

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, 2001

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 (I.R.S. Employer Identification No.)  
of incorporation or organization)

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

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.

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 1, 2001 was  
\$1,025,819,971, based on the last sale price as reported by The Nasdaq Stock  
Market.

As of September 1, 2001 the registrant had 23,527,981 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 8, 2001.

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 141 drug targets to date. We have also established a portfolio of 12 drug candidates that are under development at Myriad. Four of these drug candidates are in pre-clinical testing, while our lead therapeutic product for the treatment of prostate cancer recently completed a phase II human clinical trial. 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 three innovative predictive medicine products: BRACAnalysis(R), which is used to assess a woman's risk of developing breast and ovarian cancer, COLARIS(TM), which is used to determine a person's risk of developing colon cancer, and CardiaRisk(R), which is used for therapeutic management of hypertensive patients. We market these products using our own internal 75 person sales force in the United States and we have entered into marketing collaborations with other organizations in Austria, Canada, Germany, Japan and Switzerland. Revenues from these proprietary products grew approximately 94% from the prior year to \$17.1 million in the fiscal year ended June 30, 2001.

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 research payments received pursuant to collaborative agreements, upfront fees, milestone payments, and sales of predictive medicine products. We have yet to attain profitability and, for the year ended June 30, 2001, we had a net loss of \$7,174,493 and as of June 30, 2001 had an accumulated deficit of \$59,836,475.

We have formed strategic alliances with 10 major pharmaceutical or multinational companies including Bayer Corporation, Eli Lilly and Company, Novartis Corporation, Hoffmann-LaRoche Inc., Pharmacia Corporation, Schering-Plough Corporation, Schering AG, Hitachi Ltd., Oracle Corporation, and Torrey Mesa Research Institute, formerly known as Novartis Agricultural Discovery Institute. We intend to enter into additional collaborative relationships to discover genes, proteins, and protein networks 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 50 percent owned by the Company, intends to market a proprietary map of the human proteome to pharmaceutical and biotechnology companies for

therapeutic and diagnostic product development. We have a perpetual, subscription-free right to study all of the data generated by Myriad Proteomics for our own internal drug development and predictive medicine programs.

We expect to incur losses for at least the next several years, primarily due to expansion of our research and development programs, expansion of our drug discovery and development efforts, 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 predictive medicine business. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

## Industry Background

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 the scientific community learns more about the genetic basis of disease, we believe that the current methods of drug development will be revolutionized.

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 pharmaceutical companies to employ genomics and proteomics in their drug discovery and development programs.

Modern gene-based small molecule drug discovery and development programs 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.** Predictive medicine is the analysis of 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.

#### Our Business Strategy

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 proteomics platform to discover important disease genes and proteins, understand their functions and identify lead compounds. We plan to expand our proprietary proteomic 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 will 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 Proteomic Platform

We have developed and integrated a powerful set of proteomic 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(R) and ProSpec(TM) 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 20 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(R) and ProSpec(TM) 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(TM) 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(TM) 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(TM) 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 proteomics 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 40 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 1,046 proteins for further evaluation using our ProNet(R) technology.

To date, we have discovered 141 drug targets. We have built drug discovery screens for 56 of our proprietary drug targets and are screening them against our own compound library. We have identified 36 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 12 drug candidates currently under development. Four of these drugs are in pre-clinical studies and our lead drug for the treatment of prostate cancer has recently completed a phase II clinical study. The following table outlines the status of our major drug development programs:

DRUG CANIDATE	LEAD DISCOVERED	LEAD OPTIMIZATION	PRECLINICAL STUDIES	CLINICAL TRIALS	NDA APPROVAL
<b>CANCER</b>					
MPC-7869	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX	
MPI-42511	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX		
MPI-176716	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX		
MPYS-197	XXXXXXXXXXXXX	XXXXXXXXXXXXX			
MPYS-413	XXXXXXXXXXXXX				
<b>ANTIVIRAL</b>					
MPI-49839	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX		
MPYS-900	XXXXXXXXXXXXX	XXXXXXXXXXXXX			
MPYS-188	XXXXXXXXXXXXX				
<b>THROMBOSIS</b>					
MPC-1203	XXXXXXXXXXXXX	XXXXXXXXXXXXX	XXXXXXXXXXXXX		
<b>RHEUMATOID ARTHRITIS</b>					
MPYS-333	XXXXXXXXXXXXX	XXXXXXXXXXXXX			
MPYS-563	XXXXXXXXXXXXX	XXXXXXXXXXXXX			
<b>ALZHEIMER'S DISEASE</b>					
MPYS-315	XXXXXXXXXXXXX				

MPC-7869: Candidate Drug for Prostate Cancer. MPC-7869 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, MPC-7869 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 MPC-7869 was given to a group of these patients, 52% experienced a reduction in the growth rate of their PSA levels. This is an exciting result and we are not aware of any other drug to achieve a similar or better response measured by PSA level, and this drug does so without toxic side effects. MPC-7869, therefore, 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 and possibly, to inhibit angiogenesis. 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.

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. Financial Printing Group 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.

#### 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.

Personalized medicine establishes a genetic response profile to drug therapy for specific individuals. Knowing how a patient will likely respond to particular drugs may decrease the occurrence of adverse side effects from medications while improving their effectiveness, possibly leading to better outcomes and lower overall healthcare costs. Both predictive and personalized medicine are of interest to healthcare payors who seek to lower costs and improve the effectiveness of medical care.

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 and personalized 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 three predictive medicine products, BRACAnalysis(R), COLARIS(TM) and CardiaRisk(R). We are currently marketing these products in the United States directly through our own 75 person sales force. We are in the process of developing additional predictive medicine products, PROLARIS(TM) for genetic susceptibility to prostate cancer and MELARIS(TM) which assesses a person's risk for melanoma, a deadly form of skin cancer.

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 and Bioscientia, Ltd. in Germany, Austria and Switzerland.

**BRACAnalysis(R): Predictive Medicine Product for Breast and Ovarian Cancer.** It is estimated that each year, approximately 190,000 women in the United States are diagnosed with breast cancer and approximately 25,000 women are diagnosed with ovarian cancer. Each year in the United States, an estimated 40,000 women will die from breast cancer, which has the second highest cancer mortality rate among women, and an estimated 14,500 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(R) is a comprehensive analysis of the BRCA1 and BRCA2 genes for determining a woman's susceptibility to breast and ovarian cancer. BRACAnalysis(R) 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 \$2,680 and is covered by health maintenance organizations and health insurance providers in the United States. We have nine issued United States patents covering BRACAnalysis(R).

**COLARIS(TM): 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 135,000 new cases expected to be diagnosed in the year 2001. 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(TM) is a comprehensive analysis of the MLH1 and MSH2 genes for determining a person's risk of developing colon cancer or uterine cancer. COLARIS(TM) 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 health maintenance organizations and health insurance providers in the United States.

**CardiaRisk(R): 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 recent 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(R) identifies individuals likely to respond to specific high blood pressure therapies by screening for mutations of the AGT gene. Using CardiaRisk(R) 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(R) is a fully automated test that we perform using DNA extracted from a patient's blood sample. The cost for the test is \$295 and it is not currently reimbursed by health insurance. We believe CardiaRisk(R) is one of the first

commercially available personalized medicine products. We have six issued United States patents covering CardiaRisk(R).

MELARIS(TM): Predictive Medicine Product for Melanoma. We have a substantial development program on a predictive medicine product for genetic susceptibility to melanoma. 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 over 51,000 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(TM), 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. MELARIS(TM) is scheduled for introduction to the market in the Fall of 2001 through our 75 person oncology sales force and represents our fourth commercial product. We have 12 issued United States patents covering MELARIS(TM).

