		$ 28.23		$ 56.35		$ 27.51

The following table summarizes information about fixed stock options outstanding at June 30, 2002:

Options outstanding				Options exercisable	

Range of exercise prices	Number outstanding at June 30, 2002	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at June 30, 2002	Weighted average exercise price
$1.75 - 9.31	1,051,710	5.73	$ 5.47	586,680	$ 5.25
9.69 - 25.06	1,038,927	6.91	20.38	560,527	17.42
25.36 - 59.37	1,028,401	9.27	42.79	82,925	49.70
59.74 - 93.81	991,597	8.49	73.33	295,932	73.93
	4,110,635			1,526,064	

The Company accounts for these plans under APB 25, under which no compensation cost has been recognized for those options granted whose exercise price was equivalent to the estimated fair market value at the date of grant. Had compensation cost for these plans been determined consistent with SFAS 123, the Company's net loss and loss per share would have been the following pro forma amounts:

	2002	2001	2000
Net loss:			
As reported	$ 13,989,370	7,174,493	8,722,102
Pro forma	35,067,233	19,400,559	13,565,122
Basic and diluted loss per share:			
As reported	0.59	0.31	0.43
Pro forma	1.48	0.85	0.67

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option—pricing model with the following weighted average assumptions used for grants in 2002, 2001,

and 2000, respectively: risk-free interest rates of 4.3%, 5.2%, and 6.3%, expected dividend yields of 0% for all years; expected lives of 6.0 years, 6.3 years, and 5.4 years, and expected volatility of 82%, 93%, and 89%, respectively.

(5) Income Taxes

The Company recorded $500,000 and $583,333 of foreign income tax expense in 2002 and 2001, respectively, and no income tax expense in 2000. The difference between the expected tax benefit for all periods presented and the actual tax expense is primarily attributable to the effect of net operating losses being offset by an increase in the Company's valuation allowance, plus the effect of foreign income taxes in 2002 and 2001.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at June 30, 2002 and 2001 are presented below:

	2002	2001
Deferred tax assets:		
Net operating loss carryforwards	$ 54,265,000	44,469,000
Unearned revenue	5,383,000	7,402,000
Research and development credits	3,853,000	1,749,000
Accrued expenses and other	1,104,000	936,000
Capital loss carryforwards	34,000	34,000
Total gross deferred tax assets	64,639,000	54,590,000
Less valuation allowance	(63,718,000)	(54,138,000)
Net deferred tax assets	921,000	452,000
Deferred tax liability:		
Equipment, principally due to differences in depreciation	921,000	452,000
Total gross deferred tax liability	921,000	452,000
Net deferred tax liability	$ —	—

The net change in the total valuation allowance for the years ended June 30, 2002 and 2001 was an increase of $9,580,000 and $18,015,000, respectively. Approximately $35,947,000 of deferred tax assets at June 30, 2002, if recognizable in future years, will be recognized as additional paid-in capital, and the remainder will be allocated as an income tax benefit to be reported in the consolidated statement of operations.

At June 30, 2002, the Company had total tax net operating losses of approximately $145,482,000 and total research and development credit carryforwards of approximately $3,853,000, which can be carried forward to reduce federal income taxes. If not utilized, the tax loss and research and development credit carryforwards expire beginning in 2007 through 2022.

Under the rules of the Tax Reform Act of 1986, the Company has undergone changes of ownership, and consequently, the availability of the Company's net operating loss and research and experimentation credit carryforwards in any one year are limited. The maximum amount of

carryforwards available in a given year is limited to the product of the Company's value on the date of ownership change and the federal long-term tax-exempt rate, plus any limited carryforward not utilized in prior years.

(6) Common Stock Warrants

During the year ended June 30, 2000, the Company completed private placements of common stock wherein the placement agents received warrants to purchase 65,500 shares of the Company's common stock through the year 2003 at a weighted average price of $22.51, which are all still outstanding at June 30, 2002.

(7) Employee Deferred Savings Plan and Stock Purchase Plan

The Company has a deferred savings plan which qualifies under Section 401(k) of the Internal Revenue Code. Substantially all of the Company's employees are covered by the plan. The Company makes matching contributions of 50% of each employee's contribution with the employer's contribution not to exceed 4% of the employee's compensation. The Company's contributions to the plan were $703,530, $531,174, and $379,930 for the years ended June 30, 2002, 2001, and 2000, respectively.

The Company has an Employee Stock Purchase Plan (the Plan) which was adopted and approved by the board of directors and stockholders in December 1994, under which a maximum of 400,000 shares of common stock may be purchased by eligible employees. At June 30, 2002, 157,409 shares of common stock had been purchased under the Plan. Because the discount allowed to employees under the Plan approximates the Company's cost to issue equity instruments, the Plan is not deemed to be compensatory and, therefore, is excluded from the pro forma loss shown in note 4.

(8) Collaborative Research Agreements

In March 2002, the Company formed a $34 million drug discovery collaboration to identify novel drug targets for the diagnosis and treatment of depression. The collaboration will merge the Company's integrated drug target identification and validation technologies with the collaborator's drug discovery and development expertise. The agreement provides the collaborator with license rights and specifies an upfront payment to the Company, plus guaranteed research funding, potential milestones and royalties. Revenue related to the license agreement is being recognized ratably over the service period and revenue related to this research collaboration is being recognized as the research is performed on a percent-complete basis.

Also in March 2002, the Company formed a $24 million research collaboration whereby the Company will apply its high-speed genomic sequencing capability and bioinformatics expertise to deliver molecular genetic information to the collaborator. Revenue related to this research collaboration is being recognized as the research is performed on a percent-complete basis.

In May 2000, the Company entered into a $26.0 million license agreement and research collaboration to utilize the Company's protein interaction technology (ProNet®). Under the agreement, the licensee will receive a nonexclusive, fully paid, worldwide license to utilize ProNet® and receive support and related upgrades from the Company on a when-and-if-available basis over the support period. Revenue related to the license agreement is being recognized ratably over the service period

and revenue related to the research collaboration is being recognized as the costs of the contract are incurred on a percent-complete basis.

In August 1999, and as expanded in December 2000, the Company entered into a two-year collaboration to perform research related to crop genomics. The Company received $33.5 million from this collaboration, which was completed in December 2001. Revenue related to this research collaboration was recognized as the research was performed on a percent-complete basis.

In September 1995, the Company entered into a collaborative research and license agreement to perform various research for a pharmaceutical company. This agreement was expanded in 1997 and 1998. Under the agreement, as expanded, the Company received $38.7 million through December 2001 when the project was completed. Revenue related to this project was recognized as the research was performed on a percent-complete basis.

