

MYRIAD GENETICS INC

FORM 10-Q (Quarterly Report)

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Address	320 WAKARA WAY SALT LAKE CITY, UT 84108
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Industry	Biotechnology & Drugs
Sector	Healthcare
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2009

OR

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
(State or other jurisdiction of
incorporation or organization)

87-0494517
(I.R.S. Employer
Identification No.)

320 Wakara Way, Salt Lake City, UT
(Address of principal executive offices)

84108
(Zip Code)

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

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 29, 2010 the registrant had 96,431,550 shares of \$0.01 par value common stock outstanding.

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MYRIAD GENETICS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<u>(In thousands, except per share amounts)</u>	<u>Dec. 31, 2009</u>	<u>Jun. 30, 2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 60,431	\$ 63,510
Marketable investment securities	284,978	253,345
Prepaid expenses	5,931	3,993
Trade accounts receivable, less allowance for doubtful accounts of \$4,400 at Dec. 31, 2009 and \$3,850 at Jun. 30, 2009	48,769	44,617
Other receivables	739	655
Total current assets	<u>400,848</u>	<u>366,120</u>
Equipment and leasehold improvements:		
Equipment	48,557	49,116
Leasehold improvements	15,590	11,942
	<u>64,147</u>	<u>61,058</u>
Less accumulated depreciation	39,322	38,435
Net equipment and leasehold improvements	<u>24,825</u>	<u>22,623</u>
Long-term marketable investment securities	112,150	75,370
Other assets	2,214	2,275
	<u>\$ 540,037</u>	<u>\$ 466,388</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,403	\$ 14,177
Accrued liabilities	13,308	17,992
Total current liabilities	<u>22,711</u>	<u>32,169</u>
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 5,000 shares, issued and outstanding no shares	—	—
Common stock, \$0.01 par value, authorized 150,000 shares at Dec. 31, 2009 and Jun. 30, 2009, issued and outstanding 96,370 at Dec. 31, 2009 and 95,896 at Jun. 30, 2009	964	959
Additional paid-in capital	568,646	550,432
Accumulated other comprehensive income	1,854	2,768
Accumulated deficit	(54,138)	(119,940)
Total stockholders' equity	<u>517,326</u>	<u>434,219</u>
	<u>\$ 540,037</u>	<u>\$ 466,388</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

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MYRIAD GENETICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<u>(In thousands, except per share amounts)</u>	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Molecular diagnostic revenue	\$ 92,768	\$ 83,952	\$ 177,890	\$ 153,917
Costs and expenses:				
Molecular diagnostic cost of revenue	11,083	11,060	22,145	20,850
Research and development expense	5,059	4,615	10,735	8,990
Selling, general, and administrative expense	42,104	34,960	80,776	67,371
Total costs and expenses	<u>58,246</u>	<u>50,635</u>	<u>113,656</u>	<u>97,211</u>
Operating income	34,522	33,317	64,234	56,706
Other income (expense):				
Interest income	1,531	3,437	3,444	6,871
Other	286	—	72	(2,005)
Total other income	<u>1,817</u>	<u>3,437</u>	<u>3,516</u>	<u>4,866</u>
Income from continuing operations before income taxes	36,339	36,754	67,750	61,572
Income tax provision	980	—	1,948	287
Income from continuing operations	<u>\$ 35,359</u>	<u>\$ 36,754</u>	<u>\$ 65,802</u>	<u>\$ 61,285</u>
Discontinued operations (Note 8)				
Loss from discontinued operations	—	(15,551)	—	(25,628)
Net income	<u>\$ 35,359</u>	<u>\$ 21,203</u>	<u>\$ 65,802</u>	<u>\$ 35,657</u>
Earnings (loss) per basic share:				
Continuing operations	\$ 0.37	\$ 0.40	\$ 0.68	\$ 0.67
Discontinued operations	—	(0.17)	—	(0.28)
Earnings per basic share	<u>\$ 0.37</u>	<u>\$ 0.23</u>	<u>\$ 0.68</u>	<u>\$ 0.39</u>
Earnings (loss) per diluted share:				
Continuing operations	\$ 0.36	\$ 0.38	\$ 0.66	\$ 0.63
Discontinued operations	—	(0.16)	—	(0.26)
Earnings per diluted share	<u>\$ 0.36</u>	<u>\$ 0.22</u>	<u>\$ 0.66</u>	<u>\$ 0.37</u>
Weighted average shares outstanding				
Basic	96,270	93,184	96,120	91,990
Diluted	99,426	97,716	99,459	97,184

See accompanying notes to condensed consolidated financial statements (unaudited).

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MYRIAD GENETICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<u>(In thousands)</u>	<u>Six Months Ended</u>	
	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2008</u>
Cash flows from operating activities:		
Net income	\$ 65,802	\$ 35,657
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,514	4,602
Loss on disposition of assets	65	—
Share-based compensation expense	11,996	11,217
Bad debt expense	9,250	7,994
(Gain) loss on sale of marketable investment securities	(137)	1,986
Changes in operating assets and liabilities:		
Prepaid expenses	(1,938)	394
Trade accounts receivable	(13,402)	(8,763)
Other receivables	216	4,023
Accounts payable	(4,774)	(12,113)
Accrued liabilities	(4,684)	(5,950)
Deferred revenue	—	(1,803)
Net cash provided by operating activities	<u>65,908</u>	<u>37,244</u>
Cash flows from investing activities:		
Capital expenditures for equipment and leasehold improvements	(5,920)	(3,509)
Purchase of other assets	(100)	(2,100)
Purchases of marketable investment securities	(220,209)	(185,905)
Proceeds from sales of and maturities of marketable investment securities	151,019	48,987
Net cash used in investing activities	<u>(75,210)</u>	<u>(142,527)</u>
Cash flows from financing activities:		
Net proceeds from common stock issued under share-based compensation plans	6,223	46,534
Net cash provided by financing activities	<u>6,223</u>	<u>46,534</u>
Net decrease in cash and cash equivalents	(3,079)	(58,749)
Cash and cash equivalents at beginning of period	63,510	237,734
Cash and cash equivalents at end of period	<u>\$ 60,431</u>	<u>\$ 178,985</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

MYRIAD GENETICS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared by Myriad Genetics, Inc. (the “Company”) in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Myriad Genetics Laboratories, Inc., Myriad Therapeutics, Inc. and through June 30, 2009, Myriad Pharmaceuticals, Inc. (“MPI”). The financial statements presented herein reflect the spin-off of MPI on June 30, 2009 as a discontinued operation (see Note 8). All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly all financial statements in accordance with GAAP. The condensed consolidated financial statements herein should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2009, included in the Company’s Annual Report on Form 10-K for the year ended June 30, 2009. Operating results for the three and six months ended December 31, 2009 may not necessarily be indicative of results to be expected for any other interim period or for the full year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company has evaluated subsequent events through February 3, 2010, which is the date these financial statements and Form 10-Q have been filed with the SEC. In the opinion of management, no material subsequent events have occurred since December 31, 2009 that required recognition or disclosure in these financial statements.