PROLARIS(TM): Predictive Medicine Product for Prostate Cancer. We have a substantial development program on a predictive medicine test for prostate cancer based upon our discovery of the HPC2 prostate cancer gene, as reported in the February 2001 issue of the journal Nature Genetics. Prostate cancer is diagnosed in approximately 198,000 men each year in the United States. According to the American Cancer Society, over 31,000 men will die of the disease in 2001, making it the second most common cause of cancer death in men. Early diagnosis is effective in increasing the survival for patients with prostate cancer. Diagnosis at the local and regional stages is associated with a five-year survival rate approaching 100%, although survival rates for more advanced tumors decline rapidly. Tests such as PSA have had a positive effect on survival with prostate cancer, and close monitoring of PSA levels among men identified as high risk from the PROLARIS(TM) test offer potential for early diagnosis and improved survival.

#### 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 assorted 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. The financial structure of our strategic alliances varies with each agreement and may include research payments, equity investments, milestone payments, upfront license payments, and royalty payments or profit sharing.

Events that trigger milestone payments to us may include:

- . the discovery of a gene or protein;
- . the determination of the function of a gene or protein;
- . the filing of an investigational new drug application with the FDA;
- . the commencement of Phase III clinical trials; and
- . the submission of a new drug application with the FDA.

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 established research collaborations with 10 major pharmaceutical or multinational companies, including Bayer Corporation, Eli Lilly and Company, Hitachi Ltd., Novartis Corporation, Oracle Corporation, Pharmacia Corporation, Hoffmann-LaRoche Inc., Schering AG, Schering-Plough Corporation, and Torrey Mesa Research Institute.

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. These 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 65 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 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 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, 2001, we had 452 full-time equivalent employees, including 57 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(R), our first predictive medicine product. In January 1998 we introduced for commercial use CardiaRisk(R), our second predictive medicine product. In August 2000, we announced the launch of COLARIS(TM), our most recent predictive medicine product to be introduced.

Our lead therapeutic compound has recently completed a Phase II human clinical trial. 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 \$7,174,493 during the fiscal year ended June 30, 2001, \$8,722,102 during the year ended June 30, 2000 and \$9,995,453 during the year ended June 30, 1999. We had an accumulated deficit of \$59,836,475 as of June 30, 2001. 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.

BRACAnalysis(R), CardiaRisk(R), COLARIS(TM) and any 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 BRACAnalysis 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 BRACAnalysis in order to increase our sales of the product. We introduced our newer products CardiaRisk in August 1998 and COLARIS in August 2000 and may not succeed in achieving commercial acceptance of either product. Our ability to successfully commercialize BRACAnalysis, CardiaRisk and COLARIS, 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, and Galileo Genomics, 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(R), CardiaRisk(R), and COLARIS(TM). 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 the FDA decides to regulate predictive medicine products, or 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 protein 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 92,000 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. We have also committed to lease a 57,000 square foot building which is currently under construction. This new structure will be attached to our current facility. Additionally, we lease 6,440 square feet for various research support functions. The lease on our primary facility has a term of ten years, 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, 2001.

## PART II

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

## Market Information

The Company's 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 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
Fiscal 2000:		
Fourth Quarter.....	\$ 76.063	\$ 19.00
Third Quarter.....	\$116.063	\$21.313
Second Quarter.....	\$ 25.375	\$ 8.25
First Quarter.....	\$ 9.75	\$ 4.323

As of September 1, 2001, there were approximately 141 stockholders of record of the Common Stock and, according to the Company's estimates, approximately 13,762 beneficial owners of the Common Stock. The Company has not paid dividends to its stockholders since its inception and does not plan to pay cash dividends in the foreseeable future. The Company currently intends to retain earnings, if any, to finance the growth of the Company.

## 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, 2001. The selected consolidated financial data as of and for each of the five years ended June 30, 2001 have been derived from our consolidated financial statements. The consolidated financial statements and the report thereon for the year ended June 30, 2001 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,				
	2001	2000	1999	1998	1997
Consolidated Statement of Operations Data:					
Research revenue.....	\$ 28,071,252	\$ 25,219,766	\$ 20,093,057	\$ 20,999,598	\$ 14,732,054
Predictive medicine revenue.....	17,091,139	8,793,272	5,220,349	2,210,983	504,045
Total revenues.....	45,162,391	34,013,038	25,313,406	23,210,581	15,236,099
Costs and expenses:					
Predictive medicine cost of revenue.....	7,402,906	3,986,473	3,066,354	1,391,368	340,461
Research and development expense.....	33,818,144	28,098,769	23,452,220	23,002,340	18,580,229
Selling, general and administrative expense.....	17,077,846	13,474,923	11,105,520	11,807,023	8,755,217
Total costs and expenses.....	58,298,896	45,560,165	37,624,094	36,200,731	27,675,907
Operating loss.....	(13,136,505)	(11,547,127)	(12,310,688)	(12,990,150)	(12,439,808)
Other income (expense):					
Interest income.....	6,850,479	3,208,506	2,348,827	3,223,683	3,414,379
Interest expense.....	--	--	(6,278)	(32,681)	(66,661)
Other.....	(305,134)	(383,481)	(27,314)	2,113	(114,190)
Net loss before income taxes.....	(6,591,160)	(\$8,722,102)	(\$9,995,453)	(\$9,797,035)	(\$9,206,280)
Income taxes.....	(583,333)	--	--	--	--
Net loss.....	(\$7,174,493)	(\$8,722,102)	(\$9,995,453)	(\$9,797,035)	(\$9,206,280)
Basic and diluted net loss per share.....	(\$0.31)	(\$0.43)	(\$0.53)	(\$0.53)	(\$0.52)
Basic and diluted weighted average shares outstanding.....	22,815,035	20,220,446	18,782,244	18,578,962	17,807,836
As of June 30,					
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable investment securities.....	\$145,954,968	\$ 88,655,844	\$ 38,926,459	\$ 53,109,493	\$ 63,077,439
Working capital.....	104,615,236	57,263,118	8,348,224	21,806,290	38,796,960
Total assets.....	172,145,355	106,375,305	53,550,940	67,391,972	76,063,331
Notes payable less current portion.....	--	--	--	--	128,844
Stockholders' equity.....	139,561,798	77,706,647	48,215,736	57,481,013	66,178,975

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

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 141 drug targets to date. We have also established a portfolio of 12 drug candidates that are under development at Myriad. Four of these drug candidates are in pre-clinical testing, while our lead therapeutic product for the treatment of prostate cancer recently completed a phase II human clinical trial. 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 three innovative predictive medicine products: BRACAnalysis, which is used to assess a woman's risk of developing breast and ovarian cancer, COLARIS, which is used to determine a person's risk of developing colon cancer, and CardiaRisk, which is used for therapeutic management of hypertensive patients. We market these products using our own internal 75 person sales force in the United States and we have entered into marketing collaborations with other organizations in Austria, Canada, Germany, Japan and Switzerland. Revenues from these proprietary products grew approximately 94% from the prior year to \$17.1 million in the fiscal year ended June 30, 2001.

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 research payments received pursuant to collaborative agreements, upfront fees, milestone payments, and sales of predictive medicine products. We have yet to attain profitability and, for the year ended June 30, 2001, we had a net loss of \$7,174,493 and as of June 30, 2001 had an accumulated deficit of \$59,836,475.