Under some agreements the Company may license to the collaborator certain rights to therapeutic applications. The Company is entitled to receive royalties from sales of therapeutic products made by its collaborators. Revenue from research collaborations is recognized as research is performed using the percentage-of-completion method based on costs incurred relative to total estimated contract costs.

Because the Company has granted therapeutic rights to some of its collaborative licensees, the success of the programs is partially dependent upon the efforts of the licensees. Each of the above agreements may be terminated early. If any of the licensees terminate the above agreements, such termination may have a material adverse effect on the Company's operations.

(9) Segment and Related Information

The Company's business units have been aggregated into two reportable segments: (i) research and (ii) predictive medicine. The research segment is focused on the discovery and sequencing of genes related to major common diseases, the discovery of proteins and their related biological pathways, and the development of therapeutic products for the treatment and prevention of major diseases. The predictive medicine segment provides testing to determine predisposition to common diseases.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (note 1). The Company evaluates segment performance based on loss

from operations before interest income and expense and other income and expense. The Company's assets are not identifiable by segment.

	Research	Predictive medicine	Total
Year ended June 30, 2002:			
Revenues	$ 27,015,167	26,821,332	53,836,499
Depreciation and amortization	2,894,434	1,601,712	4,496,146
Segment operating loss	14,244,330	4,415,437	18,659,767
Year ended June 30, 2001:			
Revenues	28,071,252	17,091,139	45,162,391
Depreciation and amortization	2,597,297	1,131,266	3,728,563
Segment operating loss	7,460,775	5,675,730	13,136,505
Year ended June 30, 2000:			
Revenues	25,219,766	8,793,272	34,013,038
Depreciation and amortization	2,494,333	790,401	3,284,734
Segment operating loss	5,373,891	6,173,236	11,547,127

	2002	2001	2000
Total operating loss for reportable segments	$ (18,659,767)	(13,136,505)	(11,547,127)
Unallocated amounts:			
Interest income	5,384,802	6,850,479	3,208,506
Other	(214,405)	(305,134)	(383,481)
Income taxes	(500,000)	(583,333)	—
Net loss	$ (13,989,370)	(7,174,493)	(8,722,102)

All of the Company's revenues were derived from research and testing performed in the United States. Additionally, all of the Company's long-lived assets are located in the United States. All of the Company's research segment revenue was generated from seven, six, and seven collaborators in fiscal 2002, 2001, and 2000, respectively. Further, revenue from two of the seven collaborators was in excess of 10% of the Company's consolidated revenues for each year presented.

(10) Investment in Myriad Proteomics, Inc.

In April 2001, the Company announced the formation of a new alliance with Hitachi, Ltd. (Hitachi), Friedli Corporate Finance A.G. (Friedli), and Oracle Corporation (Oracle) to map the human proteome. The newly formed entity, Myriad Proteomics, Inc. (Myriad Proteomics), will market its proprietary proteomic information to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development. The Company contributed technology to Myriad Proteomics in exchange for a 49% ownership interest and Hitachi, Friedli, and Oracle contributed a combined $82 million in cash in exchange for the remaining 51% ownership in Myriad Proteomics.

The Company is accounting for its investment in Myriad Proteomics using the equity method. Because the Company's initial investment in Myriad Proteomics consisted of technology with a carrying value of $0 on the Company's consolidated financial statements, and given the uncertainty of the realizability of the difference between the $82 million carrying amount and the Company's

proportionate share of the net assets of Myriad Proteomics, the Company's initial investment in Myriad Proteomics was recorded as $0. The Company allocated $41 million of this difference to technology and this amount is being reduced as the related technology charges, including in-process research and development, are incurred at Myriad Proteomics. At June 30, 2002, the remaining technology basis difference is estimated to be $14 million. The remaining $41 million of unallocated basis difference is being accreted to income over the period of expected benefit of 15 years.

As part of the formation of Myriad Proteomics, the Company entered into administrative and scientific outsourcing agreements with Myriad Proteomics. The original terms of these agreements expired on December 31, 2001, but were extended until June 30, 2002 at the option of Myriad Proteomics.

Charges to Myriad Proteomics for services incurred related to the administrative and scientific outsourcing agreements are based on actual time and expenses incurred by the Company on behalf of Myriad Proteomics. During the years ended June 30, 2002 and 2001, the Company provided $6,253,394 and $1,644,498, respectively, of administrative and scientific services to Myriad Proteomics. As of June 30, 2002, the Company has received all but $292,585 of payments from Myriad Proteomics for these outsourcing services. This amount has been recorded as a reduction of a $1,330,031 payable to Myriad Proteomics for equipment purchased by the Company from Myriad Proteomics, resulting in $1,037,446 included as a related party payable on the accompanying consolidated balance sheets.

Summarized balance sheet information as of June 30, 2002 and 2001 for Myriad Proteomics is as follows:

	2002	2001

		(unaudited)
Current assets	$	50,703,000	72,437,000
Noncurrent assets		62,301,000	65,758,000
Current liabilities		2,783,000	1,812,000
Noncurrent liabilities		18,575,000	20,697,000
Stockholders' equity		91,646,000	115,686,000

Summarized statement of operations information for Myriad Proteomics for the years ended June 30, 2002 and 2001 (the years in which the Company had an investment in Myriad Proteomics) is as follows:

		2002	2001
		(unaudited)	
Total revenues	$	—	—
In-process research and development		—	46,316,000
Other operating costs and expenses		28,478,000	3,068,000
Net loss		24,288,000	48,205,000

PART III

Item 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Management" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2002 Annual Meeting of Stockholders to be held on November 13, 2002.

Item 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Executive Compensation" in our Proxy Statement for the 2002 Annual Meeting of Stockholders to be held on November 13, 2002.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth below, the response to this item is incorporated by reference from the discussion responsive thereto under the caption "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement for the 2002 Annual Meeting of Stockholders to be held on November 13, 2002.