Until June 30, 2009, the Company’s business included its research and drug development businesses which were spun-off to MPI. The separation resulted in MPI operating as an independent entity with its own publicly-traded stock. The results of operations for the former research and drug development businesses conducted by the Company and by MPI until June 30, 2009 are included as part of this report for the periods prior to that date as discontinued operations. The Company does not have any ownership in MPI subsequent to the separation (see Note 8).

Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

(2) Marketable Investment Securities

The Company has classified its marketable investment securities as available for sale. These securities are carried at estimated fair value with unrealized holding gains and losses, net of the related tax effect, included in accumulated other comprehensive income in 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.

MYRIAD GENETICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale securities by major security type and class of security at December 31, 2009 and June 30, 2009 were as follows (in thousands):

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
At December 31, 2009:				
Available-for-sale:				
Corporate bonds and notes	\$266,523	\$ 2,049	\$ (83)	\$268,489
Federal agency issues	126,651	189	(91)	126,749
Auction rate securities	2,100	—	(210)	1,890
Total	<u>\$395,274</u>	<u>\$ 2,238</u>	<u>\$ (384)</u>	<u>\$397,128</u>
At June 30, 2009:				
Available-for-sale:				
Corporate bonds and notes	\$213,187	\$ 2,331	\$ (58)	\$215,460
Federal agency issues	110,660	705	0	111,365
Auction rate securities	2,100	—	(210)	1,890
Total	<u>\$325,947</u>	<u>\$ 3,036</u>	<u>\$ (268)</u>	<u>\$328,715</u>

Maturities of debt securities classified as available for sale are as follows at December 31, 2009 (in thousands):

	Amortized cost	Estimated fair value
Available-for-sale:		
Due within one year	\$283,635	\$284,978
Due after one year through three years	109,539	110,260
Due after three years	2,100	1,890
	<u>\$395,274</u>	<u>\$397,128</u>

In addition to the amounts above, the Company had cash equivalents of \$45.1 million at December 31, 2009 and \$32.8 million at June 30, 2009, respectively. Cash equivalents consist of highly liquid debt instruments with maturities at date of purchase of 90 days or less. As of December 31, 2009 and June 30, 2009, the carrying value of cash equivalents approximates fair value.

(3) Share-Based Compensation

In 2003, the Company adopted and the shareholders approved the 2003 Employee, Director and Consultant Stock Option Plan, as amended most recently in November 2009 (the “2003 Plan”), under which 18.8 million shares of common stock have been reserved for issuance upon the

MYRIAD GENETICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

exercise of options that the Company grants from time to time. Additional shares represented by options previously granted under the Company's 2002 Amended and Restated Employee, Director and Consultant Stock Option Plan (the "2002 Plan") which are canceled or expire after the date of stockholder approval of the 2003 Plan without delivery of shares of stock by the Company and any shares which were reserved but not granted under the 2002 Plan as of the date of stockholder approval of the 2003 Plan are available for grant under the 2003 Plan. As of December 31, 2009, approximately 2.9 million shares represented by options that remain outstanding under the 2002 Plan will transfer to the 2003 Plan if they are cancelled or expire without delivery of the shares of stock by the Company.

The number of shares, terms, and vesting period are determined by the compensation committee of the board of directors on an option-by-option basis. Options generally vest ratably over four years and expire ten years from the date of grant. Options are granted to members of the board of directors under the terms of the 2003 Plan and vest on the first anniversary of the date of grant. The exercise price of options granted is equivalent to the fair market value of the stock on the date of grant. During the three and six months ended December 31, 2009, the Company granted approximately 152,300 and 1,473,820 options under the 2003 Plan. The Company also has an Employee Stock Purchase Plan under which a maximum of 2,000,000 shares of common stock may be purchased by eligible employees. Any shares are issued twice yearly at the end of each six month offering period. During the three and six months ended December 31, 2009, the Company issued 46,597 shares of common stock under the Employee Stock Purchase Plan.

Employee stock-based compensation expense recognized was allocated as follows (*in thousands*):

	Three months ended Dec. 31,		Six months ended Dec. 31,	
	2009	2008	2009	2008
Molecular diagnostic cost of revenue	\$ 267	\$ 168	\$ 485	\$ 307
Research and development expense	964	749	1,870	1,416
Selling, general, and administrative expense	5,387	3,203	9,641	5,429
Discontinued operations	—	2,050	—	4,065
Total share-based compensation expense	<u>\$ 6,618</u>	<u>\$ 6,170</u>	<u>\$ 11,996</u>	<u>\$ 11,217</u>

During the three and six months ended December 31, 2009, 148,295 and 426,270 stock options were exercised at a weighted average exercise price of \$14.26 and \$12.45, respectively. As of December 31, 2009, there was approximately \$49.4 million of total unrecognized share-based compensation cost related to share-based awards granted under the Company's plans that will be recognized over a weighted-average period of 2.4 years.

The fair value of each option grant is estimated on the grant date using the Black-Scholes option-pricing model. Expected option lives and volatilities used in fair valuation calculations are based on historical data of the Company and the related expense is recognized on a straight-line basis over the vesting period.

MYRIAD GENETICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

(4) Comprehensive Income

The components of the Company's comprehensive income are as follows:

(In thousands)	Three months ended Dec. 31,		Six months ended Dec. 31,	
	2009	2008	2009	2008
Net income	\$ 35,359	\$ 21,203	\$ 65,802	\$ 35,657
Unrealized gain (loss) on available-for-sale securities	(817)	7,059	(914)	683
Comprehensive income	\$ 34,542	\$ 28,262	\$ 64,888	\$ 36,340

(5) Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of shares of the Company's common stock outstanding. Diluted earnings per share is computed based on the weighted-average number of shares of the Company's common stock, including common stock equivalents outstanding. Certain common shares consisting of stock options that would have an antidilutive effect were not included in the diluted earnings per share attributable to common stockholders for the three and six months ended December 31, 2009 and 2008.