We have formed strategic alliances with 10 major pharmaceutical or multinational companies including Bayer Corporation, Eli Lilly and Company, Novartis Corporation, Hoffmann-LaRoche Inc., Pharmacia Corporation, Schering-Plough Corporation, Schering AG, Hitachi Ltd., Oracle Corporation, and Torrey Mesa Research Institute, formerly known as Novartis Agricultural Discovery Institute. We intend to enter into additional collaborative relationships to discover genes, proteins, and protein networks 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 50 percent owned by the Company,

intends to market a proprietary map of the human proteome to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development. We have a perpetual, subscription free right to study all of the data generated by Myriad Proteomics for our own internal drug development and predictive medicine programs.

We expect to incur losses for at least the next several years, primarily due to expansion of our research and development programs, expansion of our drug discovery and development efforts, 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 predictive medicine business. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

## RESULTS OF OPERATIONS

Years ended June 30, 2001 and 2000.

Research revenues for our fiscal year ended June 30, 2001 were \$28,071,252 as compared to \$25,219,766 for the fiscal year ended June 30, 2000. The increase in our research revenue of 11% is 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 \$17,091,139 were recognized in the fiscal year ended June 30, 2001, an increase of 94% or \$8,297,867 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, have given 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 \$33,818,144 from \$28,098,769 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 \$17,077,846 compared to \$13,474,923 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 have also bolstered our sales force to 75 full time employees, which will 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 \$57,299,124, or 65%, from \$88,655,844 at June 30, 2000 to \$145,954,968 at June 30, 2001. This increase in our cash, cash equivalents and marketable investment securities was primarily attributable to the sale of approximately \$68,581,000 of our Common Stock in private placements during the year, as well as receipt of approximately \$10,000,000 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 \$6,850,479 compared to \$3,208,506 for the fiscal year ended June 30, 2000, an increase of 114%. The loss on disposition of assets of \$305,134 in the fiscal year ended June 30, 2001 was primarily the result of our retiring unproductive assets.

Years ended June 30, 2000 and 1999.

Research revenues for our fiscal year ended June 30, 2000 were \$25,219,766 as compared to \$20,093,057 for the fiscal year ended June 30, 1999. The increase of 26% in our research revenue was primarily attributable to revenue recognized from the TMRI collaboration that began in July 1999, the Roche collaboration which began in December 1999, and the Hitachi collaboration which began in May 2000. Research revenue from our research

collaborations 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 \$8,793,272 were recognized in the fiscal year ended June 30, 2000, an increase of 68% or \$3,572,923 over the prior year. Predictive medicine revenue is comprised of sales of predictive medicine products resulting from our discovery of disease genes. Sales and marketing efforts, together with increased demand as a result of wider acceptance of our products by the medical community, gave rise to the increased revenues for the fiscal year ended June 30, 2000. There can be no assurance, however that predictive medicine revenues will continue to increase at historical rates.

Research and development expenses for the year ended June 30, 2000 increased to \$28,098,769 from \$23,452,220 for the prior year, an increase of 20%. This increase was primarily due to an increase in research activities as a result of our collaborations with TMRI, Roche, and Hitachi as well as those programs we funded internally. The increased level of research spending also included the ongoing drug discovery efforts of Myriad Pharmaceuticals, our wholly-owned subsidiary, continued development and utilization of ProNet, and third-party sponsored research programs.

Selling, general and administrative expenses for the fiscal year ended June 30, 2000 were \$13,474,923 compared to \$11,105,520 for the fiscal year ended June 30, 1999. This increase of 21% was primarily attributable to costs associated with the ongoing promotion of our predictive medicine business, including preparations for the launch of COLARIS, a predictive medicine test for hereditary colon and uterine cancer launched in September 2000. Increased costs also resulted from the establishment of international license agreements and the related costs of increasing our infrastructure to support our increased predictive medicine business. We expect our selling, general and administrative expenses will continue to fluctuate as needed in support of our predictive medicine business and our research and development efforts.

Cash, cash equivalents, and marketable investment securities were \$88,655,844 at June 30, 2000 as compared to \$38,926,459 at June 30, 1999. This increase of approximately \$49,750,000 in our cash, cash equivalents and marketable investment securities was primarily attributable to the private sale of approximately \$34,000,000 of our Common Stock during the fiscal year ended June 30, 2000, as well as receipt of \$500,000 from license payments, \$1,000,000 in non-recurring milestone payments and approximately \$44,000,000 in research payments from our collaborators. These cash receipts were offset by expenditures we incurred in the ordinary course of business. As a result of our increased cash position, interest income for the fiscal year ended June 30, 2000 was \$3,208,506 as compared to \$2,348,827 for the fiscal year ended June 30, 1999. The loss on disposition of assets of \$383,481 in the fiscal year ended June 30, 2000 was primarily the result of our retiring unproductive assets.

#### LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$3,775,307 during the fiscal year ended June 30, 2001 as compared to \$17,163,535 provided by operating activities during the prior year. Deferred revenue, representing the difference in collaborative research payments we have received and research revenue which we have recognized, increased by \$342,932 during the fiscal year ended June 30, 2001, as compared to an increase of \$18,837,682 during the fiscal year ended June 30, 2000 due to upfront payments from TMRI and Hitachi. Trade receivables increased \$1,392,216 between June 30, 2000 and June 30, 2001. This increase is primarily attributable to the 94% increase in predictive medicine revenue during fiscal 2001. Trade receivables as a percentage of predictive medicine revenue has dropped to 21% at June 30, 2001 compared to 27% at June 30, 2000 as a result of our continuing effort to improve collections. Related party receivables increased \$1,811,517 during the fiscal year ended June 30, 2001 as a result of our performing work, both scientific and administrative, for Myriad Proteomics, Inc. Prepaid expenses increased \$1,540,053 during the fiscal year ended June 30, 2001, which included advance payments to purchase lab supplies at a discount, advanced royalties, and insurance premiums. Accounts payable and accrued expenses increased by \$3,571,968 during the fiscal year ended June 30, 2001 as a result of our efforts to manage cash flows and extend payment terms.

The Company's investing activities used \$85,083,233 of cash in the fiscal year ended June 30, 2001 and \$4,335,576 in the fiscal year ended June 30, 2000. Investing activities were comprised primarily of net purchases of \$77,128,020 of marketable investment securities using cash received from private equity placements, license fees

and milestone payments, and predictive medicine sales during the fiscal year ended June 30, 2001. These funds were invested in accordance with our investment guidelines as established by our Board of Directors. Additional investing activities included capital expenditures of \$5,255,213 for research equipment and facility improvements, and a \$2,700,000 equity investment in a privately held biopharmaceutical company.

Financing activities provided \$68,580,621 during the fiscal year ended June 30, 2001. In August 2000, we sold 350,000 shares of Common Stock in a private placement for an aggregate purchase price of \$22,000,000. In October 2000 we sold an additional 400,000 shares of Common Stock in a private placement for an aggregate purchase price of \$41,000,000. We subsequently registered these 750,000 shares with the Securities and Exchange Commission, as required under the stock purchase agreements. Additional cash was provided from the exercise of stock options during the fiscal year ended June 30, 2001.

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 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

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

The Company's 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 the Company's investment portfolio are subject to interest rate risk. Changes in interest rates affect the fair market value of the available-for-sale securities. After a review of the Company's marketable securities as of June 30, 2001, the Company has determined that in the event of a hypothetical ten percent increase in interest rates, the resulting decrease in fair market value of the Company's 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.  
Index to Financial Statements  
-----

Number  
-----

Independent Auditors' Report.....	F-1
Consolidated Balance Sheets as of June 30, 2001 and 2000.....	F-2
Consolidated Statements of Operations for the Years Ended June 30, 2001, 2000 and 1999.....	F-3
Consolidated Statements of Stockholders' Equity and Comprehensive Loss for the Years Ended June 30, 2001, 2000 and 1999.....	F-4
Consolidated Statements of Cash Flows for the Years Ended June 30, 2001, 2000 and 1999.....	F-6
Notes to Consolidated Financial Statements.....	F-7

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

Not applicable.

