

# 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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**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 March 31, 2005

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 1, 2005 the registrant had 30,770,415 shares of \$0.01 par value common stock outstanding.

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**MYRIAD GENETICS, INC.**

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MYRIAD GENETICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except per share amounts)

	Mar. 31, 2005	June 30, 2004
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 48,393	\$ 83,983
Marketable investment securities	29,701	31,383
Prepaid expenses	5,388	7,279
Trade accounts receivable, less allowance for doubtful accounts of \$1,395 at Mar. 31, 2005 and \$1,205 at June 30, 2004	16,173	13,994
Other receivables	1,116	554
Total current assets	100,771	137,193
Equipment and leasehold improvements:		
Equipment	36,068	34,212
Leasehold improvements	7,812	7,692
	43,880	41,904
Less accumulated depreciation and amortization	28,298	24,565
Net equipment and leasehold improvements	15,582	17,339
Long-term marketable investment securities	37,189	26,473
Other assets	7,038	7,351
	\$ 160,580	\$ 188,356
<i>Liabilities and Stockholders' Equity</i>		
Current liabilities:		
Accounts payable	\$ 7,899	\$ 7,938
Accrued liabilities	7,305	5,933
Deferred revenue	1,335	1,209
Total current liabilities	16,539	15,080
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 60,000 shares authorized; issued and outstanding 30,760 at Mar. 31, 2005 and 30,623 at June 30, 2004	308	306
Additional paid-in capital	313,814	312,453
Accumulated other comprehensive loss	(784)	(212)
Accumulated deficit	(169,297)	(139,271)
Total stockholders' equity	144,041	173,276
	\$ 160,580	\$ 188,356

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

**MYRIAD GENETICS, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(in thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2005	Mar. 31, 2004
<b>Revenues:</b>				
Predictive medicine revenue	\$ 18,386	\$ 11,699	\$ 50,350	\$ 30,209
Research revenue	1,575	1,909	5,960	9,761
Related party research revenue	—	148	—	1,606
<b>Total research revenue</b>	<b>1,575</b>	<b>2,057</b>	<b>5,960</b>	<b>11,367</b>
<b>Total revenues</b>	<b>19,961</b>	<b>13,756</b>	<b>56,310</b>	<b>41,576</b>
<b>Costs and expenses:</b>				
Predictive medicine cost of revenue	5,297	3,709	14,667	9,916
Research and development expense	15,540	12,390	43,218	38,693
Selling, general and administrative expense	9,834	8,821	30,429	24,680
<b>Total costs and expenses</b>	<b>30,671</b>	<b>24,920</b>	<b>88,314</b>	<b>73,289</b>
<b>Operating loss</b>	<b>(10,710)</b>	<b>(11,164)</b>	<b>(32,004)</b>	<b>(31,713)</b>
<b>Other income (expense):</b>				
Interest income	724	473	2,044	1,569
Other	—	(5)	(66)	(15)
	724	468	1,978	1,554
<b>Net loss</b>	<b>\$ (9,986)</b>	<b>\$ (10,696)</b>	<b>\$ (30,026)</b>	<b>\$ (30,159)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.32)</b>	<b>\$ (0.39)</b>	<b>\$ (0.98)</b>	<b>\$ (1.11)</b>
<b>Basic and diluted weighted average shares outstanding</b>	<b>30,749</b>	<b>27,148</b>	<b>30,693</b>	<b>27,114</b>

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

MYRIAD GENETICS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	Nine Months Ended	
	Mar. 31, 2005	Mar. 31, 2004
<b>Cash flows from operating activities:</b>		
Net loss	\$ (30,026)	\$ (30,159)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,546	4,307
Loss on disposition of assets	66	15
Bad debt expense	1,413	906
Changes in operating assets:		
Trade accounts receivable	(3,592)	(2,805)
Other receivables	(562)	8,309
Related party receivables	—	150
Prepaid expenses	1,891	(621)
Accounts payable	(39)	(2,527)
Accrued liabilities	1,372	(701)
Deferred revenue	126	(1,269)
<b>Net cash used in operating activities</b>	<b>(24,805)</b>	<b>(24,395)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(2,442)	(2,876)
Purchase of other assets	(100)	(100)
Purchases of marketable investment securities	(42,904)	(33,738)
Proceeds from sales and maturities of marketable investment securities	33,298	45,810
<b>Net cash (used in) provided by investing activities</b>	<b>(12,148)</b>	<b>9,096</b>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of common stock	1,363	608
<b>Net cash provided by financing activities</b>	<b>1,363</b>	<b>608</b>
Net decrease in cash and cash equivalents	(35,590)	(14,691)
Cash and cash equivalents at beginning of period	83,983	61,603
<b>Cash and cash equivalents at end of period</b>	<b>\$ 48,393</b>	<b>\$ 46,912</b>

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 accounting principles generally accepted in the United States of America for interim financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. 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 accounting principles generally accepted in the United States. The unaudited 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, 2004, included in the Company's Annual Report on Form 10-K for the year ended June 30, 2004. Operating results for the three and nine month periods ended March 31, 2005 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 generally accepted accounting principles 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.

(2) *Stock-Based Compensation*

In 2003 the Company adopted the 2003 Employee, Director and Consultant Stock Option Plan, which, together with our earlier stock option plan, is accounted for under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. No stock-based employee compensation cost is reflected in net loss, as all options granted under these plans have an exercise price equal to the market value of the underlying common stock on the date of grant and as of March 31, 2005 no modifications had been made to any of the awards. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation.

(in thousands, except per share amounts)	Three Months Ended Mar. 31,		Nine Months Ended Mar. 31,	
	2005	2004	2005	2004
Net loss, as reported	\$ (9,986)	\$ (10,696)	\$ (30,026)	\$ (30,159)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax related effects	(6,198)	(5,961)	(19,090)	(18,721)
Pro forma net loss	\$ (16,184)	\$ (16,657)	\$ (49,116)	\$ (48,880)
Loss per share:				
Basic and diluted—as reported	\$ (0.32)	\$ (0.39)	\$ (0.98)	\$ (1.11)
Basic and diluted—pro forma	\$ (0.53)	\$ (0.61)	\$ (1.60)	\$ (1.80)

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123R, *Share-Based Payment*. Statement 123R sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans, and requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation. Statement 123R will become effective for the Company beginning July 1, 2005. On April 14, 2005 the Company accelerated the vesting of unvested stock options previously awarded to employees and non-employee members of the board of directors under the Company's 2002 and 2003 stock option plans in order to avoid estimated charges of approximately \$25 million to future periods under the requirements of Statement 123R, as the options would have vested under their unmodified terms. Approximately 3.5 million options were accelerated, of which 1.7 million belong to executive officers and non-employee members of the board of directors. As a result of the acceleration of the vesting of the unvested options, the Company recognized an expense of approximately \$231,000 on the date of acceleration.