The following is a reconciliation of the denominators of the basic and diluted earnings per share computations (*in thousands*):

Denominator:	Three months ended Dec. 31,		Six months ended Dec. 31,	
	2009	2008	2009	2008
Weighted-average shares outstanding used to compute basic earnings per share	96,270	93,184	96,120	91,990
Effect of dilutive stock options	3,156	4,532	3,339	5,194
Weighted-average shares outstanding and dilutive securities used to compute dilutive earnings per share	99,426	97,716	99,459	97,184

For the three and six months ended December 31, 2009, there were outstanding potential common equivalent shares of 6,272,573 and 5,135,324, compared to 4,609,710 and 3,897,358 in the same period in 2008, which were excluded from the computation of diluted earnings per share because the effect would have been anti-dilutive. These potential dilutive common equivalent shares may be dilutive to future diluted earnings per share.

(6) Segment and Related Information

The Company's business units from continuing operations have been aggregated into two reportable segments: (i) genetics and (ii) molecular diagnostics. The genetics segment is focused on the discovery of genes related to major common diseases and includes corporate services such as finance, human resources, legal, and information technology. The molecular diagnostics segment provides testing to assess an individual's risk for developing disease as well as testing to identify a patient's likelihood of responding to drug therapy and to help guide a patient's dosing to ensure optimal treatment.

MYRIAD GENETICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

On June 30, 2009, the Company spun-off its research and drug development businesses to MPI. The results from the former research and drug development businesses are reflected as discontinued operations for periods prior to that date in the Condensed Consolidated Statements of Operations (see Notes 1 and 8).

The Company evaluates segment performance based on results from operations before interest income and expense and other income and expense.

<u>(In thousands)</u>	<u>Genetics</u>	<u>Molecular diagnostics</u>	<u>Total</u>
Three months ended Dec. 31, 2009:			
Revenue	\$ —	\$ 92,768	\$ 92,768
Depreciation and amortization	531	1,204	1,735
Segment operating income (loss) from continuing operations	(10,854)	45,376	34,522
Three months ended Dec. 31, 2008:			
Revenue	—	83,952	83,952
Depreciation and amortization	599	1,057	1,656
Segment operating income (loss) from continuing operations	(9,310)	42,627	33,317
Six months ended Dec. 31, 2009:			
Revenue	—	177,890	177,890
Depreciation and amortization	1,057	2,457	3,514
Segment operating income (loss) from continuing operations	(21,692)	85,926	64,234
Six months ended Dec. 31, 2008:			
Revenue	—	153,917	153,917
Depreciation and amortization	1,178	2,029	3,207
Segment operating income (loss) from continuing operations	(18,297)	75,003	56,706

<u>(In thousands)</u>	<u>Three months ended Dec. 31,</u>		<u>Six months ended Dec. 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Total operating income for reportable segments	\$ 34,522	\$ 33,317	\$ 64,234	\$ 56,706
Interest income	1,531	3,437	3,444	6,871
Other	286	—	72	(2,005)
Income tax provision	980	—	1,948	287
Net income	<u>\$ 35,359</u>	<u>\$ 36,754</u>	<u>\$ 65,802</u>	<u>\$ 61,285</u>

(7) Fair Value Measurements

The fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1—quoted prices in active markets for identical assets and liabilities.

MYRIAD GENETICS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

Level 2—observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Some of the Company’s marketable securities primarily utilize broker quotes in a non-active market for valuation of these securities.

Level 3—unobservable inputs.

The substantial majority of our financial instruments are valued using quoted prices in active markets or based on other observable inputs. The following table sets forth the fair value of our financial assets that the Company re-measured at December 31, 2009:

<u>(In thousands)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$52,431	\$ 8,000	\$ —	\$ 60,431
Available for sale securities	—	395,238	1,890	397,128
Total	<u>\$52,431</u>	<u>\$403,238</u>	<u>\$1,890</u>	<u>\$457,559</u>

Our Level 1 assets include cash and money market instruments. Level 2 assets consist of our marketable investment securities that include federal agency issues, commercial paper, corporate bonds, and euro bonds. As of December 31, 2009, the Company held \$1.9 million of investments which were measured using unobservable (Level 3) inputs. These investments represent less than 1% of our investments portfolio and were classified as Level 3 assets as of December 31, 2009. Our Level 3 assets consist of auction rate securities and the value is determined based on valuations which approximate fair value. As of December 31, 2009, the Company believes the unrealized losses in the auction rate securities are temporary and it is more likely than not that the Company will not sell nor will it be required to sell the securities prior to maturity or recovery of the par value. As a result, the Company has recorded the unrealized losses in other comprehensive income in the accompanying condensed consolidated balance sheet. There were no changes in the composition or estimated fair value of our Level 3 financial assets, which are measured at fair value on a periodic basis, for the period ended December 31, 2009.

(8) Separation of Research and Pharmaceutical Businesses

On June 30, 2009, the Company separated its former research and drug development businesses from its molecular diagnostic business. The Company contributed substantially all of the assets and certain liabilities from the research and drug development businesses and \$188 million of cash and marketable securities to MPI. All outstanding shares of MPI were then distributed to the Company’s stockholders of record on June 17, 2009 as a pro-rata, tax-free dividend of one MPI common stock for every four shares of the Company’s common stock. The significant components of the research and drug development operations, which are presented as discontinued operations, were as follows (in thousands):

	<u>Three Months ended Dec. 31,</u>		<u>Six Months ended Dec. 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Research and other revenues (1)	\$ —	\$ 424	\$ —	\$ 4,109
Operating expenses (2)	—	(15,975)	—	(29,737)
Total loss from discontinued operations	<u>\$ —</u>	<u>\$ (15,551)</u>	<u>\$ —</u>	<u>\$ (25,628)</u>

- (1) Research revenue from discontinued operations includes revenue from research collaboration agreements, milestone payments, and technology licensing agreements.
- (2) Operating expenses from discontinued operations include costs associated with the development of clinical drug candidates and costs associated with the discontinuance of the Company’s former Alzheimer’s disease drug candidate.

