
MYRIAD
Genetics, Inc.
Annual Report
2000

IN EACH GENERATION

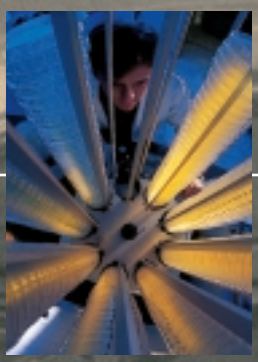
OPPORTUNITY

arises to create great value from the arrival of a breakthrough in technology. To realize its full potential, the opportunity must be recognized by visionaries who can express the dream, innovators to make the dream possible and managers to reduce the concept to practice.

Myriad Genetics has gathered these individuals with one goal in mind: Grasp the opportunity created by genomics, proteomics, and their related technologies and turn it into medical products to improve the quality and length of life.

From genes to proteins to cure and ultimately, prevention of disease, the single greatest opportunity of our generation is being realized today at

MYRIAD GENETICS



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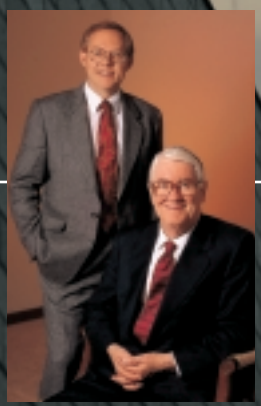
To Our Shareholders

It is an exciting time in medicine. We are in the midst of a rapid evolution toward one of medicine's ultimate goals as we move from treating the symptoms of disease to the absolute prevention of disease. Recently, one of the major milestones in this evolution was realized as the first draft of the human genome map was completed. The announcement of this milestone marked what will be seen in the future as a turning point in the search for new medicines.



To find these new medicines, drug developers initially looked to the gene as the basis for understanding the disease process. In some cases, this has proven effective, especially with relatively simple genetic diseases and those rare diseases caused by a single change in a gene. Much of human disease is complex and multigenic in cause, however, and therefore requires a deeper understanding of the disease process. Researchers are now turning to the protein and its interacting partners as the key to understanding how diseases are caused and how they may be treated or prevented. Genomics will continue to create substantial value for Myriad shareholders, especially in the molecular diagnostic field, and we believe that tremendous future opportunities exist to create value for the Company and its shareholders in proteomics.

Myriad foresaw this shift in emphasis several years ago and responded with the creation of ProNet,® our proteomic technology platform, to discover the protein pathways underlying the world's major human diseases. ProNet® has become a highly valued source of drug development targets for Myriad's in-house effort. The technology is also used in six collaborations, with dominant global companies, to identify targets for new therapeutic development. The ProNet® technology has now delivered 36 validated drug targets to Myriad Pharmaceuticals and a large number of additional targets to its collaborators. These targets cover the spectrum of important human diseases from dementia and diabetes to prostate cancer, rheumatoid arthritis and AIDS.

Fiscal 2000 witnessed the growth of Myriad Pharmaceuticals into a fully realized biopharmaceutical company with a significant pipeline of products in development. During the past year, Myriad has used its ProNet® technology to identify and analyze over 225 candidate drug targets. Myriad Pharmaceuticals initially focused on 36 promising targets. Screening 17 of these targets against our library of small molecules with ProTrap,℠ Myriad's proprietary yeast-based high-throughput screening technology, has identified promising drug candidates. Our colon cancer lead compound selectively kills colon cancer cells *in vitro*. Designated MPI-42511, the compound is in preclinical testing prior to entering human clinical trials.

During the past year, Myriad initiated major proteomic collaborations with Roche and Hitachi and significantly expanded its collaborations with Schering and Pharmacia. The Hitachi collaboration is exciting in that Hitachi becomes Myriad's partner in the introduction of ProNet® to the pharmaceutical companies and biotechnology companies across Japan. Hitachi paid Myriad a substantial upfront fee for this right and will fund extensive additional development of the ProNet® databases over the next three years. The added value in upfront payments and committed research payments is approximately $26 million in revenue to Myriad, which raises the total collaboration potential to Myriad in the proteomic field alone to $237 million.

Major disease gene discovery programs continue to provide exceptional results at Myriad. Based on the use of our extensive medical and genealogical databases, we recently discovered an important prostate cancer gene. The discovery triggered a $1 million milestone payment

from Schering-Plough. The prostate cancer gene has been put in diagnostic product development at Myriad and is under evaluation for therapeutic development at Schering-Plough. Earlier in the year, the Company announced the discovery of a major diabetes gene. The gene is involved in insulin-dependent diabetes and provides an opportunity for Myriad to develop both diagnostic and therapeutic products to more effectively care for diabetes patients.

We are pleased to report that Myriad Genetic Laboratories grew its molecular diagnostic business markedly over the course of the year. Year over year growth was approximately 70% as Myriad continues to improve its systems for higher quality at lower cost. The Company began selling its molecular diagnostic products in foreign markets through agreements with three independent laboratory organizations. The agreements were notable in that they included upfront payments of $3.8 million for the rights to sell Myriad's tests in the distributor's markets as well as annual fees and performance-based milestone payments to Myriad. Falco Biosystems, Ltd. is introducing Myriad's products throughout Japan, MDS Laboratory Services, Canada's largest lab, is our marketing partner there and in the United Kingdom and Ireland, Rosgen, Ltd. is making Myriad's advanced technologies available for the improved care of patients.