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 the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on November 8, 2001.

Item 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Executive Compensation" in the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on November 8, 2001.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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 the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on November 8, 2001.

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 the Company's Proxy Statement for the 2001 Annual Meeting of Stockholders to be held on November 8, 2001.

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). 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)
(10.1)\$	-1992 Employee, Director and Consultant Stock Option Plan as amended and restated September 20, 2001
(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 -Mater 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  
 -----

On July 18, 2001, we filed a Form 8-K in conjunction with our adoption of a Shareholders' Rights Agreement.

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 24, 2001.

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 24, 2001
By: /s/ Jay M. Moyes ----- Jay M. Moyes	Vice President of Finance  (principal financial and accounting officer)	September 24, 2001
By: /s/ Hugh A. D'Andrade ----- Hugh A. D'Andrade	Chairman of the Board	September 26, 2001
By: /s/ Walter Gilbert ----- Walter Gilbert, Ph.D.	Vice Chairman of the Board	September 26, 2001
By: /s/ Mark H. Skolnick ----- Mark H. Skolnick, Ph.D.	Chief Scientific Officer and Director	September 26, 2001
By: /s/ Arthur H. Hayes, Jr. ----- Arthur H. Hayes, Jr., M.D.	Director	September 26, 2001
By: /s/ Dale A. Stringfellow ----- Dale A. Stringfellow, Ph.D.	Director	September 26, 2001
By: /s/ Linda S. Wilson ----- Linda S. Wilson, Ph.D.	Director	September 26, 2001

EXHIBIT INDEX

Exhibit Number -----	Description of Exhibits -----
(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
(4.2)	- Form of Common Stock Certificate
(10.1)	- 1992 Employee, Director and Consultant Stock Option Plan as amended and restated September 20, 2001
(21.1)	- List of Subsidiaries of the Registrant
(23.1)	- Consent of KPMG LLP

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, 2001 and 2000, 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, 2001. 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, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Salt Lake City, Utah  
August 17, 2001

F-1

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Consolidated Balance Sheets

Assets	June 30,	
	2001	2000
Current assets:		
Cash and cash equivalents	\$ 35,936,817	56,214,736
Marketable investment securities	91,282,481	24,286,955
Prepaid expenses	4,219,037	2,678,984
Trade accounts receivable, less allowance for doubtful accounts of \$255,000 in 2001 and \$145,000 in 2000	3,634,370	2,352,154
Other receivables	314,571	398,947
Related party receivables	1,811,517	--
Total current assets	137,198,793	85,931,776
Equipment and leasehold improvements:		
Equipment	21,425,910	16,965,545
Leasehold improvements	3,721,345	4,005,729
	25,147,255	20,971,274
Less accumulated depreciation and amortization	12,416,209	9,719,556
Net equipment and leasehold improvements	12,731,046	11,251,718
Long-term marketable investment securities	18,735,670	8,154,153
Other assets	3,479,846	1,037,658
	\$ 172,145,355	106,375,305
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,657,385	4,262,359
Accrued liabilities	3,082,799	4,905,857
Deferred revenue	19,843,373	19,500,442
Total current liabilities	32,583,557	28,668,658
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 23,441,659 shares in 2001 and 21,866,482 shares in 2000	234,417	218,666
Additional paid-in capital	198,800,273	130,235,403
Accumulated other comprehensive gain (loss)	363,583	(85,440)
Accumulated deficit	(59,836,475)	(52,661,982)
Total stockholders' equity	139,561,798	77,706,647
	\$ 172,145,355	106,375,305
	=====	=====

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Consolidated Statements of Operations

	Years ended June 30,		
	2001	2000	1999
Research revenue	\$ 28,071,252	25,219,766	20,093,057
Predictive medicine revenue	17,091,139	8,793,272	5,220,349
	-----	-----	-----
Total revenues	45,162,391	34,013,038	25,313,406
	-----	-----	-----
Costs and expenses:			
Predictive medicine cost of revenue	7,402,906	3,986,473	3,066,354
Research and development expense	33,818,144	28,098,769	23,452,220
Selling, general, and administrative expense	17,077,846	13,474,923	11,105,520
	-----	-----	-----
Total cost and expenses	58,298,896	45,560,165	37,624,094
	-----	-----	-----
Operating loss	(13,136,505)	(11,547,127)	(12,310,688)
Other income (expense):			
Interest income	6,850,479	3,208,506	2,348,827
Interest expense	--	--	(6,278)
Other	(305,134)	(383,481)	(27,314)
	-----	-----	-----
Net loss before taxes	(6,591,160)	(8,722,102)	(9,995,453)
Income taxes	583,333	--	--
	-----	-----	-----
Net loss	\$ (7,174,493)	(8,722,102)	(9,995,453)
	=====	=====	=====
Basic and diluted loss per common share	\$ (0.31)	(0.43)	(0.53)
	=====	=====	=====
Basic and diluted weighted-average shares outstanding	22,815,035	20,220,446	18,782,244
	=====	=====	=====

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC,  
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity and Comprehensive Loss

Years ended June 30, 2001, 2000, and 1999

	Common stock		Additi- tional paid-in capital	Accumu- lated other compre- hensive income (loss)	Deferred compen- sation	Accum- ulated deficit	Compre- hensive income (loss)	Stock- holders' equity
	Shares	Amount						
Balances at June 30, 1998	18,675,002	\$ 186,750	91,813,659	1,477	(576,446)	(33,944,427)		57,481,013
Issuance of common stock for cash upon exercise of options and warrants	137,654	1,377	364,918	--	--	--	--	366,295
Issuance of common stock for cash	44,808	448	203,146	--	--	--	--	203,594
Amortization of deferred compensation	--	--	--	--	230,610	--	--	230,610
Forfeiture of deferred compensation	--	--	(98,062)	--	98,062	--	--	--
Net loss	--	--	--	--	--	(9,995,453)	(9,995,453)	(9,995,453)
Unrealized gains (losses) on marketable investment securities:								
Unrealized holding gains arising during period	--	--	--	--	--	--	(115,287)	--
Less: classification adjustment for gains included in net loss	--	--	--	--	--	--	44,964	--
Other comprehensive loss	--	--	--	(70,323)	--	--	(70,323)	(70,323)
Comprehensive loss	--	--	--	--	--	--	(10,065,776)	--
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 losses on marketable investment securities:								
Unrealized holding losses arising during period	--	--	--	--	--	--	(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

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity and Comprehensive Loss

Years ended June 30, 2001, 2000, and 1999

	Common stock		Additi- tional paid-in capital	Accumu- lated other compre- hensive income (loss)	Deferred compen- sation	Accum- ulated deficit	Compre- hensive income (loss)	Stock holders' equity
	Shares	Amount						
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 period	--	--	--	--	--	--	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	195,800,273	363,583	--	(59,836,475)	139,561,798	