Equity Compensation Plan Information

As of June 30, 2002, we have two equity compensation plans in effect. Prior to 1992, we granted nonqualified stock options to directors, employees, and other key individuals providing services to us (Pre-1992 Plan). The Pre-1992 Plan was not approved by shareholders, and no shares were granted or issued upon exercise of outstanding options during the fiscal year ended June 30, 2002. In 1992, we adopted and received shareholder approval for the "1992 Employee, Director, and Consultant Fixed Stock Option Plan", which was subsequently renamed the "2002 Amended and Restated Employee, Director, and Consultant Stock Option Plan" (2002 Plan) upon approval of our Board of Directors to extend the plan until November 2003. We have reserved 8,000,000 shares of common stock for issuance upon the exercise of options that we plan to grant from time to time under the 2002 Plan. Additional equity compensation plan information is as follows:

	a		b	c
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights		Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
Equity compensation plans approved by security holders	4,040,035	$	35.52	1,676,260
Equity compensation plans not approved by security holders	70,600		1.75	805,392
Total	4,110,635	$	34.94	2,481,652

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Executive Compensation—Employment Agreements, Termination of Employment and Change of Control Arrangements" in our Proxy Statement for the 2002 Annual Meeting of Stockholders to be held on November 13, 2002.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Item 14(a). The following documents are filed as part of this annual report on Form 10-K.

Item 14(a)(1). and (2) See "Index to Consolidated Financial Statements and Financial Statement Schedules" at Item 8 to this Annual Report on Form 10-K. Other financial statement schedules have not been included because they are not applicable or the information is included in the financial statements or notes thereto.

Item 14(a)(3) *Exhibits*

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number		Description
(3.1 (a))	—	Restated Certificate of Incorporation of the Registrant
(3.1 (b))	—	Certificate of Amendment of Restated Certificate of Incorporation
(3.1 (c))	—	Certificate of Designations
(3.2)p	—	Restated By-Laws of the Registrant (Filed as Exhibit 3.2)
(4.1)	—	See Exhibits 3.1(a), 3.1(b), 3.1(c) and 3.2
(4.2)	—	Form of Common Stock Certificate
(4.3)g	—	Rights Agreement, dated as of July 17, 2001, between the Registrant and Mellon Investor Services LLC (Filed as Exhibit 4.1)
(4.4)	—	Agreement of Substitution and Amendment of Common Shares Rights Agreement by and between the Registrant and American Stock Transfer and Trust Company dated August 16, 2002
(10.1)$	—	2002 Amended and Restated Employee, Director and Consultant Stock Option
(10.2)*$	—	Employee Stock Purchase Plan (Filed as Exhibit 10.2)
(10.3)*$	—	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and Peter D. Meldrum, dated May 15, 1993 (Filed as Exhibit 10.3)
(10.4)*$	—	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and Mark H. Skolnick, Ph.D., dated January 1, 1994 (Filed as Exhibit 10.4)
(10.5)*$	—	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and Jay M. Moyes, dated July 12, 1993 (Filed as Exhibit 10.5)
(10.6)#	—	Collaborative Research and License Agreement between the Registrant and Novartis Corporation, dated April 27, 1995 (Cardiovascular Diseases) (Filed as Exhibit 10.10)
(10.7)#	—	Research Collaboration and License Agreement between the Registrant, Eli Lilly & Company and Hybritech Incorporated, dated August 1, 1992 (Breast Cancer—BRCA1) (Filed as Exhibit 10.11)

(10.8)#	—	Collaborative Agreement between the Registrant and Hybritech Incorporated, dated March 5, 1993 (BRCA1 Test Kits) (Filed as Exhibit 10.12)
(10.9)#	—	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated October 8, 1991, as amended (Breast Cancer—BRCA1) (Filed as Exhibit 10.13)
(10.10)#	—	Standard Research Agreement and Form of License Agreement between the Registrant and the University of Utah, effective January 1, 1993, as amended (Genes Predisposing to Cancer) (Filed as Exhibit 10.14)
(10.11)#	—	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated August 4, 1993 (Angiotensinogen Variants and Predisposition to Hypertension) (Filed as Exhibit 10.15)

(10.12)#	—	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated June 21, 1994 (MTS1 or p16) (Filed as Exhibit 10.16)
(10.13)#	—	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated November 23, 1994 (Breast Cancer—BRCA2) (Filed as Exhibit 10.17)
(10.14)#	—	Standard Research Agreement dated May 1, 1995 between the Registrant and the University of Utah (Cardiovascular Disorders and Coronary Heart Disease Database) (Filed as Exhibit 10.18)
(10.15)#	—	Exclusive License Agreement dated May 1, 1995 between the Registrant and the University of Utah Research Foundation (Cardiovascular Disorders and Coronary Heart Disease Database) (Filed as Exhibit 10.19)
(10.16)#	—	Standard Research Agreement dated July 31, 1995 between the Registrant and the University of Utah (Obesity Database) (Filed as Exhibit 10.20)
(10.17)#	—	Exclusive License Agreement dated July 31, 1995 between the Registrant and the University of Utah Research Foundation (Obesity Database) (Filed as Exhibit 10.21)
(10.18)#	—	Co-Exclusive License Agreement among the Registrant, the University of Utah Research Foundation and Institut National de la Sante et de la Recherche Medicale, dated October 6, 1993 (Angiotensinogen and Predisposition to Essential Hypertension) (Filed as Exhibit 10.22)
(10.19)#	—	License Agreement between the Registrant and California Institute of Technology, dated April 21, 1994 (MTS1 or p16) (Filed as Exhibit 10.23)
(10.20)*	—	Research Agreement between the Registrant and California Institute of Technology, dated June 3, 1994 (MTS1 or p16) (Filed as Exhibit 10.24)
(10.21)#	—	Collaborative Research and License Agreement between the Registrant and Bayer Corporation, dated September 11, 1995 (Filed as Exhibit 10.28)
(10.22)z@	—	Research Agreement between the Registrant and IHC Health Services, Inc., dated as of June 24, 1996
(10.23)!	—	Lease Agreement, dated October 12, 1995, between the Boyer Research Park Associates V, by its general partner, the Boyer Company and the Registrant (Filed as Exhibit 10.2)