Myriad and the Novartis Agricultural Discovery Institute, Inc. (Novartis) initiated a $33.5 million collaboration in the genomic sequencing of cereal crops. The collaboration is further validation of our leadership in DNA sequencing, which is a core strength at Myriad and a technology underlying many of the genomic and proteomic advances in biotechnology today. All profits from the strategic alliance are shared equally between Myriad and Novartis. The agreement is Myriad's second 50% profit sharing arrangement, following our collaboration with Schering AG using ProNet™ in the fields of cancer and cardiovascular disease. The Company believes these agreements are unique in our industry and validate the strength of Myriad's technologies.

Myriad achieved strong financial growth during fiscal 2000. Revenues for the year amounted to $34,013,000, up 26% from the $25,313,000 from fiscal 1999. Molecular diagnostic revenue was $8,793,000, or 26% of total revenues for fiscal 2000. The Company's net loss for fiscal 2000 was $8,722,000, or $0.86 per share. Myriad Genetics ended the fiscal year with just under $90 million in cash and investments.

Lastly, it was also our pleasure to welcome a new member to our board of directors. In November, Dr. Linda S. Wilson joined Myriad's board and has become an active and valued contributor. Dr. Wilson is President Emerita of Radcliffe College and played a major role in its merger with Harvard University. She was previously Vice President of Research for the University of Michigan and brings a highly valued perspective to the Board of Directors.

Through technology innovation and research collaborations, Myriad has earned a leadership role in the field of proteomics. As a pioneer in these emerging technologies, the Company is clearly at the forefront of a very exciting and promising field. While Myriad has already made a significant impact on the health care of individuals, there is every reason to believe that the Company is poised for even greater contribution in 2001 and the years ahead.

John H. Horan
Chairman

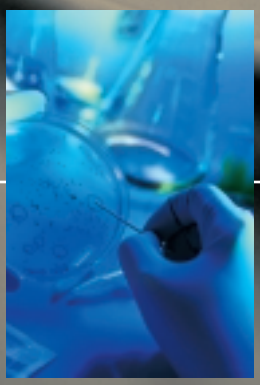
Peter D. Meldrum
President and CEO

LEADERSHIP IN

PROTEOMICS

Perhaps the most important question about the Human Genome Project is, "How can we turn the volumes of newly generated genome data into a solid pipeline of novel, effective drugs?"

THE ANSWER IS PROTEOMICS



Genes have the potential to cause disease when they contain errors (mutations) in their regulatory or coding sequences. Frequently, however, the disease-causing gene does not make a good drug target. The most appropriate target for therapeutic intervention can only be selected when complete knowledge of the disease pathway is obtained, permitting choice of effective treatment while minimizing or eliminating harmful side effects. If a drug can be found that binds to a key regulator in the disease pathway, preventing its interaction with other proteins, the course of the disease may be interrupted and the patient relieved or cured.

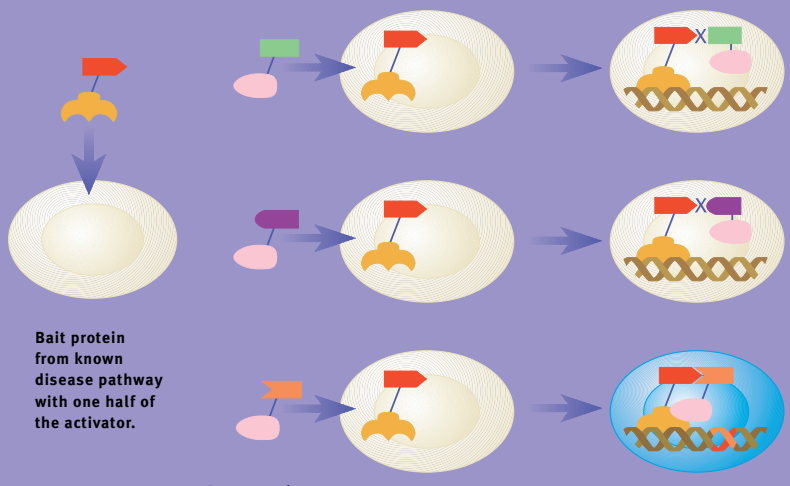
In order to identify proteins that are in key control positions in disease processes, the disease pathway must be identified. Myriad's proteomics technology, ProNet,® identifies the protein interactions that make up the disease pathway, providing new drug development opportunities. From volumes of genome data, ProNet® can isolate the most valuable and important, high-potential drug targets that will form the basis of the new era of more effective personalized medicines.

As one of the most successful gene discovery companies in the world, Myriad was among the first to identify the need for a powerful new technology that could look upstream and downstream for important disease genes and find the best opportunities to turn its discoveries into new drugs.

PRONET®– the right technology at the right time. Human genes have now been largely sequenced. This knowledge should accelerate Myriad's goal of organizing proteins into clear disease pathways, opening a window onto the drug discovery opportunities of the next era in medicine. Now is the time to seize the chance to capitalize upon these opportunities. By discovering and protecting the protein interactions, drug developers gather the raw material to build a pipeline of new drugs that will power the next cycle of dynamic industry growth.

Already, four major international pharmaceutical companies and a world leader in electronics and information technology have decided that the opportunity is there for the taking, the time is now, and the technology is ProNet.® Bayer, Hitachi, Pharmacia, Roche and Schering AG took the initiative to collaborate with Myriad in proteomics, and are now reaping the rewards.