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years ended June 30,		
	2001	2000	1999
Cash flows from operating activities:			
Net loss	\$ (7,174,493)	(8,722,102)	(9,995,453)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,728,563	3,284,734	3,223,779
Loss (gain) on sale of assets	305,134	383,481	(17,650)
Loss on sale of investment securities	--	47,044	44,964
Bad debt expense	110,000	71,561	7,439
Changes in operating assets:			
Trade receivables	(1,392,216)	(1,100,765)	(859,062)
Prepaid expenses	(1,540,053)	(2,056,284)	(356,021)
Other receivables	84,376	1,456,749	(1,738,643)
Related party receivables	(1,811,517)	--	--
Other assets	--	465,663	--
Accounts payable and accrued expenses	3,571,968	4,495,772	(2,387,557)
Deferred revenue	342,931	18,837,682	(2,059,355)
Net cash provided by (used in) operating activities	(3,775,307)	17,163,535	(14,137,559)
Cash flows from investing activities:			
Proceeds from sale of equipment	--	14,851	3,604,579
Capital expenditures	(5,255,213)	(4,617,196)	(3,975,813)
Investments in other companies	(2,700,000)	(750,000)	--
Purchase of investment securities held-to-maturity	(119,683,435)	(4,126,628)	(17,462,407)
Maturities of investment securities held-to-maturities	126,610,618	5,957,410	20,001,804
Purchase of investment securities available-for-sale	(129,650,517)	(19,857,144)	(274,244,194)
Sale of investment securities available-for-sale	45,595,314	19,043,131	276,582,454
Net cash provided by (used in) investing activities	(85,083,233)	(4,335,576)	4,506,423
Cash flows from financing activities:			
Payments on notes payable	--	--	(128,843)
Net proceeds from issuance of common stock	68,580,621	37,981,833	569,889
Net cash provided by financing activities	68,580,621	37,981,833	441,046
Net increase (decrease) in cash and cash equivalents	(20,277,919)	50,809,792	(9,190,090)
Cash and cash equivalents at beginning of year	56,214,736	5,404,944	14,595,034
Cash and cash equivalents at end of year	\$ 35,936,817	56,214,736	5,404,944
Supplemental disclosure of cash flow information - interest paid	\$ --	--	6,278
Supplemental disclosures of noncash investing and financing activities:			
Decrease in additional paid-in capital as a result of forfeitures of stock options	\$ --	--	(98,062)
Fair value adjustment on marketable investment securities charged to stockholders' equity	449,023	(16,594)	(70,323)

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(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 \$15,376,672 and \$27,205,844 at June 30, 2001 and 2000, 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) 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.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(f) Revenue Recognition

The Company recognizes revenue from research contracts in accordance with the terms of the contract and the related research activities undertaken. This includes recognizing research revenue from research contracts over time as research is performed using the percentage-of-completion method based on costs incurred relative to total estimated contract costs. 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.

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. Revenues related to technology license fees when continuing involvement or services by the Company are required, are recognized over the period of performance. Up-front payments related to marketing agreements are recognized ratably over the life of the agreement.

(g) Net Loss Per Common and Common Equivalent Share

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, 2001, 2000, and 1999, there were antidilutive potential common shares of 4,121,061, 3,892,248, and 4,144,330, respectively. Accordingly, these potential common shares were not included in the computation of diluted earnings per share for the years presented, but may be dilutive to future basic and diluted earnings per share.

(h) 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.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(i) 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.

(j) Fair Value Disclosure

At June 30, 2001, the financial statement carrying amount of the Company's financial instruments approximates fair value except as disclosed in note 2.

(k) Stock-Based Compensation

The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards 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.

(l) Other Assets

Other assets are comprised of security deposits 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 on an ongoing basis.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(m) Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, Accounting for Business Combinations and No. 142, Accounting for Goodwill and Other Intangible Assets (SFAS 141 and SFAS 142). SFAS 141 is effective for the Company beginning July 1, 2001 and establishes accounting and reporting standards for business combinations and prohibits the use of the pooling-of-interests method of accounting for those transactions after June 30, 2001. SFAS 142 is effective for the Company beginning July 1, 2002 (though early adoption is permitted) and establishes accounting and reporting standards for goodwill and intangible assets whereby entities will no longer amortize goodwill and certain intangibles, but will test for impairment at least annually. The impact of adopting SFAS 141 is not expected to be material to the financial statements. The Company is currently evaluating the impact of adopting SFAS 142.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101). SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company's adoption of SAB 101 during fiscal 2001 did not have a material impact on its financial statements.

(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, 2001 and 2000, were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	-----	-----	-----	-----
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
	=====	=====	=====	=====

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
	-----	-----	-----	-----
At June 30, 2000:				
Held-to-maturity:				
U.S. government obligations	\$15,081,371	42,889	(58,065)	15,066,195
Corporate bonds and notes	2,010,932	--	(10,932)	2,000,000
	-----	-----	-----	-----
	\$17,092,303	42,889	(68,997)	17,066,195
	=====	=====	=====	=====
Available-for-sale:				
U.S. government obligations	\$ 9,609,981	--	(13,333)	9,596,648
Mortgage-backed securities	1,337,514	--	(46,305)	1,291,209
Corporate bonds and notes	3,511,553	--	(26,350)	3,485,203
Certificates of deposit and domestic bank obligations	975,197	548	--	975,745
	-----	-----	-----	-----
	\$15,434,245	548	(85,988)	15,348,805
	=====	=====	=====	=====

Maturities of debt securities classified as available-for-sale and held-to-maturity are as follows at June 30, 2001:

	Amortized cost	Fair value
	-----	-----
Held-to-maturity:		
Due within one year	\$ 6,601,324	6,607,283
Due after one year through three years	3,759,543	3,765,728
	-----	-----
	\$10,360,867	10,373,011
	=====	=====
Available-for-sale:		
Due within one year	\$84,323,177	84,681,157
Due after one year through three years	14,970,524	14,976,127
	-----	-----
	\$99,293,701	99,657,284
	=====	=====

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(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, 2001 are as follows:

Fiscal year ending:	
2002	\$ 4,538,928
2003	4,889,759
2004	3,879,429
2005	2,966,871
2006	2,966,871
Thereafter	16,468,357
	-----
	\$35,710,215
	=====

Rental expense was \$4,447,203 in 2001, \$3,777,738 in 2000, and \$1,855,679 in 1999.

(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 Stock Option Plan" and has reserved 6,000,000 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 2001, 2000, and 1999 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, 2001, 14,407 shares are reserved for future grant under the 1992 plan. For financial statement presentation purposes, the Company has recorded as deferred compensation the excess of the deemed value of the common stock at the date of grant over the exercise price. All deferred compensation was amortized ratably over the vesting period. Amortization expense was \$0, \$247,774, and \$230,610, for the years ended June 30, 2001, 2000, and 1999, respectively.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

A summary of activity is as follows:

	2001		2000		1999	
	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	3,826,748	\$ 16.48	3,909,582	\$ 6.32	3,284,954	\$ 9.24
Plus options granted	1,299,784	71.03	1,286,850	36.51	2,155,186	5.31
Less:						
Options exercised	(805,528)	6.36	(1,007,232)	5.92	(137,654)	3.14
Options canceled or expired	(265,443)	46.17	(362,452)	7.24	(1,392,904)	11.98
Options outstanding at end of year	4,055,561 =====	\$ 34.03	3,826,748 =====	\$ 16.48	3,909,582 =====	\$ 6.32
Options exercisable at end of year	1,039,248	\$ 14.14	1,093,510	\$ 6.17	1,444,960	\$ 5.67
Weighted-average fair value of options granted during the year		\$ 56.35		\$ 27.51		\$ 3.00

The following table summarizes information about fixed stock options outstanding at June 30, 2001:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding at June 30, 2001	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at June 30, 2001	Weighted-average exercise price
\$ 1.75 - 5.56	1,090,530	6.44	\$ 4.70	459,412	\$ 4.09
5.69 - 25.06	1,381,025	7.62	17.77	500,426	14.76
30.78 - 70.13	900,625	9.52	61.48	41,000	57.50
72.13 - 93.81	683,381	9.42	77.54	38,410	80.04
	4,055,561 =====	8.03	\$ 34.03	1,039,248 =====	\$ 14.14

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

The Company accounts for these plans under APB Opinion No. 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:

		2001	2000	1999
		-----	-----	-----
Net loss	As reported	\$ 7,174,493	8,722,102	9,995,453
	Pro forma	19,400,559	13,565,122	14,585,479
Basic and diluted loss per share	As reported	\$ 0.31	0.43	0.53
	Pro forma	0.85	0.67	0.78

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 2001, 2000, and 1999, respectively: risk-free interest rates of 5.2 percent, 6.3 percent, and 4.8 percent; expected dividend yields of zero percent for all years; expected lives of 6.3 years, 5.4 years, and 4.3 years; and expected volatility of 93 percent, 89 percent, and 69 percent.