(10.24)!	—	Amendment to Lease Agreement, dated March 29, 1996 between the Boyer Research Park Associates V, by its general partner, the Boyer Company and the Registrant (Filed as Exhibit 10.3)
(10.25)!@	—	Letter Agreement, dated March 4, 1996, among the University of Utah, Genetic Epidemiology and the Registrant regarding Extension of Standard Research agreement and Form of License Agreement between the Registrant and the University of Utah, effective January 1, 1993, as amended (Genes Predisposing to Cancer) (Filed as Exhibit 10.4)
(10.26)q@	—	Patent and Technology License Agreement dated December 2, 1996 among the Board of Regents of the University of Texas System, the University of Texas M.D. Anderson Cancer Center and the Registrant (Filed as Exhibit 10.1)
(10.27)=@	—	Collaborative Research and License Agreement among the Registrant, Schering Corporation and Schering-Plough, Ltd., dated April 22, 1997 (Prostate and Other Cancers) (Filed as Exhibit 10.36)
(10.28)++@	—	Standard Research Agreement between the Company and Valley Mental Health dated September 1, 1997 (central nervous system disorders) (Filed as Exhibit 10.1)
(10.29)%@	—	Amendment and Supplement to Collaborative Research and License Agreement dated November 19, 1997 between Bayer Corporation and the Registrant (Filed as Exhibit 10.1)
(10.30)k	—	Lease Agreement-Research Park Building Phase II, dated March 6, 1998, between the Research Park Associated VI, by its general partner, the Boyer Company, L.C. and the Registrant
(10.31)&	—	Memorandum of Lease between the Company and Boyer Foothill Associates, Ltd. dated August 24, 1998 (Filed as Exhibit 10.1)
(10.32)&	—	Memorandum of Lease between the Company and Boyer Research Park Associates VI, L.C. dated August 24, 1998 (Filed as Exhibit 10.2)
(10.33)&	—	Subordination Agreement and Estoppel, Attornment and Non-Disturbance Agreement (Lease to

		Deed of Trust) between the Company and Wells Fargo Bank, National Association dated June 24, 1998 (Filed as Exhibit 10.3)
(10.34)w	—	Master Lease Agreement dated December 31, 1998 between General Electric Capital Corporation and the Company (Filed as Exhibit 10.1)
(10.35)w	—	Addendum No. 1 to Master Lease Agreement dated December 31, 1998 between General Electric Capital Corporation and the Company (Filed as Exhibit 10.2)
(10.36)w	—	Addendum No. 2 to Master Lease Agreement dated December 31, 1998 between General Electric Capital Corporation and the Company (Filed as Exhibit 10.3)
(10.37)w	—	Biotech Equipment Schedule Schedule No. 001 dated December 31, 1998 to Master Lease Agreement dated December 31, 1998 between General Electric Corporation and the Company (Filed as Exhibit 10.4)
(10.38)w	—	Annex A to Equipment Schedule No. 001 to Master Lease Agreement dated December 31, 1998 between General Electric Corporation and the Company (Filed as Exhibit 10.5)

(10.39)w	—	Annex B to Equipment Schedule No. 001 to Master Lease Agreement dated December 31, 1998 between General Electric Corporation and the Company (Filed as Exhibit 10.6)
(10.40)w	—	Addendum to Schedule No. 001 to Master Lease Agreement dated as of December 31, 1998 between General Electric Corporation and the Company (Filed as Exhibit 10.7)
(10.41)w@	—	Collaborative Research, License and Co-Promotion agreement dated as of October 5, 1998 between Schering Aktiengesellschaft and the Company (Filed as Exhibit 10.8)
(10.42)w@	—	Collaborative ProNet Research and License Agreement dated as of November 11, 1998 between Monsanto Company and the Company (Filed as Exhibit 10.9)
(10.43)w@	—	Letter Amendment to the Collaborative Research and License Agreement dated as of November 30, 1998 between Bayer Corporation and the Company (Filed as Exhibit 10.10)
(10.44)m@	—	Collaboration and License Agreement between the Company and Novartis Agricultural Discovery Institute, Inc. dated July 27, 1999 (Filed as Exhibit 10.1)
(10.45)m	—	Subscription Agreement between the Company and Peter Friedli dated September 30, 1999 (Filed as Exhibit 10.2)
(10.46)m	—	Securities Purchase Agreement and Standstill Agreement between the Company and Schering Berlin Venture Corporation dated October 15, 1999 (Filed as Exhibit 10.3)
(10.47)f	—	Master Lease Agreement dated October 25 between Comdisco Laboratory and Scientific Group, a Division of Comdisco Healthcare Group, Inc. and the Company (Filed as Exhibit 10.1)
(10.48)f	—	Addendum to the Master Lease Agreement dated October 25, 1999 between Comdisco Laboratory and Scientific Group, a Division of Comdisco Healthcare Group, Inc. and the Company (Filed as Exhibit 10.2)
(10.49)f	—	Amendment No. 1 to the Master Lease Agreement dated October 25, 1999 between Comdisco Laboratory and Scientific Group, a Division of Comdisco Healthcare Group, Inc. and the Company (Filed as Exhibit 10.3)
(10.50)f	—	Equipment Schedule No. SG01 dated November 10, 1999 to the Master Lease Agreement dated October 25, 1999 between Comdisco Laboratory and Scientific Group, a Division of Comdisco Healthcare Group, Inc. and the Company (Filed as Exhibit 10.4)
(10.51)v	—	Purchase Agreement dated as of August 28, 2000 between the Registrant and Acqua Wellington North American Equities Fund, Ltd.
(10.52)v	—	Registration Rights Agreement dated as of August 28, 2000 between the Registrant and Acqua Wellington North American Equities Fund, Ltd.
(10.53)s	—	Purchase Agreement dated as of October 27, 2000 between the Registrant and Acqua Wellington North America Equities, Ltd. (Filed as Exhibit 10.1)

(10.54)s	—	Registration Rights Agreement dated as of October 27, 2000 between the Registrant and Acqua Wellington North America Equities, Ltd. (Filed as Exhibit 10.2)
(10.55)e	—	Lease Agreement, dated March 31, 2001 between the Registrant and Boyer Research Park Associates VI, by it general partner, The Boyer Company, L.C. (Filed as Exhibit 10.1)
(10.56)e	—	Agreement, dated March 31, 2001, between the Registrant and Boyer Research Park Associates VI, by its general partner, The Boyer Company, L.C. (Filed as Exhibit 10.2)
(10.57)e@	—	License Agreement, dated December 7, 2000, between the Registrant and Encore Pharmaceuticals, Inc. (Filed as Exhibit 10.3)
(21.1)	—	List of Subsidiaries of the Registrant
(23.1)	—	Consent of KPMG LLP

* Previously filed with the Commission as Exhibits to, and incorporated herein by reference from, the Company's Registration Statement filed on Form S-1, File No. 33-95970.

\# Previously filed with the Commission as Exhibits to, and incorporated herein by reference from, the Company's Registration Statement filed on Form S-1, File No. 33-95970, and for which Confidential Treatment has been granted by the Securities and Exchange Commission as to certain portions.

@ Confidential Treatment has been granted by the Securities and Exchange Commission as to certain portions.

p Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1995.

$ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c) of this report.

z Previously filed and incorporated herein by reference from the Form 10-K for the period ending June 30, 1996.

! Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1996.

q Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1996.