MYRIAD GENETICS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)—(Continued)

(9) Income Taxes

The Company's income tax expense from continuing operations for the three and six months ended December 31, 2009 was \$980,000 and \$1,948,000, respectively, compared to \$0 and \$287,000 for the same three and six months ended December 31, 2008. Income tax expense represents the Company's estimated alternative minimum tax and state tax liabilities.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We are a leading molecular diagnostic company focused on developing and marketing novel predictive medicine, personalized medicine, and prognostic medicine products. We employ a number of proprietary technologies that help us to understand the genetic basis of human disease and the role that genes and their related proteins may play in the onset, progression and treatment of disease. We use this information to guide the development of new molecular diagnostic products that are designed to assess an individual's risk for developing disease later in life (predictive medicine), identify a patient's likelihood of responding to drug therapy and help guide a patient's dosing to ensure optimal treatment (personalized medicine), or assess a patient's risk of disease progression and disease recurrence (prognostic medicine).

To date we have launched seven commercial molecular diagnostic products, including four predictive medicine and three personalized medicine products. We market these products through our own 300-person sales force in the United States and we have entered into marketing collaborations with other organizations in selected foreign countries for some of our predictive medicine products. Molecular diagnostic revenue was \$92.8 million and \$177.9 million for the three and six months ended December 31, 2009, an increase of 11% and 16% over revenues of \$84.0 million and \$153.9 million for the same periods in the prior year. We launched our first molecular diagnostic product, BRACAnalysis[®], in November 1996, and sales of BRACAnalysis account for most of our molecular diagnostic revenues.

We believe that advances in the emerging field of molecular diagnostics will improve our ability to determine which individuals are subject to a greater risk of developing disease later in life so that action can be taken to try to prevent the disease, delay the onset of the disease or increase surveillance to catch the disease at an earlier stage when it is more treatable. We also believe that molecular diagnostic products can assist patients' physicians in managing their healthcare to help ensure that patients receive the most appropriate treatment based on their individual genetic makeup and the specific cause of disease.

The seven commercial molecular diagnostic products that we have launched to date are:

- *BRACAnalysis*[®], our predictive medicine product for hereditary breast and ovarian cancer;
- *COLARIS*[®], our predictive medicine product for hereditary colorectal and uterine cancer;
- *COLARIS AP*[®], our predictive medicine product for colon cancer;
- *MELARIS*[®], our predictive medicine product for hereditary melanoma;
- *Theraguide*[®] *5FU*, our personalized medicine product for chemotherapy toxicity;
- *Prezeon*[™], our personalized medicine product to assess PTEN status for disease progression and drug response; and
- *OnDose*[™], our personalized medicine product to measure chemotherapy exposure to *5FU*.

During the three and six months ended December 31, 2009, we devoted substantially all of our resources to supporting our molecular diagnostic products, as well as to the research and development of future molecular diagnostic product candidates. We are developing and intend to launch our eighth molecular diagnostic product during the first half of calendar 2010 and our ninth molecular diagnostic product for the genetic predisposition of pancreatic cancer in the second half of 2010. We have two reportable operating segments—genetics and molecular diagnostics. See Note 6 "Segment and Related Information" in the notes to our condensed consolidated financial statements (unaudited) for information regarding these operating segments. Our revenues consist of sales of our molecular diagnostic products.

We incurred research and development expenses from continuing operations of \$5.1 million and \$10.7 million for the three and six months ended December 31, 2009, compared to \$4.6 million and \$9.0 million for the three and six months ended December 31, 2008. Our research and development expenses include costs incurred in maintaining and improving our seven current molecular diagnostic products and costs incurred for the discovery, development and validation of our pipeline of molecular diagnostic product

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candidates. Our sales and marketing expenses and general and administrative expenses include costs associated with building our molecular diagnostic business. We expect that these costs will fluctuate from quarter to quarter and that such fluctuations may be substantial.

For the three and six months ended December 31, 2009, we had net income of \$35.4 million and \$65.8 million compared to \$21.2 million and \$35.7 million for three and six months ended December 31, 2008. As of December 31, 2009, we had an accumulated deficit of \$54.1 million.

On June 30, 2009, we separated our molecular diagnostic business from our research and drug development businesses by transferring our research and drug development businesses along with \$188.0 million of cash and marketable securities into our then wholly-owned subsidiary, Myriad Pharmaceuticals, Inc. ("MPI"). All outstanding shares of MPI were then distributed to our stockholders as a pro-rata, tax-free dividend on June 30, 2009 by issuing one share of MPI common stock for every four shares of our common stock to stockholders of record on June 17, 2009. The separation resulted in MPI operating as an independent entity with its own publicly-traded stock. The results of operations for the former research and drug development activities conducted by us and by MPI until June 30, 2009 are included as part of this report for the periods prior to that date as discontinued operations. We do not have any ownership in MPI subsequent to the separation.

Critical Accounting Policies

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

- revenue recognition;
- allowance for doubtful accounts;
- share-based payment expense; and
- income taxes.

Revenue Recognition . Molecular diagnostic revenue includes revenue from the sale of molecular diagnostic products and related marketing agreements, and is recorded at the invoiced amount net of any discounts or contractual allowances. Molecular diagnostic revenue is recognized upon completion of the test, communication of results, and when collectability is reasonably assured.

Allowance for Doubtful Accounts. Trade accounts receivable are comprised of amounts due from sales of our molecular diagnostic products, which are recorded net of any discounts or contractual allowances. We analyze collectability of trade accounts receivable and consider historic experience, customer creditworthiness, facts and circumstances specific to outstanding balances, and payment terms when evaluating the adequacy of the allowance for doubtful accounts. We periodically evaluate and adjust the allowance for doubtful accounts when trends or significant events indicate that a change in estimate is appropriate. Such changes in estimate could materially affect our results of operations or financial position; however, to date these changes have not been material. It is possible that we may need to adjust our estimates in future periods.

As of December 31, 2009 and June 30, 2009, if a hypothetical ten percent increase in our allowance for doubtful accounts were to occur this would result in additional bad debt expense and an increase to our allowance for doubtful accounts of \$440,000 and \$385,000, respectively.

Share-Based Payment Expense. We recognize expense related to the grant-date fair value of our stock options and other equity-based compensation. The determination of grant-date fair value is estimated using an option-pricing model, which includes variables such as the expected volatility of our share price, the exercise behavior of our employees, interest rates, and dividend yields. These variables are projected based on our historical data, experience, and other factors. Changes in any of these variables could result in material adjustments to the expense recognized for share-based payments.