### (3) Comprehensive Loss

The components of the Company's comprehensive loss are as follows (in thousands):

	Three Months Ended Mar. 31,		Nine Months Ended Mar. 31,	
	2005	2004	2005	2004
Net loss	\$ (9,986)	\$ (10,696)	\$ (30,026)	\$ (30,159)
Unrealized loss on available-for-sale securities	(381)	(46)	(572)	(446)
<b>Comprehensive loss</b>	<b>\$ (10,367)</b>	<b>\$ (10,742)</b>	<b>\$ (30,598)</b>	<b>\$ (30,605)</b>

### (4) Net Loss Per Common Share

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

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

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

As of March 31, 2005 and 2004, there were antidilutive potential common shares of 7,455,375 and 5,961,633, respectively. Accordingly, these potential common shares were not included in the computation of diluted loss per share for the periods presented, but may be dilutive to future basic and diluted earnings per share.

### (5) Segment and Related Information

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

The accounting policies of the segments are the same as those described in the basis of presentation (note 1). The Company evaluates segment performance based on results from operations before interest income and expense and other income and expense.

(in thousands)	Research	Predictive medicine	Drug development	Total
<b>Three months ended Mar. 31, 2005:</b>				
Revenues	\$ 1,575	\$ 18,386	\$ —	\$ 19,961
Depreciation and amortization	516	520	487	1,523
Segment operating gain (loss)	(4,403)	4,603	(10,910)	(10,710)
<b>Three months ended Mar. 31, 2004:</b>				
Revenues	2,057	11,699	—	13,756
Depreciation and amortization	570	445	437	1,452
Segment operating gain (loss)	(5,545)	1,828	(7,447)	(11,164)
<b>Nine months ended Mar. 31, 2005:</b>				
Revenues	5,960	50,350	—	56,310
Depreciation and amortization	1,620	1,510	1,416	4,546
Segment operating gain (loss)	(11,454)	10,550	(31,100)	(32,004)
<b>Nine months ended Mar. 31, 2004:</b>				
Revenues	11,367	30,209	—	41,576
Depreciation and amortization	1,718	1,308	1,281	4,307
Segment operating gain (loss)	(12,944)	1,818	(20,587)	(31,713)
	<b>Three Months Ended Mar. 31,</b>		<b>Nine Months Ended Mar. 31,</b>	
(in thousands)	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Total operating loss for reportable segments	\$ (10,710)	\$ (11,164)	\$ (32,004)	\$ (31,713)
Interest income	724	473	2,044	1,569
Other	—	(5)	(66)	(15)
Net loss	\$ (9,986)	\$ (10,696)	\$ (30,026)	\$ (30,159)

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

### *Executive Summary*

We are a leading biopharmaceutical company focused on the development and marketing of novel therapeutic and molecular diagnostic products. We employ a number of proprietary technologies that permit us to understand the genetic basis of human disease and the role that genes and their related proteins play in the onset and progression of disease. We use this information to guide the development of new healthcare products that treat major diseases and assess a person's risk of disease later in life.

We believe that the future of medicine lies in the creation of new classes of drugs that treat the underlying cause, not just the symptoms, of disease and that may be useful in disease prevention. By understanding the genetic basis of disease, we believe we will be able to develop drugs that are safer and more efficacious. In addition, we believe that advances in the emerging field of predictive medicine will improve our ability to determine which patients are subject to a greater risk of developing these diseases and who therefore would benefit from these new preventive therapies.

Myriad researchers have made important discoveries in the fields of Alzheimer's disease, cancer, and infectious diseases such as AIDS. We intend to independently develop and, subject to regulatory approval, market our therapeutic products in these areas. These discoveries point to novel disease pathways that may pave the way for the development of new classes of drugs.

On May 2, 2005, we announced the preliminary results of our phase 2 human clinical study of Flurizan™ in patients with mild to moderate Alzheimer's disease which was conducted in the United Kingdom and Canada. Based on our preliminary analysis of the results of the phase 2 trial, Flurizan™ did not achieve statistical significance in patients with mild to moderate Alzheimer's disease; however, a positive trend was observed on all three primary endpoints in patients with mild Alzheimer's disease on the 800 mg twice-daily dose. Additional information on the phase 2 results will be presented at the Alzheimer's Association International Conference on Prevention of Dementia in Washington D.C. in June 2005.

Flurizan™ is also the subject of a phase 3 human clinical study to determine its ability to alter the course of cognitive decline and behavioral change in patients with Alzheimer's disease. When fully enrolled the trial will be conducted in approximately 750 patients with mild to moderate Alzheimer's disease at approximately 100 centers in the United States. Based on our continued analysis of the phase 2 results, modifications may be made to the phase 3 clinical trial of Flurizan™, but no determinations have been made in that regard as of the current date. Flurizan™ is also the subject of a large, multi-center phase 2/3 human clinical trial in the U.S. for the treatment of patients with pre-metastatic prostate cancer.

Our cancer drug candidate, MPC-6827, is currently the subject of a phase 1 clinical study designed to evaluate its safety and pharmacokinetic profile in patients with advanced solid tumors, in an escalating dose regimen. In preclinical testing MPC-6827 has demonstrated the ability to inhibit tumor growth in animal models of human melanoma and cancers of the ovary, breast, prostate, colon, and pancreas. In preclinical testing MPC-6827 has also been demonstrated to be effective against cancers that have developed multiple drug resistance.

Because of its demonstrated ability to cross the blood-brain barrier, on March 1, 2005 we announced the initiation of an additional phase 1 clinical study designed to evaluate the safety and pharmacokinetic profile of MPC-6827 in patients with metastatic brain cancer.

Our cancer drug candidate MPC-2130, a broad-acting inducer of programmed cell death, or apoptosis is currently the subject of a phase 1 clinical study. The study is designed to evaluate its safety and pharmacokinetic profile in patients with advanced metastatic tumors or blood cancers as well as refractory cancer that has progressed despite previous chemotherapy. In preclinical studies MPC-2130

has demonstrated cancer cell killing activity in ovarian cancer, prostate cancer and two lymphoma cell lines, Burkitt's lymphoma and T-cell lymphoma. MPC-2130 was also shown to be effective against cancers that have developed multiple drug resistance.

We also have developed and commercialized a number of innovative predictive medicine products, including BRACAnalysis®, which assesses a woman's risk of developing breast and ovarian cancer, COLARIS® and COLARIS AP®, which determine a person's risk of developing colon cancer, and MELARIS®, which assesses a person's risk of developing malignant melanoma, a deadly form of skin cancer. In the United States we market these products using our own 100 person sales force. Predictive medicine revenues were \$18.4 million and \$50.4 million for the three and nine months ended March 31, 2005, respectively.