ProNet® discovers proteins that interact by bringing two halves of an activator protein into close proximity inside a yeast cell. The protein of interest, also known as the "bait" is linked to one half of the activator and many different possible interacting proteins (the "prey") are attached to copies of the other half of the activator. When the two halves of the activator reunite, due to the interaction of the bait and a prey protein, the activator becomes functional and turns on a gene that causes the yeast cell to turn blue.



DURING THE PAST YEAR ALONE

MYRIAD'S

ProNet® technology delivered nine new therapeutic targets to drug developers. And for our internal drug development programs, Myriad Pharmaceuticals analyzed over 225 high-potential proteins delivered by ProNet,® selecting 36 for drug screening.

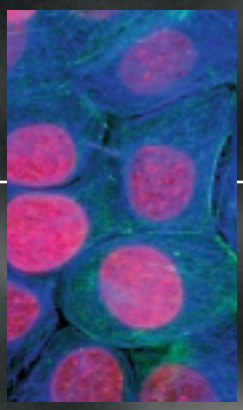
Hitachi has taken a particularly bold step forward with ProNet.® In order to participate in the coming explosion in bioinformatics with the marketing of proteomic data, Hitachi created a new life science division. With the charter to build a strong revenue stream in a short period, Hitachi selected Myriad's ProNet® technology to lead the charge. Hitachi will market the ProNet® protein interaction database and disease pathway discovery capabilities to Japanese pharmaceutical and biotechnology companies. Myriad will share in the proceeds of all future collaborations in Japan.

NEW MEDICAL PARADIGM

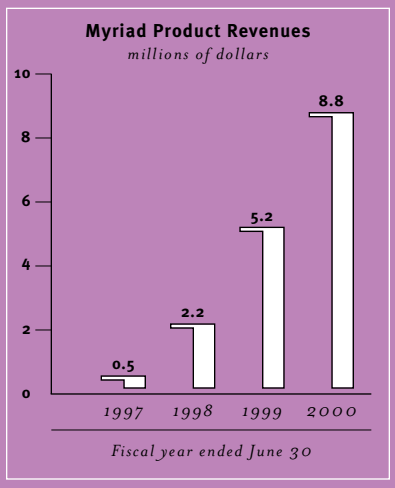
PERSONALIZED
and Predictive Medicine

Myriad is a product-based company focused on the development and marketing of high-quality healthcare products. The Company has three molecular diagnostic products on the market today, which are generating rapidly growing revenue.

Plans call for many exciting new products in the years ahead. Myriad has a full pipeline of gene discoveries and opportunities to create exciting new molecular diagnostic products that will power the growth of our predictive and personalized medicine business.



Predictive medicine and personalized medicine are newly emerging medical paradigms. As the practice of medicine evolves from the current mode of treating the symptoms of disease toward the new paradigm of the active prevention of disease, new molecular diagnostics will be required. Predictive medicine is the use of genetics to determine the risk of disease in an individual. By knowing an individual's disease risk before the onset of symptoms, preventive action may be taken to delay or prevent the disease entirely. The markets for these products are potentially large because they are used by healthy individuals with a high risk of a given disease, in addition to those already diagnosed. Additionally, unlike traditional diagnostics, these products can generate very attractive margins for Myriad.



Myriad was among the first commercial organizations to recognize the opportunity that would result from finding a major disease-causing gene, and one of the most successful in establishing a business to serve the developing market. As a leader, the Company has introduced two predictive medicine products and one of the first personalized medicine products ever introduced.

BRACAnalysis,® is Myriad's predictive medicine product for breast and ovarian cancer. The test is now widely used to help physicians provide improved options for healthcare to patients with a family history of breast or ovarian cancer.

IN SEPTEMBER 2000, Myriad introduced COLARIS,™ a predictive medicine product used to identify individuals with an increased risk of colon cancer. The product is used by cancer specialists and sold by Myriad's sales force of over 40 oncology product specialists.

Following the development of the human genome map, drug developers have the opportunity to create more targeted, effective drugs with fewer side effects. One way that they can seize this opportunity is by creating personalized medicine products. Personalized medicine is the ability to prescribe medicines based on an individual's genetic makeup. No single drug is ideally effective in all patients. Certain drugs produce unacceptable side effects in some patients and not in others. By delivering drugs only to individuals in whom they will be well tolerated, more powerful drugs might be created and existing drugs may find new markets. Targeted, personalized medicines will require the availability of molecular diagnostic products to identify those who fit the drug profile. Personalized medicine products are a powerful new part of medicine, they can save lives and improve the quality of life.

In 2000, Myriad began to introduce its products to the world outside the United States. The company signed agreements with MDS Laboratory Services, to market Myriad's products in Canada, Falco Biosystems, Ltd, to serve the needs of Japan, and Rosgen, Ltd. to make the products available to men and women of the United Kingdom and Ireland. Each paid Myriad an upfront fee that was proportional to the market potential in their respective countries, for the right to offer these products. Further expansion is anticipated in the next year for Europe and other areas.

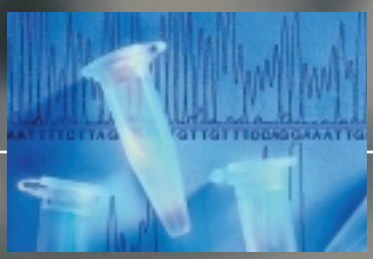
In fiscal 2000, molecular diagnostic product growth continued with strength, increasing approximately 70% over last year while margins improved to 55%. The molecular diagnostic business provides increasing revenue that funds drug development and other important programs that ensure Myriad's continued leadership in the creation of products that help save lives.