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Income Taxes. Significant estimates are required in determining our provision for income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations, or the expected results from any future tax examinations. Various internal and external factors may have favorable or unfavorable effects on our future provision for income taxes. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, the results of any future tax examinations, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, past levels of research and development spending, acquisitions, changes in our corporate structure, and changes in overall levels of income before taxes all of which may result in periodic revisions to our provision for income taxes.

Our deferred tax assets are offset by a full valuation allowance. The determination of the amount and extent of the valuation allowance offsetting our deferred tax assets requires a substantial degree of judgment. If we continue to experience positive trends in operating results, this valuation allowance could reverse in part or in full in the near term based on whether or not, in our judgment, it becomes more likely than not that the underlying deferred tax assets will be realized.

Results of Operations for the Three Months Ended December 31, 2009 and 2008

Molecular diagnostic revenue for the three months ended December 31, 2009 was \$92.8 million, compared to \$84.0 million for the same three months in 2008. This 11% increase in our revenue is primarily attributable to increased testing volume. Improving economic conditions and increased sales, marketing, and education efforts resulted in wider acceptance of our products by the medical community and increased testing volumes due to market penetration. During the three months ended December 31, 2009, we have maintained an ongoing direct-to-consumer ("DTC") marketing campaign in strategic southern and midwestern states to increase our market penetration for BRACAnalysis. Through these efforts we are attempting to broaden utilization of our products with current physician customers and increase the number of new physician customers prescribing our products. We believe these efforts may allow us to continue to grow molecular diagnostic revenue in future periods; however, the markets in which we operate are still experiencing high unemployment and other economic challenges, such as loss of employer sponsored insurance coverage and poorer patient compliance in the area of preventive diagnostic testing. We believe that there continues to be a negative impact on our revenue growth due to these difficult economic conditions. In addition, because BRACAnalysis and most of our molecular diagnostic products are only utilized once per patient, we will need to sell our services through physicians to new patients or develop new molecular diagnostic products in order to continue to generate revenue. Therefore, there can be no assurance that molecular diagnostic revenue will continue to increase at historical rates or at all.

Molecular diagnostic cost of revenue for the three months ended December 31, 2009 was \$11.1 million, compared to \$11.1 million for the same three months in 2008. This consistency in molecular diagnostic cost of revenue despite an 11% increase in revenue from our molecular diagnostic products is primarily due to technology improvements and efficiency gains in the operation of our molecular diagnostic laboratory. Our gross profit margin was 88% for the three months ended December 31, 2009 compared to 87% for the same three months in 2008. Our gross profit margins may fluctuate from quarter to quarter based on the introduction of any new molecular diagnostic products, changes in our costs associated with such products, and any new technologies and operating systems in our molecular diagnostic laboratory. There can be no assurance that molecular diagnostic gross profit margins will continue to increase or remain at current levels.

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Research and development expenses from continuing operations are comprised primarily of salaries and related personnel costs, laboratory supplies, clinical trial costs for molecular diagnostic products in development, and equipment and facility costs. Research and development expenses from continuing operations incurred during the three months ended December 31, 2009 were \$5.1 million compared to \$4.6 million for same three months in 2008. This increase of 10% was primarily due to increased research and development associated with internal predictive, personalized and prognostic product development. We expect our research and development expenses will increase over the next several years as we work to develop our product pipeline and expand our offerings of molecular diagnostic products.

Selling, general and administrative expenses for continuing operations consist primarily of salaries, commissions and related personnel costs for sales, marketing, customer service, billing and collection, executive, legal, finance and accounting, information technology, human resources, and allocated facilities expenses. Selling, general and administrative expenses for the three months ended December 31, 2009 were \$42.1 million, compared to \$35.0 million for the same three months in 2008. The increase in selling, general and administrative expense of 20% was due primarily to:

- increase in sales and marketing expense of approximately \$3.8 million to support the continued expansion of our Ob/Gyn sales force from 100 to 150 sales representatives, acceleration of the mid-west DTC campaign launch, renewal of portions of the southern DTC campaign, and other marketing initiatives;
- increase in share-based compensation expense of approximately \$2.2 million; and
- general increase in administrative costs of approximately \$1.1 million to support the 11% growth in our molecular diagnostic revenues.

We expect our selling, general and administrative expenses will continue to fluctuate depending on the number and scope of any new molecular diagnostic product launches and our efforts in support of our existing molecular diagnostic products.

Interest income for the three months ended December 31, 2009 was \$1.5 million, compared to \$3.4 million for the same three months in 2008, a decrease of 55%. The decrease was due primarily to lower interest rates during the 2009 period and the contribution of approximately \$188 million of cash and marketable securities to MPI on June 30, 2009. Other income for the three months ended December 31, 2009 was \$0.3 million compared to \$0 for the same three months in 2008.

The tax expense of approximately \$1.0 million for the three months ended December 31, 2009 represents our estimated alternative minimum tax and state tax expense.

Results of Operations for the Six Months Ended December 31, 2009 and 2008

Molecular diagnostic revenue for the six months ended December 31, 2009 was \$177.9 million, compared to \$153.9 million for the same six months in 2008. This 16% increase in our revenue is primarily attributable to increased testing volume. During six months ended December 31, 2009, we initiated a DTC marketing campaigns in strategic southern and midwestern states to increase our market penetration for BRACAnalysis in primarily the Ob/Gyn market. We believe these efforts may allow us to continue to grow molecular diagnostic revenue in future periods; however, the markets in which we operate are still experiencing high unemployment and other economic challenges, such as loss of employer sponsored insurance coverage and poorer patient compliance in the area of preventive diagnostic testing. We believe that there continues to be a negative impact on our revenue growth due to these difficult economic conditions. In addition, because BRACAnalysis and most of our molecular diagnostic products are only utilized once per patient, we will need to sell our services through physicians to new patients or develop new molecular diagnostic products in order to continue to generate revenue. There can be no assurance that molecular diagnostic revenue will continue to increase at historical rates or at all.