We have devoted substantially all of our resources to undertaking our drug discovery and development programs, operating our predictive medicine business, and continuing our research and development efforts. Our revenues have consisted primarily of sales of predictive medicine products and research payments. We have yet to attain profitability and, for the three and nine months ended March 31, 2005, we had net losses of \$10.0 million and \$30.0 million, respectively. As of March 31, 2005 we had an accumulated deficit of \$169.3 million.

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

### **Critical Accounting Policies**

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

- revenue recognition;
- allowance for doubtful accounts; and
- investments in privately-held companies.

*Revenue Recognition.* Research revenues include revenues from research agreements, milestone payments, and technology licensing agreements. In applying the principles of SAB 104 to research and technology license agreements we consider the terms and conditions of each agreement separately to arrive at a proportional performance methodology of recognizing revenue. Such methodologies involve recognizing revenue on a straight-line basis over the term of the agreement and based on costs incurred relative to the total estimated contract costs (cost-to-cost method). We make adjustments, if necessary, to the estimates used in our cost-to-cost calculations as work progresses and we gain experience. The principal costs under these agreements are for personnel expenses to conduct research and development but also include costs for materials and other direct and indirect items necessary to complete the research under these agreements. Actual results may vary from our estimates. Payments received on uncompleted long-term contracts may be greater than or less than incurred costs and estimated earnings and have been recorded as other receivables or deferred revenues in the accompanying consolidated balance sheets. We recognize revenue from milestone payments as agreed-upon events representing the achievement of substantive steps in the development process are achieved and where the amount of the milestone payments approximates the value of achieving the

milestone. We recognize revenue from up-front nonrefundable license fees on a straight-line basis over the period of our continued involvement in the research and development project.

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

*Allowance for Doubtful Accounts.* The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amount of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Trade accounts receivable are comprised of amounts due from sales of our predictive medicine products. We analyze trade accounts receivable and consider historic experience, customer creditworthiness, facts and circumstances specific to outstanding balances, and payment term changes when evaluating the adequacy of the allowance for doubtful accounts. Changes in these factors could result in material adjustments to the expense recognized for bad debt.

*Investments in Privately-Held Companies.* We review the valuation of our investments in privately-held biotechnology and pharmaceutical companies for possible impairment as changes in facts and circumstances indicate that impairment should be assessed. The amount of impairment, if any, and valuation of these investments are based on our estimates and, in certain circumstances, the completion of independent, third-party appraisals of the investments. Inherent in these estimates and appraisals are assumptions such as the comparability of the investee to similar publicly traded companies, the value of the investee's underlying research and development efforts, the likelihood that the investee's current research projects will result in a marketable product, and the investee's expected future cash flows. Accordingly, the amount recognized by us upon ultimate liquidation of these investments may vary significantly from the estimated fair values at March 31, 2005.

### **Recent Accounting Pronouncements**

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123R, *Share-Based Payment*. Statement 123R sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans, and requires companies to recognize in the income statement the grant-date fair value of stock options and other equity-based compensation. We currently account for our stock-based compensation using the intrinsic method as defined in Accounting Principles Board (APB) Opinion No. 25 and accordingly, we have not recognized any expense for our stock option plans or employee stock purchase plan in our consolidated financial statements as of March 31, 2005. Statement 123R will become effective for our fiscal year beginning July 1, 2005. In anticipation of adopting Statement 123R, on April 14, 2005 we announced that we had accelerated the vesting of unvested stock options previously awarded to employees and non-employee members of the board of directors under the Company's 2002 and 2003 stock option plans. As a result of the acceleration of vesting for unvested options we do not anticipate that Statement 123R will have a material impact on our financial statements at the time of adoption.

### **Results of Operations for the Three Months Ended March 31, 2005 and 2004**

Predictive medicine revenues for the three months ended March 31, 2005 were \$18.4 million compared to \$11.7 million for the same three months in 2004, an increase of 57%. Predictive medicine revenue is comprised primarily of sales of predictive medicine products, and also includes some marketing fees and forensic DNA analysis fees. Increased sales, marketing, and education efforts, coupled with recent publications concerning the clinical utility of our products have resulted in wider acceptance of our products by the medical community and increased revenues for the three months ended March 31, 2005. There can be no assurance that predictive medicine revenues will continue to increase at historical rates.

Research revenues for the three months ended March 31, 2005 were \$1.6 million compared to \$2.1 million for the same three months in 2004. This 23% decrease in research revenue is primarily attributable to the successful completion of one of our research collaborations with a corporate partner. Current levels of research revenues reflect our continued focus on internal drug development programs and de-emphasis of external research collaborations. Research revenue from our research collaboration agreements is recognized using a proportional performance methodology. Consequently, as these programs progress and costs increase or decrease, revenues may increase or decrease proportionately.

Predictive medicine cost of revenue for the three months ended March 31, 2005 was \$5.3 million compared to \$3.7 million for the same three months in 2004. This increase of 43% in predictive medicine cost of revenue is primarily due to the 57% increase in predictive medicine revenues for the three months ended March 31, 2005 compared to the same three months in 2004. This increase was partially offset by technology improvements and efficiency gains in the operation of our predictive medicine business. Our technology and efficiency improvements also contributed to an increase in our gross profit margin, which was 71% for the three months ended March 31, 2005 compared to 68% for the same three months in 2004. There can be no assurance that predictive medicine gross profit margins will continue to increase at historical rates.

Research and development expenses for the three months ended March 31, 2005 were \$15.5 million compared to \$12.4 million for the same three months in 2004. This increase of 25% was primarily due to increased costs associated with our ongoing clinical trials and increases in our drug discovery and drug development programs. We expect our research and development expenses to continue to fluctuate based on changes in our research programs and the progression of our drug development programs.

Selling, general and administrative expenses for the three months ended March 31, 2005 were \$9.8 million compared to \$8.8 million for the same three months in 2004. Selling, general and administrative expenses consist primarily of salaries, commissions and related personnel costs for sales, marketing, executive, legal, finance, accounting, human resources, business development, allocated facilities expenses and other corporate expenses. This increase of 11% was primarily attributable to increased sales and marketing commissions and expenses incurred to support the 57% increase in our predictive medicine business. We expect our selling, general and administrative expenses will continue to fluctuate depending on the number and scope of new product launches and our drug discovery and drug development efforts.

#### **Results of Operations for the Nine months Ended March 31, 2005 and 2004**

Predictive medicine revenues for the nine months ended March 31, 2005 were \$50.4 million compared to \$30.2 million for the same nine months in 2004, an increase of 67%. Increased sales, marketing, and education efforts, coupled with recent publications concerning the clinical utility of our products have resulted in wider acceptance of our products by the medical community and increased revenues for the nine months ended March 31, 2005. There can be no assurance that predictive medicine revenues will continue to increase at historical rates.