NEXT GENERATION

DRUG *Development*

MYRIAD PHARMACEUTICALS, INC.

Myriad Pharmaceuticals is rapidly developing into a substantial biopharmaceutical company. In a little over a year, Myriad Pharmaceuticals has established a high-throughput drug discovery and early-stage development facility. With ProNet® providing the source of potential drug development targets, Myriad Pharmaceuticals has screened over 225 drug candidates. Assays have been built for 17 of the highest priority candidates. These assays test libraries of small molecules for activity against the target. High-throughput screening of these targets has yielded promising compounds, which are being advanced through preclinical studies prior to human clinical trials.

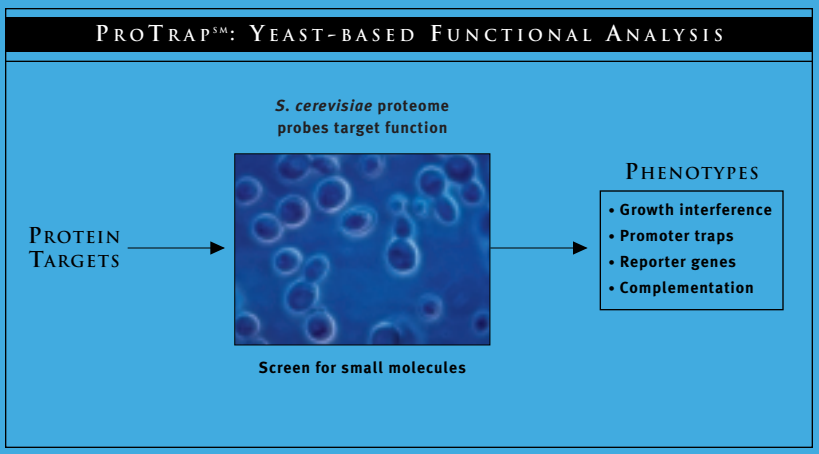


Myriad's discovery process has been optimized for high-throughput, high-potential and high-activity drug target screening. This bias selects for the best quality compounds without an unnecessary and resource-intensive emphasis on exhaustive screening. With a wealth of targets, Myriad can afford to take only these most promising targets into screening and move onto others rapidly. The result has been discovery of compounds with good initial safety and efficacy profiles without apparent toxicology, solubility or bio-availability problems.

One of the core technologies that allows Myriad's high-throughput screening of drug targets is ProTrap.℠ It is a yeast-based assay which takes advantage of the quick, efficient and inexpensive characteristics of the yeast organism, combining them with an ultra-sensitive detection technology to produce a fast, accurate and low-cost screen.

MYRIAD PHARMACEUTICALS is interested in the therapeutic areas of pain, sleep and cognition, and is currently developing drugs in the disease fields of cancer, hepatitis, HIV and rheumatoid arthritis. Myriad's lead drug compound is in the field of colon cancer. The compound has demonstrated the ability to selectively kill colon cancer cells and is now entering trials in animal models prior to human clinical trials. Successful preclinical studies could allow clinical trial initiation in as little as 12 months.

Myriad also discovered a promising new approach to the treatment of AIDS through the identification of a drug target that represents the potential for a new class of therapeutics. As the current generation of drugs are met by increasing viral resistance, new drugs are needed that act through different mechanisms. This new drug target is in a distinct class from the current generation's protease inhibitors and reverse-transcriptase inhibitors and may provide the extended therapeutic benefit necessary for patients with AIDS.



Officers and Directors

John J. Horan

Chairman of the Board

Former Chairman and CEO
Merck & Co., Inc.

Walter Gilbert, Ph.D.

Director

Vice Chairman of the Board

Carl M. Loeb
University Professor
Harvard University

Peter D. Meldrum

Director

President and CEO
Myriad Genetics, Inc.

Michael J. Berendt, Ph.D.

Director

Sr. Vice President,
Pharmaceutical Research
Bayer Corporation

Arthur H. Hayes, Jr., M.D.

Director

Former FDA Commissioner
and President
MediScience Associates

Alan J. Main, Ph.D.

Director

President and CEO
Coelacanth Corporation

Mark H. Skolnick, Ph.D.

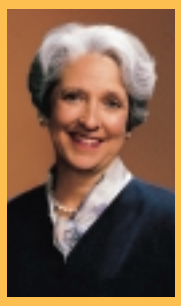
Director

Chief Scientific Officer
Myriad Genetics, Inc.

Dale A. Stringfellow, Ph.D.

Director

President
Berlex Biosciences



Linda S. Wilson, Ph.D.

Director

President Emerita
Radcliffe College

Gregory C. Critchfield, M.D.

President
Myriad Genetic Laboratories, Inc.

Adrian N. Hobden, Ph.D.

President
Myriad Pharmaceuticals, Inc.

Jay M. Moyes

Chief Financial Officer
and Vice President, Finance
Myriad Genetics, Inc.

Arnold N. Oliphant, Ph.D.

Vice President,
Functional Genomics
Myriad Genetics, Inc.

Sudhir R. Sahasrabudhe, Ph.D.

Executive Vice President,
Research and Development
Myriad Genetics, Inc.

S. George Simon

Vice President,
Business Development
Myriad Genetics, Inc.

Christopher L. Wight

Vice President,
General Counsel and
Corporate Secretary
Myriad Genetics, Inc.