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Molecular diagnostic cost of revenue for the six months ended December 31, 2009 was \$22.1 million, compared to \$20.9 million for the same six months in 2008. This increase of 6% in molecular diagnostic cost of revenue is primarily due to the 16% increase in revenue from our molecular diagnostic products, partially offset by technology improvements and efficiency gains in the operation of our molecular diagnostic laboratory. Our gross profit margin was 88% for the six months ended December 31, 2009, compared to 86% for the same six months in 2008. Our gross profit margins may fluctuate from period to period based on the introduction of any new molecular diagnostic products, changes in our costs associated with such products, and any new technologies and operating systems in our molecular diagnostic laboratory. There can be no assurance that molecular diagnostic gross profit margins will continue to increase or remain at current levels.

Research and development expenses from continuing operations incurred during the six months ended December 31, 2009 were \$10.7 million compared to \$9.0 million for same six months in 2008. This increase of 19% was primarily due to increased research and development associated with internal predictive, personalized and prognostic product development. We expect our research and development expenses will increase over the next several years as we work to develop our product pipeline and expand our offerings of molecular diagnostic products.

Selling, general and administrative expenses for the six months ended December 31, 2009 were \$80.8 million, compared to \$67.4 million for the same six months in 2008. The 20% increase in selling, general and administrative expense was due primarily to:

- increase in sales and marketing expense of approximately \$6.8 million to support the continued expansion of our Ob/Gyn sales force from 100 to 150 sales representatives, acceleration of the mid-west DTC campaign launch, renewal of portions of the southern DTC campaign, and other marketing initiatives;
- increase in share-based compensation expense of approximately \$4.2 million;
- general increase in administrative costs of approximately \$2.4 million to support the 16% growth in our molecular diagnostic revenues.

We expect our selling, general and administrative expenses will continue to fluctuate depending on the number and scope of any new molecular diagnostic product launches and our efforts in support of our existing molecular diagnostic products.

Interest income for the six months ended December 31, 2009 was \$3.4 million, compared to \$6.9 million for the same six months in 2008. The decrease was due primarily to lower market rates during the period and the contribution of approximately \$188 million in cash and marketable securities to MPI on June 30, 2009. Other income for the six months ended December 31, 2009 was \$0.1 million, compared to other expense of \$2.0 million for the same six months in 2008. The decrease was due to an other-than-temporary impairment in 2008 on marketable investment securities from our holding of Lehman Brothers Holdings, Inc. (“Lehman”) bonds. Due to Lehman’s bankruptcy filing we determined that our investment in certain Lehman bonds was not likely to be recoverable.

The tax expense of approximately \$1.9 million for the six months ended December 31, 2009 represents our estimated alternative minimum tax and state tax expense.

Liquidity and Capital Resources

Cash, cash equivalents, and marketable investment securities increased \$65.4 million, or 17%, from \$392.2 million at June 30, 2009 to \$457.6 million at December 31, 2009. This increase is primarily attributable to cash generated from sales of our molecular diagnostic products. This increase was partially offset by expenditures for our internal research and development programs, purchase of capital assets, sales and marketing expense for our molecular diagnostic products, and other expenditures incurred in the ordinary course of business.

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Net cash provided by operating activities was \$65.9 million during the six months ended December 31, 2009, compared to \$37.2 million provided by operating activities during the same six months in 2008. Trade accounts receivable increased \$13.4 million (excluding bad debt write-offs/reserves) between June 30, 2009 and December 31, 2009, primarily due to increases in molecular diagnostic sales. Prepaid expenses increased \$1.9 million due to increased sales and marketing efforts associated with our midwest and southern DTC campaigns. Accrued liabilities and accounts payable decreased by \$4.7 million and \$4.8 million, respectively, between June 30, 2009 and December 31, 2009, primarily due to payments made of accounts payable related to our discontinued operations following the spin-off of our former research and drug development businesses to MPI on June 30, 2009.

Our investing activities used cash of \$75.2 million during the six months ended December 31, 2009 and \$142.5 million during the same six months in 2008. Investing activities were comprised primarily of purchases and maturities of marketable investment securities. Capital expenditures for equipment and facilities were \$5.9 million during the six months ended December 31, 2009.

Financing activities provided cash of \$6.2 million during the six months ended December 31, 2009 and provided cash of \$46.5 million in the same six months in 2008. Cash generated from financing activities was provided by the exercise of stock options and sales of our shares under our Employee Stock Purchase Plan which were higher in 2008.

We believe that with our existing capital resources and expected net cash to be generated from sales of our molecular diagnostic products, we will have adequate funds to maintain our current and planned operations for the foreseeable future, although no assurance can be given that changes will not occur that would consume available capital resources and we may need or want to raise additional financing. Our future capital requirements, cash flows, and results of operations could be affected by and will depend on many factors that are currently unknown to us, including:

- failure to sustain revenue growth or margins in our molecular diagnostic business;
- termination of the licenses underlying our molecular diagnostic products or failure to enter into product or technology licensing or other arrangements favorable to us;
- delays or other problems with operating our laboratory facilities;
- the costs and expenses incurred in supporting our existing molecular diagnostic products;
- the progress, results and cost of developing and launching additional molecular diagnostic products for our molecular diagnostic business;
- the costs, timing, outcome, and enforcement of any regulatory review of our existing or future molecular diagnostic products;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our issued patents and defending intellectual property-related claims;
- the costs, timing and outcome of any litigation against us;
- the introduction of technological innovations or new commercial products by our competitors;
- changes in intellectual property laws of our patents or enforcement in the United States and foreign countries;
- changes in structure of the healthcare system or healthcare payment systems; and
- the impact of current economic conditions and job loss resulting in fewer doctor visits and loss of employer provided insurance coverage.

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.

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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 Quarterly Report on Form 10-Q contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

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 and adversely from those described in the forward-looking statements. These risks include, but are not limited to: the risk that sales and profit margins of our existing molecular diagnostic products may decline or will not continue to increase at historical rates; the risk that we may be unable to develop additional molecular diagnostic products; the risk that licenses to the technology underlying our molecular diagnostic products and any future products are terminated or cannot be maintained on satisfactory terms; risks related to delays or other problems with operating our laboratory testing facilities; risks related to public concern over our products; risks related to regulatory developments or enforcement in the United States and foreign countries and changes in the structure of healthcare payment systems; uncertainties about our ability to obtain new corporate collaborations and acquire new technologies on satisfactory terms, if at all; the development of competing products and services; the risk that we or our licensors may be unable to protect the proprietary technologies underlying our products; the risk of patent-infringement claims; challenges to intellectual property rights underlying our products or changes in intellectual property laws; risks of new, changing and competitive technologies and regulations in the United States and internationally; and other factors discussed under the heading "Risk Factors" contained in Item 1A of our Annual Report on Form 10-K for the year ended June 30, 2009, which has been filed with the Securities and Exchange Commission, as well as any updates to those risk factors filed from time to time in our Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Quarterly 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 as of the date of this Quarterly 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 us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Our investments consist of securities of various types and maturities of three years or less, with a average maturity of 12 months. These securities are classified as available for sale. 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 income/loss. 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 security below cost that is deemed other than temporary results in a charge to earnings and establishes a new cost basis for the security.