Research revenues for the nine months ended March 31, 2005 were \$6.0 million compared to \$11.4 million for the same nine months in 2004. Related party research revenues included in total research revenues for the nine months ended March 31, 2005 and 2004 were \$0 and \$1.6 million, respectively. Related party research revenue is comprised of certain research services performed for Prolexys Pharmaceuticals, Inc., which is 49% owned by us. The agreement to provide these research services was terminated effective January 26, 2004. The 48% decrease in total research revenue is primarily attributable to the successful completion of two of our research collaborations with corporate partners. Research revenue from our research collaboration agreements is recognized using a proportional performance methodology. Consequently, as these programs progress and costs increase or decrease, revenues may increase or decrease proportionately.

Predictive medicine cost of revenue for the nine months ended March 31, 2005 was \$14.7 million compared to \$9.9 million for the same nine months in 2004. This increase of 48% in predictive medicine cost of revenue is primarily due to the 67% increase in predictive medicine revenues for the nine months ended March 31, 2005 compared to the same nine months in 2004. This increase was partially offset by technology improvements and efficiency gains in the operation of our predictive medicine business. Our technology and efficiency improvements also contributed to an increase in our gross profit margin, which was 71% for the nine months ended March 31, 2005 compared to 67% for the same nine months in 2004. There can be no assurance that predictive medicine gross profit margins will continue to increase at historical rates.

Research and development expenses for the nine months ended March 31, 2005 were \$43.2 million compared to \$38.7 million for the same nine months in 2004. This increase of 12% was primarily due to increased costs associated with our ongoing clinical trials and increases in our drug discovery and drug development programs. These increases added approximately \$10.5 million to our research and development expenses for the nine months ended March 31, 2005 compared to the same nine months in 2004. These increases were partially offset by the completion of two of our research collaborations which resulted in decreased research and development expenses of approximately \$6.0 million for the nine months ended March 31, 2005 compared to the same nine months in 2004. We expect our research and development expenses to continue to fluctuate based on changes in our research programs and the progression of our drug development programs.

Selling, general and administrative expenses for the nine months ended March 31, 2005 were \$30.4 million compared to \$24.7 million for the same nine months in 2004. This increase of 23% was primarily attributable to increased sales and marketing commissions and expenses incurred to support the 67% growth in our predictive medicine business, which resulted in an increase of approximately \$4.0 million to our selling, general, and administrative expense for the nine months ended March 31, 2005 compared to the same nine months in 2004. In addition, general corporate expenses in support of our predictive medicine business and therapeutic product development efforts resulted in an increase of approximately \$1.7 million to our selling, general, and administrative expense for the nine months ended March 31, 2005 compared to the same nine months in 2004. We expect our selling, general and administrative expenses will continue to fluctuate depending on the number and scope of new product launches and our drug discovery and drug development efforts.

### **Liquidity and Capital Resources**

Cash, cash equivalents, and marketable investment securities decreased \$26.6 million or 19% from \$141.8 million at June 30, 2004 to \$115.3 million at March 31, 2005. This decrease in cash, cash equivalents, and marketable investment securities is primarily attributable to increased expenditures for our ongoing clinical trials, internal research and drug development programs and other expenditures incurred in the ordinary course of business. As a result of changes in interest rates and cash, cash equivalents, and marketable investment securities, interest income for the three and nine months ended March 31, 2005 was \$0.7 million and \$2.0 million, compared to \$0.5 million and \$1.6 million for the same three and nine months in 2004, an increase of 53% and 30%, respectively.

Net cash used in operating activities was \$24.8 million during the nine months ended March 31, 2005 compared to \$24.4 million used in operating activities during the same nine months in 2004. Trade accounts receivable increased \$3.6 million between June 30, 2004 and March 31, 2005, primarily due to increases in predictive medicine sales during the same period. Prepaid expenses decreased by \$1.9 million between June 30, 2004 and March 31, 2005, primarily due to the usage of lab supplies previously purchased at a discount. Accrued liabilities increased by \$1.4 million between June 30, 2004 and March 31, 2005, primarily as a result of activities related to our clinical trials and drug development programs.

Our investing activities used cash of \$12.1 million during the nine months ended March 31, 2005 and provided cash of \$9.1 million during the same nine months in 2004. Investing activities were comprised primarily of purchases and maturities of marketable investment securities and capital expenditures for research equipment.

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

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

On April 7, 2005, we filed a shelf registration statement on Form S-3 (Registration No. 333-123914) with the Securities and Exchange Commission for the sale of up to \$300 million of various types of securities upon filing of a prospectus supplement with the SEC. The filing was declared effective by the SEC on April 20, 2005. This filing includes the securities that had been available for sale under our shelf registration statement on Form S-3 (Registration No. 333-73124) filed previously on November 9, 2001. Because of our significant long-term capital requirements, we intend to raise funds when conditions are favorable, even if we do not have an immediate need for additional capital at such time.

### **Effects of Inflation**

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

### **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 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. These forward-looking

statements are based on management's current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth or implied by the forward-looking statements. These include, but are not limited to: our inability to further identify, develop and achieve commercial success for new products and technologies; our ability to discover drugs that are safer and more efficacious than our competitors; our ability to develop predictive medicine products that help determine which patients are subject to greater risk of developing diseases and who would therefore benefit from new preventive therapies; the possibility of delays in the research and development necessary to select drug development candidates and delays in clinical trials; the risk that clinical trials may not result in marketable products; the risk that we may be unable to successfully finance and secure regulatory approval of and market our drug candidates, or that clinical trials will be completed on the timelines we have estimated; 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; our ability to protect our proprietary technologies; patent-infringement claims; risks of new, changing and competitive technologies and regulations in the United States and internationally; and other factors discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2004, which has been filed with the Securities and Exchange Commission.

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 the Company or to any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

Our investments consist of securities of various types and maturities of three years or less, with a maximum average maturity of 12 months. These securities are classified as available-for-sale, which are recorded on the balance sheet at fair market value with unrealized gains or losses reported as part of accumulated other comprehensive income. 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 marketable investment security below cost that is deemed other than temporary results in a charge to earnings and establishes a new cost basis for the security.

The securities held in our investment portfolio are subject to interest rate risk. Changes in interest rates affect the fair market value of the marketable investment securities. After a review of our marketable securities as of March 31, 2005, we have determined that in the event of a hypothetical ten percent increase in interest rates, the resulting decrease in fair market value of our marketable investment securities would be insignificant to the consolidated financial statements as a whole.