= Previously filed and incorporated herein by reference from the Form 10-K for the period ending June 30, 1997.

++ Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1997.

% Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1997.

k Previously filed and incorporated herein by reference from the Form 10-K for the period ending June 30, 1998.

& Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1998.

w Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1998.

m Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1999.

f Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1999.

v Previously filed and incorporated herein by reference from the Form 10-K for the period ending June 30, 2000.

s Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 2000.

e Previously filed and incorporated herein by reference from the Form 10-Q for the period ending March 31, 2001.

g Previously filed and incorporated herein by reference from the Form 8-K filed on July 18, 2001.

Where a document is incorporated by reference from a previous filing, the Exhibit number of the document in that previous filing is indicated in parentheses after the description of such document.

Item 14(b) *Reports on Form 8-K*

We filed a Current Report on Form 8-K, on April 30, 2002, to disclose that we had publicly disseminated a press release announcing that we had entered into a new collaboration with DuPont to better understand the genetics that drive the proprietary products of Pioneer, a subsidiary of DuPont.

We filed a Current Report on Form 8-K on May 22, 2002 to disclose that we had publicly disseminated a press release announcing that we had introduced a new predictive medicine product for risk of hereditary colon cancer, called COLARIS AP™.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Salt Lake City, Utah on September 26, 2002.

MYRIAD GENETICS, INC.

By: /s/ PETER D. MELDRUM

Peter D. Meldrum
President and Chief Executive Officer

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

Signatures	Title	Date
By: /s/ PETER D. MELDRUM **Peter D. Meldrum**	President and Chief Executive Officer and Director (principal executive officer)	September 26, 2002
By: /s/ JAY M. MOYES **Jay M. Moyes**	Vice President of Finance (principal financial and accounting officer)	September 26, 2002
By: /s/ HUGH A. D'ANDRADE **Hugh A. D'Andrade**	Chairman of the Board	September 26, 2002
By: /s/ WALTER GILBERT **Walter Gilbert, Ph.D.**	Vice Chairman of the Board	September 26, 2002
By: /s/ MARK H. SKOLNICK **Mark H. Skolnick, Ph.D.**	Chief Scientific Officer and Director	September 26, 2002
By: /s/ ARTHUR H. HAYES, JR. **Arthur H. Hayes, Jr., M.D.**	Director	September 26, 2002
By: /s/ DALE A. STRINGFELLOW **Dale A. Stringfellow, Ph.D.**	Director	September 26, 2002
By: /s/ LINDA S. WILSON **Linda S. Wilson, Ph.D.**	Director	September 26, 2002

Certifications

I, Peter D. Meldrum, certify that:

1. I have reviewed this annual report on Form 10-K of Myriad Genetics, Inc.;

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 annual report; and

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.

Date: September 26, 2002

/s/ PETER D. MELDRUM

Peter D. Meldrum
President and Chief Executive Officer

I, Jay M. Moyes, certify that:

1. I have reviewed this annual report on Form 10-K of Myriad Genetics, Inc.;

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 annual report; and

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.

Date: September 26, 2002

/s/ JAY M. MOYES

Jay M. Moyes
Vice President of Finance and Chief Financial Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Myriad Genetics, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended June 30, 2002 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 26, 2002

/s/ PETER D. MELDRUM

Peter D. Meldrum
President and Chief Executive Officer

Date: September 26, 2002

/s/ JAY M. MOYES

Jay M. Moyes
Vice President of Finance and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as a separate disclosure document.

EXHIBIT INDEX

Exhibit Number		Description of Exhibits
(4.2)	—	Form of Common Stock Certificate
(4.4)	—	Agreement of Substitution and Amendment of Common Shares Rights Agreement by and between the Registrant and American Stock Transfer and Trust Company

(10.1)	—	2002 Amended and Restated Employee, Director and Consultant Stock Option Plan
(21.1)	—	List of Subsidiaries of the Registrant
(23.1)	—	Consent of KPMG LLP

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QuickLinks -- Click here to rapidly navigate through this document

Exhibit 4.2

(front)

NUMBER
MG _____

SHARES
_____

COMMON STOCK

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

MYRIAD GENETICS, INC.

INCORPORATION UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK, PAR VALUE $.01 PER SHARE OF

MYRIAD GENETICS, INC.

(herein called the "Corporation"), transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby are subject to the laws of the State of Delaware and to the Certificate of Incorporation and the By-laws of the Corporation, each as from time to time amended.

This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signature of its duly authorized officers

Dated:

VICE PRESIDENT OF FINANCE,
ASSISTANT SECRETARY AND
ASSISTANT TREASURER

PRESIDENT
AND CHIEF EXECUTIVE OFFICER

MYRIAD GENETICS, INC.
1992 - DELAWARE

COUNTERSIGNED AND REGISTERED: AMERICAN STOCK TRANSFER AND TRUST COMPANY TRANSFER AGENT AND REGISTRAR

(back)

MYRIAD GENETICS, INC.

The following abbreviations, when used in the inscription on the fact of the certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	—	as tenants in common	UNIF GIFT MIN ACT—	_____	Custodian	_____
TEN ENT	—	as tenants by the entireties		(Cust)		(Minor)
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common			under Uniform Gifts to Minors Act	
				_____		
				(State)		

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP OF ASSIGNEE)

_____

Shares

of the common stock represented by this Certificate, and do hereby irrevocably constitute and appoint

Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the Certificate in every particular, without alteration or enlargement, or any change whatever.

Signature Guaranteed:

THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OR SERIES OF STOCK. A COPY OF THE PREFERENCES, POWERS, QUALIFCATIONS AND RIGHTS OF EACH CLASSS AND SERIES WILL BE FURNISHED BY THE CORPORATION UPON WRITTEN REQUEST AND WITHOUT CHARGE.

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Rights Agreement between Myriad Genetics, Inc. (the "Company") and Mellon Investor Services LLC (the "Rights Agent") dated as of July 17, 2001 (the "Rights Agreement"), the terms of which are herby incorporated herein by reference and a copy of which is on file at the principal offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement, as in effect on the date of mailing, without charge promptly after receipt of a written request therefore. Under certain circumstances set forth in the Rights Agreement, Rights issued to, or held by, any Person who is, was or becomes an Acquiring Person or any Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may become null and void. The Rights shall not be exercisable, and shall be void so long as held, by a holder in any jurisdiction where the requisite qualification to the issuance to such holder, or the exercise by such holder, of the Rights in such jurisdiction shall not have been obtained or is not obtainable.

American Stock Transfer & Trust Company is the successor Rights Agent to the above-referenced Agreement.