(5) Income Taxes

The Company recorded \$583,333 of foreign income tax expense in 2001 and no income tax expense in 2000 or 1999. The difference between the expected tax benefit for all periods presented and the actual tax expense (benefit) 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 2001. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2001 and 2000, are presented below:

	2001	2000
	-----	-----
Deferred tax assets:		
Net operating loss carryforwards	\$ 44,469,000	27,109,000
Unearned revenue	7,402,000	7,274,000
Research and development credits	1,749,000	1,463,000
Accrued expenses and other	936,000	851,000
Capital loss carryforwards	34,000	28,000
	-----	-----
Total gross deferred tax assets	54,590,000	36,725,000
Less valuation allowance	(54,138,000)	(36,123,000)
	-----	-----
Net deferred tax assets	452,000	602,000
	-----	-----
Deferred tax liability - equipment, principally due to differences in depreciation	452,000	602,000
	-----	-----
Total gross deferred tax liability	452,000	602,000
	-----	-----
Net deferred tax liability	\$ --	--
	=====	=====

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

The net change in the total valuation allowance for the years ended June 30, 2001 and 2000, was an increase of \$18,015,000 and \$15,114,000, respectively. Approximately \$32,572,000 of deferred tax assets at June 30, 2001, 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, 2001, the Company had total tax net operating losses of approximately \$119,219,000 and total research and development credit carryforwards of approximately \$1,749,000, 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 2021.

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 is 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. Management believes that these limitations will not prevent these net operating losses from being utilized.

(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, of which 65,500 are still outstanding at June 30, 2001.

(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 percent of each employee's contribution with the employer's contribution not to exceed four percent of the employee's compensation. The Company's contributions to the plan were \$531,174, \$379,930, and \$358,325 for the years ended June 30, 2001, 2000, and 1999, 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, 2001, 127,394 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.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

(8) Collaborative Research Agreements

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 cereal crop genomics. The Company has received the full \$33.5 million specified in the agreement. Revenue related to this research collaboration is being recognized as the research is 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 expects to receive \$42.7 million through December 2002, which is being recognized as revenue as the research is 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 terminates 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.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

	Research -----	Predictive medicine -----	Total -----
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
Year ended June 30, 1999:			
Revenues	\$ 20,093,057	5,220,349	25,313,406
Depreciation and amortization	2,262,503	961,276	3,223,779
Segment operating loss	6,315,948	5,994,740	12,310,688
	2001 -----	2000 -----	1999 -----
Total operating loss for reportable segments	\$(13,136,505)	(11,547,127)	(12,310,688)
Unallocated amounts:			
Interest income	6,850,479	3,208,506	2,348,827
Interest expense	--	--	(6,278)
Other	(305,134)	(383,481)	(27,314)
Income taxes	(583,333)	--	--
Net loss	\$ (7,174,493) =====	(8,722,102) =====	(9,995,453) =====

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 six, seven, and four collaborators in fiscal 2001, 2000, and 1999, respectively. Further, revenue from two of the seven collaborators was in excess of ten percent 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 Corp. (Oracle) to map the human proteome. The newly-formed entity, Myriad Proteomics, Inc. (Myriad Proteomics), intends to market its proprietary database to pharmaceutical and biotechnology companies for therapeutic and diagnostic product development. The Company contributed technology to Myriad Proteomics in exchange for a 50 percent ownership interest and Hitachi, Friedli and Oracle contributed a combined \$82 million in cash in exchange for the remaining 50 percent ownership in Myriad Proteomics.

(Continued)

MYRIAD GENETICS, INC.  
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2001, 2000, and 1999

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 financial statement carrying value of \$-0- on the Company's 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 has 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, 2001, the remaining technology basis difference is estimated to be \$18 million, and is dependent on the completion of a valuation study at Myriad Proteomics. 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. These agreements expire on December 31, 2001 and may be extended thereafter on a month-to-month basis 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 year ended June 30, 2001, the Company provided \$1,644,498 of administrative and scientific services and purchased equipment totaling \$2,886,949 for Myriad Proteomics. As of June 30, 2001, the Company has received payments of \$2,719,930 from Myriad Proteomics for these services and the remaining \$1,811,517 is included in related party receivables on the accompanying consolidated balance sheet.

(11) Subsequent Events

On July 16, 2001 the Board of Directors adopted a stockholder rights plan and declared a dividend distribution of one preferred share purchase right for each outstanding share of the Company's common stock. Each right will entitle registered holders of the Company's common stock to purchase one one-hundredth of a share of a new series of junior participating preferred stock, designated as "Series A Junior Participating Preferred Stock". The rights generally will be exercisable only if a person (which term includes an entity) or group (i) acquires 15 percent or more of Myriad's common stock or (ii) announces a tender offer the consummation of which would result in ownership by that person or group of 15 percent or more of the common stock. Once exercisable, and in some circumstances if certain additional conditions are met, the rights plan allows Myriad stockholders (other than the acquirer) to purchase common stock in Myriad or in the acquiror at a substantial discount.

RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
MYRIAD GENETICS, INC.

Adopted in accordance with the  
provisions of Sections 242 and 245  
of the Delaware General Corporation Law  
-----

The Certificate of Incorporation of Myriad Genetics, Inc. (the "Corporation"), as originally filed with the Secretary of State of the State of Delaware on November 6, 1992, as amended by the filing with the Secretary of State of the State of Delaware of Certificates of Stock Designation on November 12, 1992, December 23, 1992, February 3, 1995, February 16, 1995, April 25, 1995 and August 31, 1995, respectively, and as further amended by the filing with the Secretary of State of Delaware of Certificates of Amendment filed on June 15, 1994, January 9, 1995, June 29, 1995 and October 11, 1995, respectively, is hereby amended and restated as set forth below pursuant to a resolution adopted by the Board of Directors of the Corporation acting at a meeting held in accordance with the provisions of the General Corporation Law of the State of Delaware and Article III of the By-laws of the Corporation, and pursuant to a resolution adopted by holders of at least a majority of the outstanding shares of Common Stock and Preferred Stock, voting together as a class, holders of at least a majority of the outstanding shares of Common Stock of the Corporation, voting as a separate class and holders of the requisite percentage of the outstanding shares of Series A Convertible Preferred Stock, voting as a separate class.

THE UNDERSIGNED does hereby certify as follows:

FIRST: The name of the Corporation (hereinafter referred to as the "Corporation") is

MYRIAD GENETICS, INC.

SECOND: The registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the laws of the General Corporation Law of the State of Delaware.

FOURTH: A. Designation and Number of Shares.  
-----

The total number of shares of capital stock of all classes which the Corporation is authorized to issue is 20,000,000, of which shares 15,000,000 of the par value of \$.01 each shall be

designated "Common Stock", and 5,000,000 of the par value of \$.01 each shall be a class designated "Preferred Stock".

The relative powers, designations, preferences, rights, and qualifications, limitations and restrictions and other matters relating to such Common Stock and the Preferred Stock are as set forth below in this Article FOURTH.