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Although our investment policy guidelines are intended to ensure the preservation of principal, current market conditions have resulted in high levels of uncertainty. Our ability to trade or redeem the marketable investment securities in which we invest, including our Lehman bonds and auction rate securities, has become difficult. Valuation and pricing of these securities has also become variable and subject to uncertainty.

Item 4. Controls and Procedures

- (a) *Evaluation of Disclosure Controls and Procedures* . Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

- (b) *Changes in Internal Controls* . There were no changes in our internal control over financial reporting identified in connection with the evaluation of such internal control that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1. Legal Proceedings

During the quarter ended December 31, 2009, there have been no material developments in the legal proceeding disclosed in Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended June 30, 2009 and in Part II, Item I of our Quarterly Report on Form 10-Q for the period ended September 30, 2009. We are not a party to any other legal proceedings that we believe will have a material impact on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009, except as disclosed in our Quarterly Report on Form 10-Q for the period ended September 30, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

On November 5, 2009, the Company held its Annual Meeting of Stockholders (the “Annual Meeting”). A quorum of 82,981,589 shares of Common Stock of the Company (of a total of 96,103,025 shares outstanding as of the record date), or 86.34%, was represented at the Annual Meeting in person or by proxy, which was held to vote on the following proposals:

1. To elect two members to the Board of Directors to serve three-year terms until the 2012 Annual Meeting and until their successors are duly elected and qualified or until their earlier death, resignation, retirement or removal. The nominees for Director were John T. Henderson, M.D. and S. Louise Phanstiel.
2. To approve a proposed amendment to the Company’s 2003 Employee, Director and Consultant Stock Option Plan to increase by 3,000,000 the number of shares of our common stock available for issuance under this plan.
3. To ratify the selection of Ernst and Young LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2010.

Each of the proposals was adopted, with the vote totals as follows:

Proposal 1:

	<u>FOR</u>	<u>WITHHELD</u>
John T. Henderson, M.D.	78,167,268	4,814,321
S. Louise Phanstiel	76,119,491	6,862,098

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Immediately following the Annual Meeting Peter D. Meldrum, Mark H. Skolnick, Ph.D. and Linda S. Wilson, Ph.D. continued to serve as Directors for terms expiring at the 2010 Annual Meeting and Walter Gilbert, Ph.D., Dennis H. Langer M.D., J.D. and Lawrence C. Best continued to serve as Directors for terms expiring at the 2011 Annual Meeting, and until their respective successors are duly elected and qualified, or until their earlier death, resignation, retirement or removal.

Proposal 2:

For	44,286,158
Against	28,575,193
Abstain	42,781
Broker Non-vote	9,152,212

On November 5, 2009, at Annual Meeting, the stockholders of the Company approved an amendment to the Company's 2003 Employee, Director and Consultant Stock Option Plan, as previously amended (the "Option Plan"), to increase the number of shares of common stock available for issuance thereunder by 3,000,000 shares. However, as noted in the supplement to our proxy statement as filed with the SEC on October 28, 2009 or in the Form 8-K filed on November 6, 2009, following the Annual Meeting, the Company's Board of Directors amended the Option Plan to reduce the additional number of shares of common stock to be added by 1,000,000 shares to 2,000,000 shares.

Proposal 3:

For	79,112,699
Against	2,883,490
Abstain	60,155
Broker Non-vote	0

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits

- 10.1\$ Myriad Genetics, Inc. 2003 Employee, Director and Consultant Stock Option Plan, as amended.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
- 32.1 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\$ Management contract or compensatory plan or arrangement.

MYRIAD GENETICS, INC.

2003 EMPLOYEE, DIRECTOR AND CONSULTANT STOCK OPTION PLAN,
AS AMENDED1. DEFINITIONS .

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this Myriad Genetics, Inc. 2003 Employee, Director and Consultant Stock Option Plan, as amended, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the 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.

Change of Control means the occurrence of any of the following events:

- (i) **Ownership.** Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose the Company or its Affiliates or any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or
- (ii) **Merger/Sale of Assets.** A merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation outstanding immediately after such merger or consolidation, or the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

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

Committee means the committee of the Board of Directors 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 per share.

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.

Employee means any 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.

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, the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for (i) the applicable date, or (ii) if the applicable date is not a trading day, the trading day immediately preceding the applicable date.

(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 day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, 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; 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 Section 422 of the Code.

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, in such form as the Administrator shall approve.

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

Plan means this Myriad Genetics, Inc. 2003 Employee, Director and Consultant Stock Option Plan, as amended.

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.

Survivor 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.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees and directors of 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 which may be issued from time to time pursuant to this Plan shall not exceed (a) 18,800,000 Shares, plus (b) such additional Shares as are represented by Options previously granted under the Company's 2002 Amended and Restated Employee, Director and Consultant Stock Option Plan (the "2002 Plan") which are cancelled or expire after the date of stockholder approval of this Plan without delivery of shares of stock by the Company and any Shares which have been reserved but not granted under the 2002 Plan as of the date of stockholder approval of the Plan; provided however, that no more than 11,223,292¹ Shares (which equals the number of outstanding Options and Shares available to be granted under the 2002 Plan as of September 26, 2003, which reflects the two-for-one split of the Common Stock effected in the form of a stock dividend on March 25, 2009 to shareholders of record on March 9, 2009)

¹ While this represents the maximum number of shares that could be added to the Plan pursuant to subsection (b), the actual number of Shares transferred to the Plan is anticipated to be substantially less.