Financial Section

The following table sets forth our consolidated financial data as of and for each of the five years ended June 30, 2000. The selected consolidated financial data as of and for each of the five years ended June 30, 2000 have been derived from our consolidated financial statements. The consolidated financial statements and the report thereon for the year ended June 30, 2000 are included in our Annual Report on Form 10-K. The information below should be read in conjunction with the consolidated financial statements (and notes thereon) and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Years ended June 30, 2000, 1999, 1998, 1997, and 1996

	2000	1999	1998	1997	1996
Consolidated Statement of Operations Data:					
Research revenue	$ 25,219,766	$ 20,093,057	$ 20,999,598	$ 14,732,054	$ 6,628,624
Molecular diagnostic revenue	8,793,272	5,220,349	2,210,983	504,045	–
Total revenues	34,013,038	25,313,406	23,210,581	15,236,099	6,628,624
Costs and expenses:					
Molecular diagnostic cost of revenue	3,986,473	3,066,354	1,391,368	340,461	–
Research and development	28,098,769	23,452,220	23,002,340	18,580,229	12,990,566
Selling, general and administrative	13,474,923	11,105,520	11,807,023	8,755,217	2,525,814
Total costs and expenses	45,560,165	37,624,094	36,200,731	27,675,907	15,516,380
Operating loss	(11,547,127)	(12,310,688)	(12,990,150)	(12,439,808)	(8,887,756)
Other income (expense):					
Interest income	3,208,506	2,348,827	3,223,683	3,414,379	3,173,749
Interest expense	–	(6,278)	(32,681)	(66,661)	(97,414)
Other	(383,481)	(27,314)	2,113	(114,190)	(86,052)
Net loss	$ (8,722,102)	$ (9,995,453)	$ (9,797,035)	$ (9,206,280)	$ (5,897,473)
Basic and diluted net loss per share[1]	$ (0.43)	$ (0.53)	$ (0.53)	$ (0.52)	$ (0.39)
Basic and diluted weighted average shares outstanding[1]	20,220,446	18,782,244	18,578,962	17,807,836	15,217,096

As of June 30, 2000, 1999, 1998, 1997, and 1996

	2000	1999	1998	1997	1996
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable investment securities	$ 88,655,844	$ 38,926,459	$ 53,109,493	$ 63,077,439	$ 70,002,780
Working capital	57,263,118	8,348,224	21,806,290	38,796,960	41,665,513
Total assets	106,375,305	53,550,940	67,391,972	76,063,331	79,607,497
Notes payable less current portion	–	–	–	128,844	471,640
Stockholders' equity	77,706,647	48,215,736	57,481,013	66,178,975	70,185,747

[1]All references to the number of common shares and per share amounts in this Annual Report have been restated to reflect the effect of our stock split. See "Subsequent Events" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Overview

We are a leader in the emerging field of proteomics and gene-based medicine focusing on the development of therapeutic and molecular diagnostic products. We have developed, and will continue to expand upon, a number of proprietary proteomic databases which permit us, through the use of our bioinformatics and robotics technologies, to identify human genes and related proteins that may play a role in the onset or progression of major human diseases. We formed two wholly owned subsidiaries, Myriad Pharmaceuticals, Inc. and Myriad Genetic Laboratories, Inc., to commercialize our therapeutic and molecular diagnostic discoveries. Myriad Pharmaceuticals, Inc. independently and in conjunction with collaborative partners, focuses on the discovery and development of therapeutic products. Myriad Genetic Laboratories, Inc. focuses on the development of molecular diagnostic products that access a person's risk of developing a specific disease and permits physicians and their patients to take appropriate health care measures to reduce the risk.

We have devoted substantially all of our resources to maintaining our research and development programs, supporting collaborative research agreements, operating a molecular diagnostic laboratory, establishing genomic sequencing, establishing high-throughput screening, and undertaking drug discovery and development. Our revenues have consisted primarily of research payments received pursuant to collaborative agreements, upfront fees, milestone payments, and sales of molecular diagnostic products. We have yet to attain profitability and, for the year ended June 30, 2000, we had a net loss of $8,722,102 and as of June 30, 2000 had an accumulated deficit of $52,661,982.

In April 1995, we commenced a five-year collaborative research and development arrangement with Novartis Corporation. The total equity investment, research funding and potential milestone payments under this collaboration may provide us with up to $60,000,000. The research phase of the Novartis collaboration concluded successfully on schedule in April 2000. We are entitled to receive royalties from sales of therapeutic products commercialized by Novartis.

In September 1995, we commenced a five-year collaborative research and development arrangement with Bayer Corporation. The total equity investment, research funding and potential milestone payments under this collaboration may provide us with up to $71,000,000. In November 1997 and again in December 1998, we announced expansions of our collaborative research and development arrangement with Bayer. The expanded collaboration may provide us with additional research funding and potential milestone payments of up to $137,000,000. We are entitled to receive royalties from sales of therapeutic products commercialized by Bayer.

In October 1996, we announced the introduction of BRACAnalysis,® a comprehensive BRCA1 and BRCA2 gene sequence analysis for susceptibility to breast and ovarian cancer. In January 1998, we announced the introduction of CardiaRisk,® which may assist physicians both in identifying which hypertensive patients are at a significantly increased risk of developing cardiovascular disease and identifying which patients are likely to respond to low salt diet therapy and antihypertensive drug therapy. In August 2000, we announced the future launch of COLARIS,™ a predictive medicine test for hereditary colon cancer and uterine cancer. We plan to begin accepting COLARIS™ samples in the fall of 2000. We, through our wholly owned subsidiary Myriad Genetic Laboratories, Inc., recognized molecular diagnostic revenues, primarily from BRACAnalysis,® of $8,793,272 for the year ended June 30, 2000.