TRA 1568829v2

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Exhibit 4.2

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Exhibit 4.4

AGREEMENT OF SUBSTITUTION AND AMENDMENT OF COMMON SHARES RIGHTS AGREEMENT

This Agreement of Substitution and Amendment is entered into as of August 16, 2002 by and between Myriad Genetics, Inc., a Delaware corporation (the"Company") and American Stock Transfer and Trust Company, a New York banking corporation ("AST").

RECITALS

A. On or about July 17, 2001, the Company entered into a Common Shares Rights Agreements (the "Rights Agreement") with Mellon Investor Services LLC (the "Predecessor Agent") as rights agent.

B. The Company wishes to remove the Predecessor Agent and substitute AST as rights agent pursuant to Section 21 of the Rights Agreement.

C. The Company has given the Predecessor Agent notice of removal of the Predecessor Agent as rights agent.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and of other consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 21 of the Rights Agreement is hereby amended to provide that any successor rights agent shall, at the time of its appointment as rights agent, have a combined capital and surplus of at least $10 million, rather than $50 million.

2. The Company hereby appoints AST as rights agent pursuant to Section 21 of the Rights Agreement, to serve in that capacity for the consideration and subject to all of the terms and conditions of the Rights Agreement.

3. AST hereby accepts the appointment as rights agent pursuant to Section 21 of the Rights Agreement and agrees to serve in that capacity for the consideration and subject to all of the terms and conditions of the Rights Agreement.

4. From and after the effective date hereof, each and every reference in the Rights Agreement to a "Rights Agent" shall be deemed to be a reference to AST.

5. Section 26 of the Rights Agreement is amended to provide that notices or demands shall be addressed as follows (until another address is filed):

If to the Company:
Myriad Genetics, Inc.
320 Wakara Way
Salt Lake City, Utah 84108
Attention: President and C.E.O.
Facsimile No.: (801) 584-3640

If to AST:
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
Attention: Corporate Trust Department

6. Except as expressly modified herein, the Right Agreement shall remain in full force and effect.

7. This Agreement of Substitution and Amendment may be executed in one or more counterparts, each of which shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the dated indicated above.

MYRIAD GENETICS, INC.

By: /s/ PETER D. MELDRUM

Name: Peter D. Meldrum

AMERICAN STOCK TRANSFER & TRUST COMPANY

By: /s/ HERBERT J. LEMMER

Name: Herbert J. Lemmer

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Exhibit 10.1

MYRIAD GENETICS, INC.

2002 AMENDED AND RESTATED EMPLOYEE, DIRECTOR AND
CONSULTANT STOCK OPTION PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Myriad Genetics, Inc. 2002 Amended and Restated Employee, Director and Consultant Stock Option Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to a committee. (See Paragraph 4)

Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Board of Directors means the Board of Directors of the Company.

Code means the United States Internal Revenue Code of 1986, as amended.

Committee means the Committee to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

Common Stock means shares of the Company's common stock, $.01 par value.

Company means Myriad Genetics, Inc., a Delaware corporation.

Disability or *Disabled* means permanent and total disability as defined in Section 22(e)(3) of the Code.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, either (a) the average of the closing or last prices of the Common Stock on the Composite Tape or other comparable reporting system for the ten (10) consecutive trading days immediately preceding the applicable date or (b) the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for the trading day immediately preceding the applicable date, as the Administrator shall determine;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading days or day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, either (a) the average of the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the ten (10) days on which Common Stock was traded immediately preceding the applicable date or (b) the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded immediately preceding the applicable date, as the Administrator shall determine; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

ISO means an option meant to qualify as an incentive stock option under Code Section 422.

Key Employee means an employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an

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Affiliate), designated by the Administrator to be eligible to be granted one or more Options under the Plan.

Non-Qualified Option means an option which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

Option Agreement means an agreement between the Company and a Participant delivered pursuant to the Plan.

Participant means a Key Employee, director or consultant to whom one or more Options are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Participant's Survivors means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to an Option by will or by the laws of descent and distribution.

Plan means this Myriad Genetics, Inc. 2002 Amdned and Restated Employee, Director and Consultant Stock Option Plan.

Shares means shares of the Common Stock as to which Options have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued upon exercise of Options

granted under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Key Employees, directors and certain consultants to the Company in order to attract such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs and Non-Qualified Options.

3. SHARES SUBJECT TO THE PLAN.

The number of Shares subject to this Plan as to which Options may be granted from time to time shall be 8,000,000 or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 16 of the Plan.

If an Option ceases to be "outstanding", in whole or in part, the Shares which were subject to such Option shall be available for the granting of other Options under the Plan. Any Option shall be treated as "outstanding" until such Option is exercised in full, or terminates or expires under the provisions of the Plan, or by agreement of the parties to the pertinent Option Agreement.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to a Committee of the Board of Directors. Following the date on which the Common Stock is registered under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), the Plan is intended to comply in all respects with Rule 16b-3 or its successors, promulgated pursuant to Section 16 of the 1934 Act with respect to Participants who are subject to Section 16 of the 1934 Act, and any provision in this Plan with respect to such persons contrary to

Rule 16b-3 shall be deemed null and void to the extent permissible by law and deemed appropriate by the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

a. Interpret the provisions of the Plan or of any Option or Option Agreement and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

b. Determine which employees of the Company or of an Affiliate shall be designated as Key Employees and which of the Key Employees, directors and consultants shall be granted Options;

c. Determine the number of Shares for which an Option or Options shall be granted; and

d. Specify the terms and conditions upon which an Option or Options may be granted;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Code Section 422 of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Option granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is other than the Board of Directors.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be a Key Employee, director or consultant of the Company or of an Affiliate at the time an Option is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of an Option to a person not then an employee, director or consultant of the Company or of an Affiliate. The actual grant of such Option, however, shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Option Agreement evidencing such Option. ISOs may be granted only to Key Employees. Non-Qualified Options may be granted to any Key Employee, director or consultant of the Company or an Affiliate. In no event shall any employee be granted in any calendar year Options to purchase more than 1,000,000 shares of the Company's Common Stock pursuant to this Plan. The granting of any Option to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Options.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be, granted subject to such conditions as the Administrator may deem appropriate including, without limitation, subsequent approval by the stockholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

A. *Non-Qualified Options*: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

a. Option Price: The option price (per share) of the Shares covered by each Option shall be determined by the Administrator but shall not be less than the par value per share of Common Stock.