### **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 period covered by this

Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, our disclosure controls and procedures were adequate and effective to ensure that material information relating to us, including our consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Quarterly Report on Form 10-Q was being prepared.

In designing and evaluating our disclosure controls and procedures, our management recognizes 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.

Neither the Company nor any of its subsidiaries is a party to any material legal proceedings.

### 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.

None.

### Item 5. Other Information.

None.

### Item 6. Exhibits.

#### (a) Exhibits

- 10.1 Form of 2005 Executive Retention Agreements.
- 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.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MYRIAD GENETICS, INC.

Date: May 3, 2005

By: /s/ PETER D. MELDRUM

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Peter D. Meldrum  
President and Chief Executive Officer  
(Principal executive officer)

Date: May 3, 2005

By: /s/ JAY M. MOYES

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Jay M. Moyes  
Vice President of Finance and Chief  
Financial Officer  
(Principal financial and chief  
accounting officer)

**MYRIAD GENETICS, INC.**

**Form of Executive Retention Agreement**

THIS EXECUTIVE RETENTION AGREEMENT (this "Agreement"), by and between Myriad Genetics, Inc., a Delaware corporation (the "Company"), and (the "Executive"), is made as of February 17, 2005 (the "Effective Date").

WHEREAS, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a change in control of the Company exists and that such possibility, and the uncertainty and questions which it may raise among key personnel, may result in the departure or distraction of key personnel to the detriment of the Company and its stockholders, and

WHEREAS, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued employment and dedication of the Company's key personnel without distraction from the possibility of a change in control of the Company and related events and circumstances.

NOW, THEREFORE, as an inducement for and in consideration of the Executive remaining in its employ, the Company agrees that the Executive shall receive the benefits set forth in this Agreement, including without limitation, those benefits in the event the Executive's employment with the Company is terminated under the circumstances described below subsequent to a Change in Control (as defined in Section 1.1).

1. *Key Definitions.*

As used herein, the following terms shall have the following respective meanings:

1.1 " *Change in Control* " means an event or occurrence set forth in any one or more of subsections (a) through (d) below (including an event or occurrence that constitutes a Change in Control under one of such subsections but is specifically exempted from another such subsection):

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 20% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided*, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or

(b) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "Continuing Director" means at any date a member of the Board (i) who was a member of the Board on the date of the execution of this Agreement or (ii) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors

who were Continuing Directors at the time of such nomination or election; *provided, however*, that there shall be excluded from this clause (ii) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(c) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company in one or a series of transactions (a "Business Combination"), unless, immediately following such Business Combination, the following condition is satisfied: all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively; or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

1.2 " *Change in Control Date* " means the first date during the Term (as defined in Section 2) on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if (a) a Change in Control occurs, (b) the Executive's employment with the Company is terminated prior to the date on which the Change in Control occurs, and (c) it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, then for all purposes of this Agreement the "Change in Control Date" shall mean the date immediately prior to the date of such termination of employment.

1.3 " *Cause* " means:

(a) the Executive's willful and continued failure to substantially perform his or her reasonable assigned duties (other than any such failure resulting from incapacity due to physical or mental illness or any failure after the Executive gives notice of termination for Good Reason), which failure is not cured within 30 days after a written demand for substantial performance is received by the Executive from the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes the Executive has not substantially performed the Executive's duties; or

(b) the Executive's willful engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this Section 1.3, no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith and without reasonable belief that the Executive's action or omission was in the best interests of the Company.

1.4 " *Good Reason* " means the occurrence, without the Executive's written consent, of any of the events or circumstances set forth in clauses (a) through (f) below.

(a) the assignment to the Executive of duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority or responsibilities in effect immediately prior to the earliest to occur of (i) the Change in Control Date, (ii) the date of the execution by the Company of the initial written agreement or instrument providing for the Change in Control or (iii) the date of the adoption by the Board of Directors of a resolution providing for the Change in Control (with the earliest to occur of such dates referred to herein as the "Measurement Date"), or any other action or omission by the Company which results in a material diminution in such position, authority or responsibilities;

(b) a reduction in the Executive's annual base salary as in effect on the Measurement Date;

(c) the failure by the Company to (i) continue in effect any material compensation, pension, retirement or benefit plan or program (including without limitation any 401(k), life insurance, medical, health and accident or disability plan and any vacation program or policy) (a "Benefit Plan") in which the Executive participates or which is applicable to the Executive immediately prior to the Measurement Date, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan or program, (ii) continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, than the basis existing immediately prior to the Measurement Date or (iii) award cash bonuses to the Executive in amounts and in a manner substantially consistent with past practice;

(d) a change by the Company in the location at which the Executive performs his or her principal duties for the Company to a new location that is both (i) outside a radius of 50 miles from the Executive's principal residence immediately prior to the Measurement Date and (ii) more than 50 miles from the location at which the Executive performed his or her principal duties for the Company immediately prior to the Measurement Date; or a requirement by the Company that the Executive travel on Company business to a substantially greater extent than required immediately prior to the Measurement Date;

(e) the failure of the Company to obtain the agreement from any successor to the Company to assume and agree to perform this Agreement, as required by Section 7.1; or

(f) any failure of the Company to pay or provide to the Executive any portion of the Executive's compensation or benefits due under any Benefit Plan within seven days of the date such compensation or benefits are due, or any material breach by the Company of this Agreement or any employment agreement with the Executive.

In addition, in an effort to foster and retain the employment of the Executive following a Change in Control, the termination of employment by the Executive for any reason (except for those set forth in section 1.4(a)-(f)), or no reason, during the 90-day period beginning on the first anniversary of the Change in Control Date shall be deemed to be termination for Good Reason for all purposes under this Agreement; however, in the case of a termination of employment by the Executive pursuant to this paragraph, those benefits payable to the Executive under section 4.1(a)(i)(2) shall be reduced by one-half.

The Executive's right to terminate his or her employment for Good Reason shall not be affected by his or her incapacity due to physical or mental illness.

1.5 " *Disability* " means the Executive's absence from the full-time performance of the Executive's duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

2. *Term of Agreement* . This Agreement, and all rights and obligations of the parties hereunder, shall take effect upon the Effective Date and shall expire upon the first to occur of (a) the expiration of the Term (as defined below) if a Change in Control has not occurred during the Term, (b) the date 24 months after the Change in Control Date, if the Executive is still employed by the Company as of such later date, or (c) the fulfillment by the Company of all of its obligations under this Agreement if the Executive's employment with the Company terminates within 24 months following the Change in Control Date. "Term" shall mean the period commencing as of the Effective Date and continuing in effect through December 31, 2015; *provided* , however, that commencing on January 1, 2016 and each January 1 thereafter, the Term shall be automatically extended for one additional year unless, not later than 90 days prior to the scheduled expiration of the Term (or any extension thereof), the Company shall have given the Executive written notice that the Term will not be extended.