In April 1997, we commenced a three-year collaborative research and development arrangement with Schering-Plough Corporation. The total equity investment, research funding, license fees and potential milestone payments under this collaboration may provide us with up to $60,000,000. The research phase of the Schering-Plough collaboration concluded successfully on schedule in April 2000. We are entitled to receive royalties from sales of therapeutic products commercialized by Schering-Plough.

In October 1998, we entered into a five-year collaboration with Schering AG to utilize our protein interaction technology, ProNet,® for drug discovery and development. Under the agreement, we will have an option to co-promote all new therapeutic products in North America and receive 50% of the profits from North American sales of all new drugs discovered with ProNet.® The total research funding, license fees, subscription fees, option payments and potential milestone payments under this collaboration may provide us with up to $51,000,000. If we choose to co-promote a drug developed by Schering AG as a 50% partner, we may be required to pay funds to Schering AG to establish equal ownership.

In November 1998, we entered into a 15 month collaboration with Pharmacia Corporation (formerly Monsanto Company) to utilize ProNet® for drug discovery and development. In December 1999, Pharmacia exercised its option to extend the research term for an additional 12 months and exercised its option to expand the research funding. The total research funding, option payments, license fees and potential milestone payments under this collaboration may provide us with up to $28,000,000. We are entitled to receive royalties from sales of therapeutic products commercialized by Pharmacia.

In July 1999, we entered into a two-year collaboration and license agreement with the Novartis Agricultural Discovery Institute, Inc. The genomic collaboration will focus on the discovery of the genetic structure of cereal crops. The total funding under this collaboration is expected to provide us with $33,500,000. Upon completion, we intend to jointly offer with NADII commercial access to the genomic databases and share equally in any resulting proceeds.

In October 1999, we announced the expansion of our collaboration with Schering AG to include research in the field of cardiovascular disease. We also entered into a Securities Purchase Agreement and a Standstill Agreement with Schering Berlin Venture Corporation to sell to Schering Berlin 606,060 shares of our common stock for an aggregate purchase price of $5,000,000.

In December 1999, we entered into a 12 month collaboration with Hoffmann-LaRoche Inc. to utilize ProNet® for drug discovery and development in the area of cardiovascular disease. The total research funding, license fees and potential

milestone payments under this collaboration may provide us with up to $13,000,000. In addition, we are entitled to receive royalties from sales of therapeutic products commercialized by Roche.

In May 2000, we entered into a three year strategic alliance with Hitachi Ltd. Under the terms of the agreement, we will work with Hitachi to exploit the ProNet® technology together in Japan and Hitachi will establish a designated ProNet® facility to expedite the discovery of novel protein-protein interactions for Japanese customers. Total research and license payments under this collaboration are expected to provide us with $26,000,000. In addition, we are entitled to receive royalties from sales of therapeutic products commercialized by Hitachi.

We intend to enter into additional collaborative relationships to locate and sequence genes and discover protein networks associated with other common diseases as well as to continue to fund internal research projects. We may be unable to enter into additional collaborative relationships on terms acceptable to us. We expect to incur losses for at least the next several years, primarily due to expansion of our research and development programs, expansion of our drug discovery and development efforts, increased staffing costs and expansion of our facilities. Additionally, we expect to incur substantial sales, marketing and other expenses in connection with building our molecular diagnostic business. We expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

Results of Operations

Years ended June 30, 2000 and 1999.
Research revenues for our fiscal year ended June 30, 2000 were $25,219,766 as compared to $20,093,057 for the fiscal year ended June 30, 1999. The increase of 26% in our research revenue is primarily attributable to revenue recognized from the NADII collaboration that began in July 1999, the Roche collaboration which began in December 1999, and the Hitachi collaboration which began in May 2000. Research revenue from the research collaboration agreements is generally recognized as related costs are incurred. Consequently, as these programs progress and costs increase or decrease, revenues increase or decrease proportionately.

Molecular diagnostic revenues of $8,793,272 were recognized in the fiscal year ended June 30, 2000, an increase of 68% or $3,572,923 over the prior year. Molecular diagnostic revenue is comprised of sales of molecular diagnostic tests resulting from our discovery of disease genes. Sales and marketing efforts since that time, together with increased demand as a result of wider acceptance of the test by the medical community, have given rise to the increased revenues for the fiscal year ended June 30, 2000. There can be no assurance, however that molecular diagnostic revenues will continue to increase at the historical rate.

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

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

Cash, cash equivalents, and marketable investment securities were $88,655,844 at June 30, 2000 as compared to $38,926,459 at June 30, 1999. This increase in our cash, cash equivalents and marketable investment securities was primarily attributable to the private sale of approximately $34,000,0000 worth of our Common Stock during the year, as well as receipt of license payments, milestone payments and advance research payments from our collaborators. These cash receipts were offset by expenditures we incurred in the ordinary course of business. As a result of our increased cash position, interest income for the fiscal year ended June 30, 2000 was $3,208,506 as compared to $2,348,827 for the fiscal year ended June 30, 1999. The loss on disposition of assets of $383,481 in the fiscal year ended June 30, 2000 was primarily the result of our retiring unproductive assets.