B. Preferred Stock  
-----

(1) Shares of Preferred Stock may be issued in one or more series at such time or times and for such consideration as the Board of Directors may determine. All shares of any one series shall be of equal rank and identical in all respects.

(2) Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the establishment and/or issuance of any series of Preferred Stock, the designation of such series and the powers, preferences and rights of the shares of such series, and the qualifications, limitations or restrictions thereof, including, without limitation, the following:

(a) The distinctive designation and number of shares comprising such series, which number may (except where otherwise provided by the Board of Directors in creating such series) be increased or decreased (but not below the number of shares then outstanding) from time to time by action of the Board of Directors;

(b) The rate of dividends, if any, on the shares of that series, whether dividends shall be non-cumulative, cumulative to the extent earned or cumulative (and, if cumulative, from which date or dates), whether dividends shall be payable in cash, property or rights, or in shares of the Corporation's capital stock, and the relative rights of priority, if any, of payment of dividends on shares of that series over shares of any other series or class;

(c) Whether the shares of that series shall be redeemable and if so the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption (which amount may vary under different conditions and at different redemption dates) or the property or rights, including securities of any other corporation, payable in case of redemption;

(d) Whether the series shall have a sinking fund for the redemption or purchase of shares of that series and, if so, the terms and amounts payable into such sinking fund;

(e) The rights to which the holders of the shares of that series shall be entitled in the event of voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series in any such event;

(f) Whether the shares of that series shall be convertible into or exchangeable for shares of stock of any other class or any other series and, if so, the terms and conditions of such conversion or exchange, including the rate or rates of conversion or exchange, the date or dates upon or after which they shall be convertible or exchangeable, the duration for which they shall be convertible or exchangeable, the event or events upon or after which they shall be convertible or exchangeable or at whose option they shall be convertible or exchangeable, and the method (if any) of adjusting the rates of conversion or exchange in the event of a stock split, stock dividend, combination of shares or similar event;

(g) Whether the issuance of any additional shares of such series, or of any shares of any other series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other series;

(h) Whether or not the shares of that series shall have voting rights, the extent of such voting rights on specified matters or on all matters, the number of votes to which the holder of shares of such series shall be entitled in respect of each share of such series, whether such series shall vote generally with the Common Stock on all matters or (either generally or upon the occurrence of specified circumstances) shall vote separately as a class or with other series of Preferred Stock; and

(i) Any other preferences, privileges and powers and relative, participating, optional or other special rights and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation and to the full extent now or hereafter permitted by the laws of the State of Delaware.

C. Common Stock.  
-----

1. General. The voting, dividend and liquidation and other rights of  
-----

the holders of the Common Stock are subject to and qualified by the rights of the holders of Preferred Stock, if any.

2. Voting. The holders of the Common Stock are entitled to one vote  
-----

for each share held. There shall be no cumulative voting.

3. Dividends. Dividends may be declared and paid on the Common Stock  
-----

from funds lawfully available therefor if, as and when determined by the Board of Directors, subject to any provision of this Restated Certificate of Incorporation, as amended from time to time, and subject to the relative rights and preferences of any shares of Preferred Stock authorized and issued hereunder.

4. Liquidation. Upon the dissolution or liquidation of the  
-----

Corporation, whether

voluntary or involuntary, holders of Common Stock will be entitled to receive all assets of the Corporation available for distribution to its stockholders, subject, however, to the liquidation rights of the holders of Preferred Stock authorized and issued hereunder.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the By-Laws of the Corporation as in effect from time to time, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

B. The directors of the Corporation need not be elected by written ballot unless the By-Laws so provide.

C. Any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation.

SIXTH: A. Subject to the rights of the holders of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Board.

B. On or prior to the date on which the Corporation first provides notice of an annual meeting of the stockholders (or a special meeting in lieu thereof) in 1996, the Board of Directors of the Corporation shall divide the directors nominated for election at such meeting into three classes, as nearly equal in number as reasonably possible, with the term of office of the first class to expire at the 1997 annual meeting of stockholders or any special meeting in lieu thereof, the term of office of the second class to expire at the 1998 annual meeting of stockholders or any special meeting in lieu thereof, and the term of office of the third class to expire at the 1999 annual meeting of stockholders or any special meeting in lieu thereof. At each annual meeting of stockholders or special meeting in lieu thereof following such initial classification, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders or special meeting in lieu thereof after their election and until their successors are duly elected and qualified.

C. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office even though less than a quorum, or by a sole remaining director. In the

event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term or his prior death, retirement, removal or resignation and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall if reasonably possible be apportioned by the Board of Directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent reasonably possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation and newly eliminated directorships shall be subtracted from those classes whose terms of office are to expire at the earliest dates following such allocation, unless otherwise provided for from time to time by resolution adopted by a majority of the directors then in office, although less than a quorum. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

D. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-Laws of the Corporation.

E. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time only for cause. A director may be removed for cause only after a reasonable notice and opportunity to be heard before the body proposing to remove him.

SEVENTH: The Board of Directors is expressly empowered to adopt, amend or repeal By-Laws of the Corporation. Any adoption, amendment or repeal of the By-Laws of the Corporation by the Board of Directors shall require the approval of a majority of the Board. The stockholders shall also have power to adopt, amend or repeal the By-Laws of the Corporation; provided, however, that , in addition

-----  
to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least seventy percent (70%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the By-Laws of the Corporation.

EIGHTH: 1. To the fullest extent permitted by the Delaware General Corporation Law as the same now exists or may hereafter be amended, the Corporation shall indemnify, and advance expenses to, its directors, officers and members of its Scientific Advisory Board and any person who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, if such person was or is made a party to or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the

Corporation or a member of the Corporation's Scientific Advisory Board or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan; provided, however, that except with respect to proceedings to enforce rights to

-----  
indemnification or as is otherwise required by law, the By-Laws of the Corporation may provide that the Corporation shall not be required to indemnify, and advance expenses to, any director, officer or other person in connection with a proceeding (or part thereof) initiated by such director, officer or other person, unless such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The Corporation, by action of its Board of Directors, may provide indemnification or advance expenses to employees and other agents of the Corporation or other persons only on such terms and conditions and to the extent determined by the Board of Directors in its sole and absolute discretion.

2. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article EIGHTH shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

3. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Article EIGHTH.

4. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article EIGHTH shall, unless otherwise specified when authorized or ratified, continue as to a person who has ceased to be a director, officer or member of the Corporation's Scientific Advisory Board and shall inure to the benefit of the heirs, executors and administrators of such director, officer or member of the Corporation's Scientific Advisory Board. The indemnification and rights to advancement of expenses that may have been provided to an employee or agent of the Corporation by action of the Board of Directors, pursuant to the last sentence of Paragraph 1 of this Article EIGHTH, shall, unless otherwise specified when authorized or ratified, continue as to a person who has ceased to be an employee or agent of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person, after the time such person has ceased to be an employee or agent of the Corporation, only on such terms and conditions and to the extent determined by the Board of Directors in its sole discretion. No repeal or amendment of this Article EIGHTH shall adversely affect any rights of any person pursuant to this Article EIGHTH which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment.