3. *Employment Status; Termination Following Change in Control* .

3.1 *Not an Employment Contract* . The Executive acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain the Executive as an employee and that this Agreement does not prevent the Executive from terminating employment at any time. If the Executive's employment with the Company terminates for any reason and subsequently a Change in Control shall occur, the Executive shall not be entitled to any benefits hereunder except as otherwise provided pursuant to Section 1.2.

3.2 *Termination of Employment* .

(a) If the Change in Control Date occurs during the Term, any termination of the Executive's employment by the Company or by the Executive within 24 months following the Change in Control Date (other than due to the death of the Executive) shall be communicated by a written notice to the other party hereto (the "Notice of Termination"), given in accordance with Section 8. Any Notice of Termination shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The effective date of an employment termination (the "Date of Termination") shall be the close of business on the date specified in the Notice of Termination (which date may not be less than 15 days or more than 120 days after the date of delivery of such Notice of Termination) in the case of a termination other than one due to the Executive's death. In the case of the Executive's death, the Date of Termination shall be the date of the Executive's death. In the event the Company fails to satisfy the requirements of Section 3.2(a) regarding a Notice of Termination, the purported termination of the Executive's employment pursuant to such Notice of Termination shall not be effective for purposes of this Agreement.

(b) The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting any such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(c) Any Notice of Termination for Cause given by the Company must be given within 90 days of the occurrence (or if later, the discovery) of the event(s) or circumstance(s) which constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Executive shall be entitled to a hearing before the Board of Directors of the Company at which he or she may, at his or her election, be represented by counsel and at which he or she shall have a reasonable opportunity to be heard. Such hearing shall be held on not less than 15 days prior written notice to the Executive stating the Board of Directors' intention to terminate the Executive for Cause and

stating in detail the particular event(s) or circumstance(s) which the Board of Directors believes constitutes Cause for termination.

(d) Any Notice of Termination for Good Reason given by the Executive must be given within 90 days of the occurrence of the event(s) or circumstance(s) which constitute(s) Good Reason.

#### 4. *Benefits to Executive* .

4.1 *Benefits* . If a Change in Control Date occurs during the Term and the Executive's employment with the Company terminates within 24 months following the Change in Control Date, the Executive shall be entitled to the following benefits:

(a) *Termination Without Cause or for Good Reason* . If the Executive's employment with the Company is terminated by the Company (other than for Cause, Disability or Death) or by the Executive for Good Reason within 24 months following the Change in Control Date, then the Executive shall be entitled to the following benefits:

(i) the Company shall pay to the Executive the following amounts:

(1) in a lump sum, in cash, within 30 days after the Date of Termination, the sum of (A) the Executive's base salary through the Date of Termination, (B) a pro rata current year bonus amount (calculated by dividing the number of full and partial months of the current fiscal year in which the Executive is employed through the Date of Termination by 12, and multiplying this fraction by the highest annual bonus payment amount paid to Executive in the preceding three years), and (C) the amount of any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and

(2) in a lump sum, in cash, within 30 days after the Date of Termination, the sum of (A) three times the Executive's highest annual base salary at the Company during the three-year period prior to the Change in Control Date and (B) three times the Executive's highest annual bonus amount at the Company during the three-year period prior to the Change in Control Date;

(ii) for 36 months after the Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide benefits to the Executive and the Executive's family at least equal to those which would have been provided to them if the Executive's employment had not been terminated, in accordance with the applicable Benefit Plans in effect on the Measurement Date or, if more favorable to the Executive and his or her family, in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies; *provided, however* , that if the Executive becomes reemployed with another employer and is eligible to receive a particular type of benefits (e.g., health insurance benefits) from such employer on terms at least as favorable to the Executive and his or her family as those being provided by the Company, then the Company shall no longer be required to provide those particular benefits to the Executive and his or her family; and

(iii) to the extent not previously paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive following the Executive's termination of employment under any plan, program, policy, practice, contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) *Resignation without Good Reason; Termination for Death or Disability* . If the Executive voluntarily terminates his or her employment with the Company within 24 months following the Change in Control Date, excluding a termination for Good Reason, or if the Executive's employment with the Company is terminated by reason of the Executive's death or Disability within 24 months following the Change in Control Date, then the Company shall (i) pay the Executive (or his or her estate, if applicable), in a lump sum in cash within 30 days after the Date of Termination, the Accrued Obligations and (ii) timely pay or provide to the Executive the Other Benefits.

(c) *Termination for Cause* . If the Company terminates the Executive's employment with the Company for Cause within 24 months following the Change in Control Date, then the Company shall only pay the Executive such amounts, and provide such benefits, as is required by law.

4.2 *Vesting of Stock Options* . Upon the occurrence of a Change in Control, the Company shall cause all Executive options to purchase Company stock, which options were issued pursuant to the Company's employee stock option plans and which options are outstanding immediately prior to the Change in Control Date, to become fully vested and exercisable as of the Change in Control Date.

4.3 *Mitigation* . The Executive shall not be required to mitigate the amount of any payment or benefits provided for in this Section 4 by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Section 4 shall not be reduced by any compensation earned by the Executive as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company or otherwise.

4.4 *Outplacement Services* . In the event the Executive is terminated by the Company (other than for Cause, Disability or Death), or the Executive terminates employment for Good Reason, within 24 months following the Change in Control Date, the Company shall provide outplacement services through one or more outside firms of the Executive's choosing up to an aggregate of \$25,000, with such services to extend until the first to occur of (i) 12 months following the termination of Executive's employment, or (ii) the date the Executive secures full time employment.

4.5 *Release* . As a condition to Executive receiving the benefits under section 4.1(a)(i)(2) and (3), the Executive must first execute and deliver to Company a general release of claims against the Company and its affiliates in a form substantially similar to the general release attached hereto as Exhibit A, and such release, by its terms, has become irrevocable.

## 5. *Certain Additional Payments By Company* .

5.1 *General* . Notwithstanding anything in this Agreement to the contrary and except as set forth in this Section 5, in the event it shall be determined that any payment, benefit or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (a "Payment") would be subject to the excise tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, or any

interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes, including, without limitation, any income and payroll taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax (including any interest or penalties imposed with respect to such taxes) imposed upon the Payments.

*5.2 Procedures* . Subject to the provisions of Section 5.3, all determinations required to be made under this Section 5, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by KPMG LLP or such other certified public accounting firm as may be designated by the Executive and reasonably acceptable to the Company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive may appoint another nationally recognized accounting firm and reasonably acceptable to the Company to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 5, shall be paid by the Company to the Executive within five business days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive, subject to any determination otherwise by the Internal Revenue Service. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 5.3 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive. In addition, in certain instances an election may be made to recalculate the Excise Tax under applicable law. The Company may exercise such election and cause a recalculation to be made by the Accounting Firm, subject to the other provisions hereof.