b. Each Option Agreement shall state the number of Shares to which it pertains;

c. Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated goals or events; and

d. Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders including requirements that:

i. The Participant's or the Participant's Survivors' right to sell the Shares may be restricted; and

ii. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

e. On the date of each annual meeting of the Company's shareholders, each director of the Company who is not (i) an employee of the Company or (ii) nominated or elected pursuant to or in satisfaction of a contractual obligation of the Company, provided that on such dates such director has been in the continued and uninterrupted service of the Company as a director since his or her election or appointment, shall be granted a Non-Qualified Option to purchase 15,000 Shares. Each Option granted under this subparagraph shall (i) have an exercise price equal to the Fair Market Value (per share) of the Shares on the date of grant of the Option, (ii) have a term of ten (10) years, and (iii) shall become cumulatively exercisable in three (3) equal annual installments of thirty-three and 33/100 percent (33.33%) each, upon completion of one full year of service on the Board of Directors after the date of grant, and continuing on each of the next two (2) full years of service thereafter. Any director entitled to receive an Option grant under this subparagraph may elect to decline the Option. The provisions of Paragraphs 10, 11, 12 and 13 below shall not apply to Options granted pursuant to this subparagraph.

Except as otherwise provided in the pertinent Option Agreement, if a director who receives Options pursuant to this subparagraph:

i. ceases to be a member of the Board of Directors of the Company for any reason other than death or disability, then any unexercised Options granted to such director may be exercised by the director within the remaining life of the Option, but only to the extent of the number of Shares with respect to which the Options are exercisable on the date the director ceases to be a member of the Board of Directors, and in no event later than the expiration date of the Option; or,

ii. ceases to be a member of the Board of Directors of the Company by reason of his or her Disability, then any unexercised Options granted to him or her hereunder may be exercised by the Participant (or by the Participant's personal representative) within the remaining life of the Option but in no event later than the expiration date of the Option.

iii. ceases to be a member of the Board of Directors of the Company by reason of his or her death, then any Options granted to him or her hereunder which have not previously been exercised shall be made fully exercisable by the Participant's Survivors and any unexercised Options granted to such Director may be

exercised by the Participant's Survivors within the remaining life of the Option but in no event later than the expiration date of the Option.

B. *ISOs*: Each Option intended to be an ISO shall be issued only to a Key Employee and be subject to at least the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Code Section 422 and relevant regulations and rulings of the Internal Revenue Service:

a. Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described above, except clause (a) thereunder.

b. Option Price: Immediately before the Option is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Code Section 424(d):

i. Ten percent (10%) *or less* of the total combined voting power of all classes of share capital of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Shares on the date of the grant of the Option.

ii. More than ten percent (10%) of the total combined voting power of all classes of share capital of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred ten percent (110%) of the said Fair Market Value on the date of grant.

c. Term of Option: For Participants who own

i. Ten percent (10%) *or less* of the total combined voting power of all classes of share capital of the Company or an Affiliate, each Option shall terminate not more than ten (10) years from the date of the grant or at such earlier time as the Option Agreement may provide;

ii. More than ten percent (10%) of the total combined voting power of all classes of share capital of the Company or an Affiliate, each Option shall terminate not more than five (5) years from the date of the grant or at such earlier time as the Option Agreement may provide.

d. Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of Options which may be exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed one hundred thousand dollars ($100,000), provided that this subparagraph (e) shall have no force or effect if its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as ISOs pursuant to Section 422(d) of the Code.

e. Limitation on Grant of ISOs: No ISOs shall be granted after the date which is the *earlier* of ten (10) years from the date of the adoption of the Plan by the Company and the date of the approval of the Plan by the shareholders of the Company.

7. EXERCISE OF OPTION AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address, together with provision for payment of the full purchase price in accordance with this paragraph for the Shares as to which such Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such written notice shall be

signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a fair market value equal as of the date of the exercise to the cash exercise price of the Option, determined in good faith by the Administrator, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the delivery of the Shares may be delayed by the Company in order to comply with any law or regulation which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be evidenced by an appropriate certificate or certificates for fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to any Key Employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to paragraph 19) if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in paragraph 6(e).

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is permitted by the Plan, (ii) any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, (iii) any such amendment of any ISO shall be made only after the Administrator, after consulting the counsel for the Company, determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISO, and (iv) with respect to any Option held by any Participant who is subject to the provisions of Section 16(a) of the 1934 Act, any such amendment shall be made only after the Administrator, after consulting with counsel for the Company, determines whether such amendment would constitute the grant of a new Option.

8. RIGHTS AS A SHAREHOLDER.

No Participant to whom an Option has been granted shall have rights as a shareholder with respect to any Shares covered by such Option, except after due exercise of the Option and tender of the full purchase price for the Shares being purchased pursuant to such exercise and registration of the Shares in the Company's share register in the name of the Participant.

9. ASSIGNABILITY AND TRANSFERABILITY OF OPTIONS.

By its terms, an Option granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as otherwise determined by the Administrator and set forth in the applicable Option agreement. The designation of a beneficiary of an Option by a Participant shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, an Option shall only be exercisable, during the Participant's lifetime, by the Participant (or by his or her legal representative)and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Option or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon an Option, shall be null and void.

10. EFFECT OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE".

Except as otherwise provided in the pertinent Option Agreement, in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised all Options, the following rules apply:

a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any reason other than termination "for cause", Disability, or death for which events there are special rules in Paragraphs 11, 12, and 13, respectively), may exercise any Option granted to him or her to the extent that the right to purchase Shares has accrued on the date of such termination of service, but only within such term as the Administrator has designated in the pertinent Option Agreement.

b. In no event may an Option Agreement provide, if the Option is intended to be an ISO, that the time for exercise be later than three (3) months after the Participant's termination of employment.

c. The provisions of this paragraph, and not the provisions of Paragraph 12 or 13, shall apply to a Participant who subsequently becomes disabled or dies after the termination of employment, director status or consultancy, provided, however, in the case of a Participant's death within three (3) months after the termination of employment, director status or consulting, the Participant's Survivors may exercise the Option within one (1) year after the date of the Participant's death, but in no event after the date of expiration of the term of the Option.

d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause", then such Participant shall forthwith cease to have any right to exercise any Option.

e. A Participant to whom an Option has been granted under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a permanent and total Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

f. Options granted under the Plan shall not be affected by any change of employment or other service within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate, provided, however, if a Participant's employment by either the Company or an Affiliate should cease (other than

to become an employee of an Affiliate or the Company), such termination shall affect the Participant's rights under any Option granted to such Participant in accordance with the terms of the Plan and the pertinent Option Agreement.