shall be added to the Plan pursuant to this subsection (b). The Administrator, in its sole discretion, shall adjust appropriately the number of Shares set forth in the previous sentence after interpreting 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 the Committee, in which case the Committee shall be 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, directors and consultants shall be granted Options;
- c. Determine the number of Shares for which an Option or Options shall be granted, provided, however, that in no event shall Options to purchase more than 1,000,000 Shares be granted to any Participant in any fiscal year;
- d. Specify the terms and conditions upon which an Option or Options may be granted; and
- e. Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax laws applicable to the Company or to Plan Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Options or Shares acquired upon exercise of Options;

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 Section 422 of the Code 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 the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

If permissible under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. Any such allocation or delegation may be revoked by the Board of Directors or the Committee at any time.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be an 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; provided, however, that the actual grant of such Option 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 Employees. Non-Qualified Options may be granted to any Employee, director or consultant of the Company or an Affiliate. 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 terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders 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: Each Option Agreement shall state the option price (per share) of the Shares covered by each Option, which option price shall be at least the Fair Market 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 or transfer 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. Directors' Options : On the date of each annual meeting of the Company's stockholders commencing in 2003, each director of the Company who is (i) not an employee of the Company or any Affiliate, 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 and is a director of the Company and is not an employee of the Company at such times, shall be granted a Non-Qualified Option to purchase 30,000 Shares. Each such Option 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 years unless such director is terminated "for cause" and in such case the terms of Paragraph 11 hereof shall apply, and (iii) shall become cumulatively exercisable upon completion of one full year of service on the Board of Directors after the date of grant, provided however, that in the event of a Change of Control of the Company, the Option shall become fully exercisable as of the date of the Change of Control, in the event of the death of a director, the Option shall become fully exercisable as of the date of death and in the event of the Disability of a director the Option shall vest to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the director not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

The provisions of Paragraphs 10, 12 and 13 below shall not apply to Options granted pursuant to this subparagraph. Any director entitled to receive an Option grant under this subparagraph may elect to decline the Option.

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- B. ISOs: Each Option intended to be an ISO shall be issued only to an Employee and be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code 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 in Paragraph 6(A) above, except clauses (a) and (e) thereunder.
 - b. Option Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:
 - i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Shares on the date of the grant of the Option; or
 - ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each ISO shall not be less than 110% of the said Fair Market Value on the date of grant.
 - c. Term of Option: For Participants who own:
 - i. 10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or
 - ii. More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five 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 ISOs which may become 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 \$100,000.

7. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised in accordance with the procedures established by the Company for electronic exercise of the Option or by giving written notice to the Company or its designee, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such 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 and held for at least six months, or (c) at the discretion of the Administrator, by delivery of the grantee's personal note, for full, partial or no recourse, bearing interest payable not less than annually at market rate on the date of exercise and at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, with or without the pledge of such Shares as collateral, 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, or (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 issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be 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 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.B.d.

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, and (iii) any such amendment of any ISO shall be made only after the Administrator 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 holder of such ISO.

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 approved by the Administrator in its discretion and set forth in the applicable Option Agreement. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of an Option by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, an Option shall be exercisable, during the Participant's lifetime, only by such 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" OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's 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 an Option, 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 Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.
- b. Except as provided in Subparagraph (c) below, or Paragraph 12 or 13, in no event may an Option intended to be an ISO, be exercised later than three months after the Participant's termination of employment.

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- 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 Disability or death within three months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, 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. Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status 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.

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

Except as otherwise provided in a Participant's 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 his or her outstanding Options have been exercised:

- a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated "for cause" will immediately be forfeited.
- b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment,

consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate, 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 that Participant.

12. EFFECT OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant’s 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 that the Option has become exercisable but has not been 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 through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

A Disabled Participant may exercise such rights only within (i) the earlier of the expiration of the Option or one year after the date of the Participant’s termination of employment, directorship or consultancy, as the case may be, if the Option is an ISO, or (ii) within the remaining term of the Option if the Option is a Non-Qualified Option; 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 the Participant had not become Disabled and had continued to be an employee, director or consultant.

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 a Participant's Option Agreement, in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option shall become fully exercisable as of the date of the death of the Participant.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within 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(s) 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. At the discretion of the Administrator, 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.

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 has not previously been exercised in full shall be adjusted as hereinafter provided, unless otherwise specifically provided in the Participant's Option Agreement:

A. Stock Dividends and Stock Splits. If (i) 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, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the exercise of such Option may be appropriately increased or decreased proportionately, and appropriate adjustments may be made including, in the purchase price per share, to reflect such events. The number of Shares subject to options to be granted to directors pursuant to Paragraph 6(A)(e) and the number of Shares subject to the limitation in Paragraph 4(c) shall also be proportionately adjusted upon the occurrence of such events.

B. Corporate Transactions. 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 other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), 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 Corporate Transaction 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, including upon a change of control of the Company, all Options being made fully exercisable for purposes of this Subparagraph), 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 Subparagraph) over the exercise price thereof.

C. Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction 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 after the recapitalization or reorganization shall be entitled to receive for the purchase price paid upon such exercise the number of replacement securities which would have been received if such Option had been exercised prior to such recapitalization or reorganization.

D. Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B or C above with respect to ISOs shall be made only after the Administrator 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.

E. Repricing. Without the prior approval of the Company’s shareholders, Options issued will not be repriced, replaced, or regranted through cancellation, or by lowering the option exercise price of a previously granted award.

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 shares shall be issued under the Plan and the person exercising such right shall receive from the Company cash in lieu of such fractional shares 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. 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 ISOs 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 conversion.

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 Participant's salary, wages or other remuneration in connection with the exercise of an Option or a Disqualifying Disposition (as defined in Paragraph 21), the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). 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 Participant 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 Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the 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 September 4, 2013, the date which is ten years from the earlier of the date of its adoption by the Board of Directors and the date of its approval by the shareholders. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any 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, 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 the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely 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.

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Peter D. Meldrum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myriad Genetics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2010

By: /s/ Peter D. Meldrum
Peter D. Meldrum
President and Chief Executive Officer

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, James S. Evans, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myriad Genetics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2010

By: /s/ James S. Evans

James S. Evans

Chief Financial Officer

(Principal financial and chief accounting officer)

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

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

The Quarterly Report on Form 10-Q for the quarter ended December 31, 2009 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 3, 2010

Date: February 3, 2010

By: /s/ Peter D. Meldrum
Peter D. Meldrum
President and Chief Executive Officer

By: /s/ James S. Evans
James S. Evans
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.