*5.3 Notification of Claims* . The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by attorneys reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5.3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

5.4 *Refunds* . If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.3, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 5.3) promptly pay to the Company the amount of such refund (together with any interest actually paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.3, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

5.5 *Sarbanes Oxley Act* . No provision of this Section 5 is intended to be in violation of the loan prohibitions of the Sarbanes-Oxley Act and to the extent any payment would be in violation thereof, such amounts shall be deemed a payment to the Executive with no obligation to refund or otherwise repay.

## 6. *Disputes* .

6.1 *Settlement of Disputes; Arbitration* . All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board of Directors of the Company and shall be in writing. Any denial by the Board of Directors of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board of Directors shall

afford a reasonable opportunity to the Executive for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Salt Lake City, Utah, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

6.2 *Expenses* . The Company agrees to pay as incurred, to the full extent permitted by law, all legal, accounting and other fees and expenses which the Executive may reasonably incur as a result of any claim or contest (regardless of the outcome thereof) by the Company, the Executive or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive regarding the amount of any payment or benefits pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code. This Section 6.2 shall not apply to any claim made by the Executive which is not made in good faith or which is determined by the arbitrator or a court to be frivolous.

6.3 *Compensation During a Dispute* . If the Change in Control Date occurs during the Term and the Executive's employment with the Company terminates within 24 months following the Change in Control Date, and the right of the Executive to receive any benefits under this Agreement (or the amount or nature of the benefits to which he or she is entitled to receive) are the subject of a dispute between the Company and the Executive, the Company shall continue (a) to pay to the Executive his or her base salary in effect as of the Measurement Date and (b) to provide benefits to the Executive and the Executive's family at least equal to those which would have been provided to them, if the Executive's employment had not been terminated, in accordance with the applicable Benefit Plans in effect on the Measurement Date, until such dispute is resolved either by mutual written agreement of the parties or by an arbitrator's award pursuant to Section 6.1, but in no event more than 12 months after the date of such dispute. Following the resolution of such dispute, the sum of the payments made to the Executive under clause (a) of this Section 6.3 shall be deducted from any cash payment which the Executive is entitled to receive pursuant to Section 4; and if such sum exceeds the amount of the cash payment which the Executive is entitled to receive pursuant to Section 4, the excess of such sum over the amount of such payment shall be repaid (without interest) by the Executive to the Company within 60 days of the resolution of such dispute.

## 7. *Successors* .

7.1 *Successor to Company* . The Company shall require any Acquiring Corporation or any other successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to at least one-third or more of Company's gross assets to expressly assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if the Executive elects to terminate employment, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement, by operation of law or otherwise.

7.2 *Successor to Executive* . This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive or his or her family hereunder if the Executive had continued to live, all

such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

8. *Notice* . All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company, at 320 Wakara Way, Salt Lake City, Utah 84108, Attn: General Counsel, and to the Executive at the address for notices indicated below (or to such other address as either the Company or the Executive may have furnished to the other in writing in accordance herewith). Any such notice, instruction or communication shall be deemed to have been delivered five business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it actually is received by the party for whom it is intended.

9. *Miscellaneous* .

9.1 *Employment by Subsidiary* . For purposes of this Agreement, the Executive's employment with the Company shall not be deemed to have terminated solely as a result of the Executive continuing to be employed by a wholly-owned subsidiary of the Company.

9.2 *Severability* . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9.3 *Injunctive Relief* . The Company and the Executive agree that any breach of this Agreement by the Company is likely to cause the Executive substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Executive shall have the right to specific performance and injunctive relief.

9.4 *Governing Law* . The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the State of Utah, without regard to conflicts of law principles.

9.5 *Waivers* . No waiver by the Executive at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

9.6 *Counterparts* . This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same instrument.

9.7 *Tax Withholding* . Any payments provided for hereunder shall be paid net of any applicable tax withholding required under federal, state or local law.

9.8 *Entire Agreement* . This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

9.9 *Amendments* . This Agreement may be amended or modified only by a written instrument executed by both the Company and the Executive.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

MYRIAD GENETICS, INC.

EXECUTIVE

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By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## EXHIBIT A

### GENERAL RELEASE

1. *General Release*. In consideration of the payments and benefits to be made under that certain Executive Retention Agreement, dated February , 2005, (the "Agreement"), (the "Executive"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge Myriad Genetics, Inc. (the "Company") and each of its subsidiaries and affiliates (the "Company Affiliated Group"), their present and former officers, directors, executives, agents, attorneys, employees and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the "Company Released Parties"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any Company Released Party in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Executive Retirement Income Security Act of 1974 ("ERISA"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), Sections 503 and 504 of the Rehabilitation Act, the Family and Medical Leave Act, and any and all claims under any whistleblower laws or whistleblower provisions of other laws, excepting only:

- (a) rights of the Executive under this General Release and the Agreement;
- (b) rights of the Executive relating to equity awards held by the Executive as of his or her Date of Termination (as defined in the Agreement);
- (c) the right of the Executive to receive COBRA continuation coverage in accordance with applicable law;
- (d) rights to indemnification the Executive may have (i) under applicable corporate law, (ii) under the by-laws or certificate of incorporation of any Company Released Party or (iii) as an insured under any director's and officer's liability insurance policy now or previously in force;
- (e) claims (i) for benefits under any health, disability, retirement, deferred compensation, life insurance or other, similar Executive benefit plan or arrangement of the Company Affiliated Group and (ii) for earned but unused vacation pay through the Date of Termination in accordance with applicable Company policy; and
- (f) claims for the reimbursement of unreimbursed business expenses incurred prior to the Date of Termination pursuant to applicable Company policy.

2. *No Admissions*. The Executive acknowledges and agrees that this General Release is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

3. *Application to all Forms of Relief* . This General Release applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.

4. *Specific Waiver* . The Executive specifically acknowledges that his or her acceptance of the terms of this General Release is, among other things, a specific waiver of his or her rights, claims and causes of action under Title VII, ADEA, ADA and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.

5. *No Complaints or Other Claims* . The Executive acknowledges and agrees that he or she has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal.

6. *Conditions of General Release* .

(a) *Terms and Conditions*. From and after the Date of Termination, the Executive shall abide by all the terms and conditions of this General Release and the terms and any conditions set forth in any employment or confidentiality agreements signed by the Executive, which is incorporated herein by reference.