NINTH: No director shall be personally liable to the Corporation or its stockholders for any monetary damages for breaches of fiduciary duty as a director, notwithstanding any provision of law imposing such liability; provided that this provision shall not eliminate or limit the liability of a director, to the extent that such liability is imposed by applicable law, (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 or successor provisions of the General Corporation Law of the State of Delaware; or (iv) for any transaction from which the director derived an improper personal benefit. This provision shall not eliminate or limit the liability of a director for any act or omission if such elimination or limitation is prohibited by the General Corporation Law of the State of Delaware. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

TENTH: The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that in addition to

-----  
the vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of shares of voting stock of the Corporation representing at least seventy percent (70%) of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to (i) reduce or eliminate the number of authorized shares of Common Stock or the number of authorized shares of Preferred Stock set forth in Article FOURTH or (ii) amend or repeal, or adopt any provision inconsistent with, Articles FIFTH, SIXTH, SEVENTH, EIGHTH, NINTH and this Article TENTH of this Restated Certificate of Incorporation.

ELEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement,

the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its President this 12/th/ day of October, 1995.

MYRIAD GENETICS, INC.

By: /s/ PETER D. MELDRUM

-----  
Peter D. Meldrum  
President and Chief Executive  
Officer

CERTIFICATE OF AMENDMENT  
OF  
RESTATED CERTIFICATE OF INCORPORATION  
OF  
MYRIAD GENETICS, INC.

Myriad Genetics, Inc. (the "Corporation") does hereby certify as follows:

1. The Corporation's Restated Certificate of Incorporation, as filed with the Delaware Secretary of State on October 12, 1995, is hereby amended to delete the first sentence of Article FOURTH, Section A, in its entirety and replace it with the following:

The total number of shares of capital stock of all classes which the Corporation is authorized to issue is 65,000,000, of which shares 60,000,000 of the par value of \$.01 each shall be designated "Common Stock", and of which shares 5,000,000 of the par value of \$.01 each shall be a class designated "Preferred Stock".

2. The foregoing amendment to the Restated Certificate of Incorporation was duly adopted in accordance with Section 242 of the Delaware General Corporation Law.

Executed on August 16, 2000.

Myriad Genetics, Inc.

By: /s/ Peter D. Meldrum

-----  
Peter D. Meldrum

President and Chief Executive Officer

CERTIFICATE OF DESIGNATIONS

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

---

(\$0.01 Par Value)  
of  
MYRIAD GENETICS, INC.

Pursuant to Section 151 of the  
General Corporation Law of the State of Delaware

---

MYRIAD GENETICS, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

FIRST: That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation, as amended, of the Corporation, the Board of Directors of the Corporation adopted the following resolutions creating a series of 600,000 shares of Preferred Stock, \$0.01 par value per share, designated as Series A Junior Participating Preferred Stock:

RESOLVED: That pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of Article FOURTH, Section B of its Restated Certificate of Incorporation, as amended, a series of Preferred Stock of the Corporation (the "Series A Junior Participating Preferred Stock") be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of the Series A Junior Participating Preferred Stock, and the qualifications, limitations or restrictions thereof (in addition to the provisions set forth in the Restated Certificate of Incorporation of the Corporation, as amended, which are applicable to the Preferred Stock of all classes and series), shall be as set forth in Appendix A attached hereto.

-----

RESOLVED: That the Chairman, the President and Chief Executive Officer, the Chief Financial Officer, or any Senior Vice President and the Secretary or any Assistant Secretary of the Corporation be, and they hereby are, authorized and directed, in the name and on behalf of the Corporation, to file the Certificate of Designations in accordance with the provisions of Delaware General Corporation Law and to take such actions as they may deem necessary or appropriate to carry out the intent of the foregoing resolution.

SECOND: That the aforesaid resolutions were duly and validly adopted in accordance with the applicable provisions of Section 151 of the General Corporation Law of the State of

Delaware, and the Restated Certificate of Incorporation, as amended, and By-Laws of the Corporation.

THIRD: That the aforesaid designation shall become effective on July 17, 2001.

IN WITNESS WHEREOF, said Myriad Genetics, Inc. has caused its corporate seal to be hereunto affixed and this Certificate to be executed and attested, this 17th day of July, 2001.

MYRIAD GENETICS, INC.

By: /s/ Peter D. Meldrum

-----  
Name: Peter D. Meldrum

Its: President, and  
Chief Executive Officer

[Corporate Seal]

Attest:

/c/ Christopher L. Wight

-----  
Name: Christopher L. Wight

Its: V.P. General Counsel

Section 1. Designation and Amount. The shares of such series shall be

designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall be 600,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided,

however, that no decrease shall reduce the number of shares of Series A Junior

Participating Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Junior Participating Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock, in preference to the holders of Common Stock, \$0.01 par value per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds of the Corporation legally available for the payment of dividends, quarterly dividends payable in cash on March 31, June 30, September 30 and December 31 in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision, combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock) and the Corporation shall pay such dividend or distribution on the Series A Junior Participating Preferred Stock before the dividend or distribution declared on the

Common Stock is paid or set apart; provided, however, that, in the event no

-----  
dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior

-----  
Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock or effect a subdivision, combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, by law, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock, the holders of shares of Series A Junior Participating Preferred Stock, the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, the calling of special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board or the President of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order on request. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect

two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Corporation's Restated Certificate of Incorporation, as amended, or By-Laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Corporation's Restated Certificate of Incorporation, as amended, or By-Laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, or as otherwise provided by law, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

#### Section 4. Certain Restrictions.

-----

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on or make any other distributions on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares and then entitled;

(iii) redeem, purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to

the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock;

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner

whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation

(voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(D) Neither the consolidation, merger or other business combination of the Corporation with or into any other corporation the sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter  
-----

into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Junior Participating  
-----

Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall

-----

rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation of the

-----

Corporation, as amended, shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least seventy-five percent (75%) of the outstanding shares of Series A Junior Participating Preferred Stock, voting together as a single class.

Section 11. Fractional Shares. Series A Junior Participating Preferred

-----

Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

(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: CHEMICAL MELLON SHAREHOLDER SERVICES, L.L.C.  
(RIDGEFIELD PARK, N.J.) 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.

THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OR SERIES OF STOCK. A COPY OF THE PREFERENCES, POWERS, QUALIFICATIONS AND RIGHTS OF EACH CLASS 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 hereby 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.

MYRIAD GENETICS, INC.

1992 EMPLOYEE, DIRECTOR AND CONSULTANT STOCK OPTION PLAN  
(AS AMENDED AND RESTATED SEPTEMBER 20, 2001)

1. DEFINITIONS.

-----  
Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Myriad Genetics, Inc. 1992 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 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. 1992 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, any then unexercised Options granted to such director may be exercised by the director within a period of ninety (90) days after the date the director ceases to be a member of the Board of Directors, 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 death or Disability, any then unexercised Options granted to such Director may be exercised by the Participant (or by the Participant's personal representative, or the Participant's Survivors) within a period of one hundred eighty (180) days after the date the director ceases to be a member of the Board of Directors, 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.

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, such Option may be exercised by the Participant's Survivors:

- a. To the extent exercisable but not exercised on the date of death; and
- b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights which would have accrued had the Participant not died prior to the end of the accrual period which next ends following the date of death. The proration shall be based upon the number of days of such accrual period prior to the Participant's death.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one (1) year after the date of death of such Participant, notwithstanding that the decedent 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 died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the 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.

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, 2002, 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.

## 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

Consent of Independent Auditors

The Board of Directors  
Myriad Genetics, Inc.

We consent to incorporation by reference in the registration statements (No.'s 333-99204, 333-4700, 333-23255 and 333-40961 and 333-93363) on Forms S-8 and in the registration statements (No.'s 333-45772 and 333-50504) on Forms S-3 of Myriad Genetics, Inc. of our report dated August 17, 2001, related to the consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries as of June 30, 2001 and 2000 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, 2001, which report appears in the June 30, 2001 annual report on Form 10-K of Myriad Genetics, Inc.

KPMG LLP

Salt Lake City, Utah  
September 26, 2001