Years ended June 30, 1999 and 1998.
Research revenues for the Company's fiscal year ended June 30, 1999 were $20,093,057 as compared to $20,999,598 for the fiscal year ended June 30, 1998. Greater research revenue recognized during the fiscal year ended June 30, 1998 versus the fiscal year ended June 30, 1999 is the result of $3,950,000 in research milestones and contract expansion payments we received 1998. Excluding the milestone and contract expansion payments, our ongoing research revenue increased $3,043,459 for the fiscal year ended June 30, 1999 versus fiscal 1998. Research revenue from the research collaboration agreements is generally recognized as related costs are incurred. Consequently, as these programs progress and costs increase or decrease, revenues increase or decrease proportionately.

Molecular diagnostic revenues of $5,220,349 were recognized in the fiscal year ended June 30, 1999, an increase of 136% or $3,009,366 over the fiscal year ended June 30, 1998. Molecular diagnostic revenue is comprised of sales of diagnostic tests resulting from the our discovery of disease genes. We launched the test for genetic predisposition to breast and ovarian cancer in October 1996 and we launched the test for heart disease and hypertension risk in

January 1998. Sales and marketing efforts since that time have given rise to the increased revenues for the fiscal year ended June 30, 1999.

Research and development expenses for the year ended June 30, 1999 increased to $23,452,220 from $23,002,340 for the prior year. This increase was primarily due to an increase in research activities as a result of our collaborations with Novartis, Bayer, Schering, Schering AG, and Pharmacia, as well as those programs we funded internally. The increased level of research spending includes ongoing development of the Company's ProNet® and mutation screening technologies, third-party sponsored research programs, and the formation of Myriad Pharmaceuticals, Inc. ("Myriad Pharmaceuticals"). Myriad Pharmaceuticals, our wholly-owned subsidiary, was created to develop therapeutic lead compounds for selected common diseases with large potential markets that are under-served by current therapeutic options.

Selling, general and administrative expenses for the fiscal year ended June 30, 1999 decreased $701,503 from the fiscal year ended June 30, 1998. During the fiscal year ended June 30, 1998, we pursued a plan to dramatically increase our sales force. Start-up expenses for the sales staff included training, relocation, and sales supplies. For the fiscal year ended June 30, 1999, we maintained a steady, well-trained sales force which resulted in fewer selling expenses. In addition, during the fiscal year ended June 30, 1998, we incurred significant expenses in defense of our intellectual property, including the successful settlement of legal actions with OncorMed. Such expenses were drastically reduced during the fiscal year ended June 30, 1999.

Interest income for the fiscal year ended June 30, 1999 decreased to $2,348,827 from $3,223,683 for the fiscal year ended June 30, 1998. Cash, cash equivalents, and marketable investment securities were $38,926,459 at June 30, 1999 as compared to $53,109,493 at June 30, 1998. This decrease in cash, cash equivalents and marketable investment securities was attributable to expenditures incurred in the ordinary course of business and has resulted in reduced interest income. Interest expense for the year ended June 30, 1999, amounting to $6,278, was due entirely to borrowings under the Company's equipment financing facility.

Liquidity and Capital Resources

Net cash provided by operating activities was $17,163,535 during the fiscal year ended June 30, 2000 as compared to $14,137,559 used during the prior year. Trade receivables increased $1,100,765 between June 30, 1998 and June 30, 1999. This increase is primarily attributable to the 68% increase in molecular diagnostic revenue during fiscal 2000. Trade receivables as a percentage of molecular diagnostic revenue continues to be in the 25-27% range for both June 30, 2000 and June 30, 1999. Other receivables decreased $1,456,749 during the fiscal year ended June 30, 2000 primarily as a result of our receipt of collaborative partner payments for research work performed in the prior year. Prepaid expenses increased $2,056,284 during the fiscal year ended June 30, 2000. The increase is primarily due to advance payments to purchase lab supplies at a discount, advanced royalties, and insurance premiums. Accounts payable and accrued expenses increased by $4,495,772 during the fiscal year ended June 30, 2000 primarily as a result of our efforts to manage cash flows and extend payment terms as well as increased accrued year end payroll related expenses, and accrued broker fees. Deferred revenue, representing the difference in collaborative payments we have received and research revenue which we have recognized, increased by $18,837,682 during the fiscal year ended June 30, 2000 in large part due to upfront payments from NADII and Hitachi as well as marketing license fees we received from recent molecular diagnostic license agreements.

The Company's investing activities used $4,335,576 of cash in the fiscal year ended June 30, 2000 and provided cash of $4,506,423 in the fiscal year ended June 30, 1999. Investing activities were comprised primarily of capital expenditures for research equipment, office furniture, and facility improvements and changes to marketable investment securities. During the fiscal year ended June 30, 2000, we invested cash received from private equity placements, collaborative research payments, upfront payments, milestone payments, marketing license payments and molecular diagnostic sales to short-term and long-term investments in order to take advantage of higher interest rates. These funds were invested in accordance with our investment guidelines as established by our Board of Directors.