(b) *Confidentiality*. The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against any member of the Company Affiliated Group (in which case the Executive shall cooperate with the Company in obtaining a protective order at the Company's expense against disclosure by a court of competent jurisdiction), communicate, to anyone other than the Company and those designated by the Company or on behalf of the Company in the furtherance of its business, any trade secrets, confidential information, knowledge or data relating to any member of the Company Affiliated Group, obtained by the Executive during the Executive's employment by the Company that is not generally available public knowledge (other than by acts by the Executive in violation of this General Release).

(c) *Return of Company Material*. The Executive represents that he or she has returned to the Company all Company Material (as defined below). For purposes of this Section 6(c), "Company Material" means any documents, files and other property and information of any kind belonging or relating to (i) any member of the Company Affiliated Group, (ii) the current and former suppliers, creditors, directors, officers, employees, agents and customers of any of them or (iii) the businesses, products, services and operations (including without limitation, business, financial and accounting practices) of any of them, in each case whether tangible or intangible (including, without limitation, credit cards, building and office access cards, keys, computer equipment, cellular telephones, pagers, electronic devices, hardware, manuals, files, documents, records, software, customer data, research, financial data and information, memoranda, surveys, correspondence, statistics and payroll and other employee data, and any copies, compilations, extracts, excerpts, summaries and other notes thereof or relating thereto), excluding only information (x) that is generally available public knowledge or (y) that relates to the Executive's compensation or Executive benefits.

(d) *Cooperation*. Following the Termination Date, the Executive shall reasonably cooperate with the Company upon reasonable request of the Board and be reasonably available to the Company with respect to matters arising out of the Executive's services to the Company Affiliated Group.

(e) **Nondisparagement.** The Executive agrees not to communicate negatively about or otherwise disparage any Company Released Party or the products or businesses of any of them in any way whatsoever.

(f) **Nonsolicitation.** The Executive agrees that for the period of time beginning on the date hereof and ending on the second anniversary of the Executive's Date of Termination, the Executive shall not, either directly or indirectly, solicit, entice, persuade, induce or otherwise attempt to influence any person who is employed by any member of the Company Affiliated Group to terminate such person's employment by such member of the Company Affiliated Group. The Executive also agrees that for the same period of time he or she shall not assist any person or entity in the recruitment of any person who is employed by any member of the Company Affiliated Group. The Executive's provision of a reference to or in respect of any individual shall not be a violation this Section 6(f).

(g) **No Representation.** The Executive acknowledges that, other than as set forth in this General Release and the Agreement, (i) no promises have been made to him or her and (ii) in signing this General Release the Executive is not relying upon any statement or representation made by or on behalf of any Company Released Party and each or any of them concerning the merits of any claims or the nature, amount, extent or duration of any damages relating to any claims or the amount of any money, benefits, or compensation due the Executive or claimed by the Executive, or concerning the General Release or concerning any other thing or matter.

(h) **Injunctive Relief.** In the event of a breach or threatened breach by the Executive of this Section 6, the Executive agrees that the Company shall be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate or insufficient.

7. **Voluntariness.** The Executive agrees that he or she is relying solely upon his or her own judgment; that the Executive is over eighteen years of age and is legally competent to sign this General Release; that the Executive is signing this General Release of his or her own free will; that the Executive has read and understood the General Release before signing it; and that the Executive is signing this General Release in exchange for consideration that he or she believes is satisfactory and adequate.

8. **Legal Counsel.** The Executive acknowledges that he or she has been informed of the right to consult with legal counsel and has been encouraged to do so.

9. **Complete Agreement/Severability.** This General Release constitutes the complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, negotiations, or discussions relating to the subject matter of this General Release. All provisions and portions of this General Release are severable. If any provision or portion of this General Release or the application of any provision or portion of the General Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this General Release shall remain in full force and shall continue to be enforceable to the fullest and greatest extent permitted by law.

10. **Acceptance.** The Executive acknowledges that he or she has been given a period of twenty-one (21) days within which to consider this General Release, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this General Release at any time within this period of time by signing the General Release and returning it to the Company.

11. **Revocability.** This General Release shall not become effective or enforceable until seven (7) calendar days after the Executive signs it. The Executive may revoke his or her acceptance of this General Release at any time within that seven (7) calendar day period by sending written notice to the

Company. Such notice must be received by the Company within the seven (7) calendar day period in order to be effective and, if so received, would void this General Release for all purposes.

13. *Governing Law* . Except for issues or matters as to which federal law is applicable, this General Release shall be governed by and construed and enforced in accordance with the laws of the State of Utah without giving effect to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the Executive has executed this General Release as of the date last set forth below.

EXECUTIVE

Date:

Name:

## Attachment

On February 17, 2005 the Company entered into an Executive Retention Agreement for each of following executive officers utilizing the form included in this Exhibit 10.1:

Peter D. Meldrum—President, Chief Executive Officer, Director  
Gregory C. Critchfield, M.D.—President of Myriad Genetic Laboratories, Inc.  
James S. Evans—Controller, Assistant Treasurer  
Adrian N. Hobden, Ph.D.—President of Myriad Pharmaceuticals, Inc.  
William A. Hockett III—Vice President of Corporate Communications  
Jerry S. Lanchbury, Ph.D.—Senior Vice President Research  
W. Wayne Laslie—Chief Operating Officer of Myriad Pharmaceuticals, Inc.  
Richard M. Marsh, Esq.—Vice President, General Counsel and Secretary  
Jay M. Moyes—Vice President of Finance and Chief Financial Officer  
S. George Simon—Vice President of Business Development  
Mark H. Skolnick, Ph.D.—Chief Scientific Officer, Director

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**SARBANES-OXLEY SECTION 302(a) CERTIFICATION**

**Chief Executive Officer**

I, Peter D. Meldrum, certify that:

1. I have reviewed this quarterly report 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 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)) 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) 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
  - c) 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 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: May 3, 2005

By: /s/ PETER D. MELDRUM

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Peter D. Meldrum  
President and Chief Executive Officer  
(Principal executive officer)

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**SARBANES-OXLEY SECTION 302(a) CERTIFICATION**

**Chief Financial Officer**

I, Jay M. Moyes, certify that:

1. I have reviewed this quarterly report 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 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)) 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) 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
  - c) 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 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: May 3, 2005

By: /s/ JAY M. MOYES

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Jay M. Moyes  
Vice President of Finance and Chief Financial Officer  
(Principal financial and chief accounting officer)

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[Exhibit 31.2](#)

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**Exhibit 32.1**

**Certifications of Chief Executive Officer and Chief Financial Officer**

**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 three and nine months ended March 31, 2005 (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 information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 3, 2005

/s/ PETER D. MELDRUM

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Peter D. Meldrum  
President and Chief Executive Officer

Dated: May 3, 2005

/s/ JAY M. MOYES

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Jay M. Moyes  
Vice President of Finance and 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.

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Exhibit 32.1

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**End of Filing**

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