11. EFFECT OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in the pertinent Option Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause" prior to the time that all of his or her outstanding Options have been exercised:

a. All outstanding and unexercised Options as of the date the Participant is notified his or her service is terminated "for cause" will immediately be forfeited, unless the Option Agreement provides otherwise.

b. For purposes of this Article, "cause" shall include (and is not limited to) dishonesty with respect to the employer, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of cause will be conclusive on the Participant and the Company.

c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause", then the right to exercise any Option is forfeited.

d. Any definition in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to such Participant.

12. EFFECT OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in the pertinent Option Agreement, a Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

a. To the extent exercisable but not exercised on the date of Disability; and

b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights as would have accrued had the Participant not become Disabled prior to the end of the accrual period which next ends following the date of Disability. The proration shall be based upon the number of days of such accrual period prior to the date of Disability.

A Disabled Participant may exercise such rights only within a period of not more than one (1) year after the date that the Participant became Disabled, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not become disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such

determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

13. EFFECT OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in the pertinent Option Agreement, in the event of the death of a Participant to whom an Option has been granted while the Participant is an employee, director or consultant of the Company or of an Affiliate, any Option granted to him or her hereunder shall become fully exercisable as of the date of death of the Participant.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within (i) the earlier of the expiration of the Option or one (1) year after the date of death of such Participant, if the Option is an ISO, or (ii) the remaining term of the Option if the Option is a Non-Qualified Option.

14. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of an Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

a. The person(s) who exercise such Option shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws.

b. The Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder.

The Company may delay issuance of the Shares until completion of any action or obtaining of any consent which the Company deems necessary under any applicable law (including, without limitation, state securities or "blue sky" laws).

15. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise any Option to the extent that the Option is exercisable as of the date immediately prior to such dissolution or liquidation.

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16. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Option granted to him or her hereunder which have not previously been exercised in full shall be adjusted as hereinafter provided, unless otherwise specifically provided in the written agreement between the Participant and the Company relating to such Option:

A. *Stock Dividends and Stock Splits*. If the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of such Option shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend. The number of Shares subject to options to be granted to directors pursuant to Subparagraph e of Paragraph 6 shall also be proportionately adjusted upon the occurrence of such events.

B. *Consolidations or Mergers*. If the Company is to be consolidated with or acquired by another entity in a merger, sale of all or substantially all of the Company's assets or otherwise (an "Acquisition"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that all Options must be exercised (either, to the extent then exercisable or, at the discretion of the Administrator, all Options being made fully exercisable for purposes of this subsection), within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the Fair Market Value of the shares subject to such Options (either to the extent then exercisable or, at the discretion of the Administrator, all Options being made fully exercisable for purposes of this subsection) over the exercise price thereof.

C. *Recapitalization or Reorganization*. In the event of a recapitalization or reorganization of the Company (other than a transaction described in subparagraph B above) pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option shall be entitled to receive for the purchase price paid upon such exercise the securities he or she would have received if he or she had exercised such Option prior to such recapitalization or reorganization.

D. *Modification of ISOs*. Notwithstanding the foregoing, any adjustments made pursuant to subparagraph A, B or C with respect to ISOs shall be made only after the Administrator, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the ISO.

17. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. Except as

expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company.

18. FRACTIONAL SHARES.

No fractional share shall be issued under the Plan and the person exercising such right shall receive from the Company cash in lieu of such fractional share equal to the Fair Market Value thereof.

19. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS: TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period or reducing the exercise price of the appropriate installments of such Options. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISO's converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

20. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Optionholder's salary, wages or other remuneration in connection with the exercise of an Option or a Disqualifying Disposition (as defined in Paragraph 21), the Optionholder shall advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Optionholder, the amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock, is authorized by the Administrator (and permitted by law); provided, however, that with respect to persons subject to Section 16 of the 1934 Act, any such withholding arrangement shall be in compliance with any applicable provisions of Rule 16b-3 promulgated under Section 16 of the 1934 Act. For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Optionholder may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

21. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Key Employee who receives an ISO must agree to notify the Company in writing immediately after the Key Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such shares before the later of (a) two years after the date the Key Employee was granted the ISO, or (b) one year after the date the Key Employee acquired shares by exercising the ISO. If the Key Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

22. TERMINATION OF THE PLAN.

The Plan will terminate on November 9, 2004, the date which is ten (10) years from the *earlier* of the date of its adoption and the date of its approval by the shareholders of the Company. The Plan may be terminated at an earlier date by vote of the shareholders of the Company; provided, however, that any such earlier termination will not affect any Options granted or Option Agreements executed prior to the effective date of such termination.

23. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Options granted under the Plan or Options to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, to the extent necessary to ensure the qualification of the Plan under Rule 16b-3, at such time, if any, as the Company has a class of stock registered pursuant to Section 12 of the 1934 Act, and to the extent necessary to qualify the shares issuable upon exercise of any outstanding Options granted, or Options to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which is of a scope that requires shareholder approval in order to ensure favorable federal income tax treatment for any incentive stock options or requires shareholder approval in order to ensure the compliance of the Plan with Rule 16b-3 at such time, if any, as the Company has a class of stock registered pursuant to

Section 12 of the 1934 Act, shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, affect his or her rights under an Option previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Option Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Option Agreements may be amended by the Administrator in a manner which is not adverse to the Participant.

24. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Option Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

25. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

QuickLinks

Exhibit 10.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 21.1

LIST OF SUBSIDIARIES OF MYRIAD GENETICS, INC.

Company Name	Jurisdiction of Incorporation
Myriad Genetic Laboratories, Inc.	Delaware
Myriad Financial, Inc.	Utah
Myriad Pharmaceuticals, Inc.	Delaware

QuickLinks

Exhibit 21.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

Consent of Independent Auditors

The Board of Directors
Myriad Genetics, Inc.

We consent to incorporation by reference in the registration statements (No.'s 333-72978, 333-99204, 333-4700, 333-23255, 333-40961 and 333-93363) on Forms S-8, and in the registration statements (No.'s 333-73124, 333-45772 and 333-50504) on Forms S-3 of Myriad Genetics, Inc. of our report dated August 23, 2002, related to the consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries as of June 30, 2002 and 2001 and the related consolidated statements of operations, stockholders' equity and comprehensive loss and cash flows for each of the years in the three-year period ended June 30, 2002, which report appears in the June 30, 2002 annual report on Form 10-K of Myriad Genetics, Inc.

KPMG LLP

Salt Lake City, Utah
September 25, 2002

QuickLinks