Financing activities provided $37,981,833 during the fiscal year ended June 30, 2000. We recognized proceeds from three separate financings during the year. In September 1999, we entered into a Subscription Agreement pursuant to which we sold 710,000 shares our unregistered Common Stock for a purchase price of $4,987,750. In conjunction with the Subscription Agreement, we issued a 3-year warrant to purchase an additional 35,500 shares at a premium of 10%. In October 1999, we entered into a Securities Purchase Agreement and a Standstill Agreement with Schering Berlin to sell to Schering Berlin 606,060 shares of unregistered Common Stock. Schering Berlin agreed to acquire the shares for an aggregate purchase price of $5,000,0000. In June 2000, we sold 600,000 shares of unregistered Common Stock to a European pharmaceutical company that resulted in proceeds of $24,000,000. We have no obligation to register the shares associated with the September 1999 financing and the June 2000 financing with the Securities and Exchange Commission. Additional cash was provided from the exercise of stock options during the fiscal year ended June 30, 2000.

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

- the progress of our research and development programs;
- the progress of our drug discovery and drug development programs;
- the cost of developing and launching additional molecular diagnostic tests;

- the costs of filing, prosecuting and enforcing patent claims;
- the costs associated with competing technological and market developments;
- the payments received under collaborative agreements and changes in collaborative research relationships;
- the costs associated with potential commercialization of our gene discoveries, if any, including the development of manufacturing, marketing and sales capabilities; and
- the cost and availability of third-party financing for capital expenditures and administrative and legal expenses.

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

Subsequent Events

In August 2000, we announced a stock split to be effected in the form of a stock dividend of one new share for each share of Common Stock outstanding. The record date for the split was set as August 28, 2000 and the distribution date was set as September 11, 2000. All references to the number of common shares and per share amounts in this Annual Report have been restated to reflect the effect of the split for all periods presented.

In August 2000, we also closed on an equity financing with Acqua Wellington North American Equities Fund, Ltd. We sold 350,000 shares of our Common Stock to Acqua Wellington for gross proceeds in excess of $22 million. We have agreed to register these shares with the Securities and Exchange Commission.

Quantitative and Qualitative Disclosures About Market Risk

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

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

The securities held in the Company's investment portfolio are subject to interest rate risk. Changes in interest rates affect the fair market value of the available-for-sale securities. After a review of the Company's marketable securities as of June 30, 2000, the Company has determined that in the event of a hypothetical ten percent increase in interest rates, the resulting decrease in fair market value of the Company's marketable investment securities would be insignificant to the financial statements as a whole.

Certain Factors That May Affect Future Results of Operations

Some of the matters discussed in this Annual Report include forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions. We have based these forward-looking statements on our current expectations and projections about future events. We caution investors that actual results may vary significantly and are subject to a number of factors and uncertainties, including, but not limited to, the following: intense competition related to the discovery of disease-related genes and the possibility that others may discover, and we may not be able to gain rights with respect to, genes important to the establishment of a successful genetic testing business; difficulties inherent in developing genetic tests once genes have been discovered; our limited experience in operating a genetic testing laboratory; our limited marketing and sales experience and the risk that tests which we have or may develop may not be marketed at acceptable prices or receive commercial acceptance in the markets that we are targeting or expect to target; uncertainty as to whether there will exist adequate reimbursement for our services from government, private healthcare insurers and third-party payers; uncertainties as to the extent of future government regulation of our business; uncertainties as to whether we and our collaborators will be successful in developing and obtaining regulatory approval for, and commercial acceptance of, therapeutics based on the discovery of disease-related genes and proteins; uncertainties as to our ability to develop therapeutic lead compounds, which is a new business area for us; and the risk that markets will not exist for therapeutic lead compounds that we develop or if such markets exist, that we will not be able to sell compounds which we develop at acceptable prices.

These forward-looking statements are made as of the date of this report, and we assume no obligation to update them or to explain the reasons why actual results may differ. In light of these assumptions, risks, and uncertainties, the results and events discussed in the forward-looking statements contained in this Annual Report might not occur.

Consolidated Balance Sheets

As of June 30, 2000 and 1999

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 56,214,736	$ 5,404,944
Marketable investment securities	24,286,955	4,477,138
Prepaid expenses	2,678,984	622,700
Trade accounts receivables, less allowance for doubtful accounts of $145,000 in 2000 and $73,439 in 1999	2,352,154	1,322,950
Other receivables	398,947	1,855,696
Total current assets	85,931,776	13,683,428
Equipment and leasehold improvements:		
Equipment	16,965,545	13,351,229
Leasehold improvements	4,005,729	3,520,253
	20,971,274	16,871,482
Less accumulated depreciation and amortization	9,719,556	6,871,981
Net equipment and leasehold improvements	11,251,718	9,999,501
Long-term marketable investment securities	8,154,153	29,044,377
Other assets	1,037,658	823,634
	$ 106,375,305	$ 53,550,940
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,262,359	$ 2,917,810
Accrued liabilities	4,905,857	1,754,634
Deferred revenue	19,500,442	662,760
	28,668,658	5,335,204
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 5,000,000 shares; no shares issued and outstanding	–	–
Common stock, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 21,866,482 shares in 2000 and 18,857,464 shares in 1999	218,666	188,575
Additional paid-in capital	130,235,403	92,283,661
Accumulated other comprehensive loss	(85,440)	(68,846)
Deferred compensation	–	(247,774)
Accumulated deficit	(52,661,982)	(43,939,880)
Total stockholders' equity	77,706,647	48,215,736
	$ 106,375,305	$ 53,550,940

See accompanying notes to consolidated financial statements.

Years ended June 30, 2000, 1999, and 1998

	2000	1999	1998
Research revenue	$ 25,219,766	$ 20,093,057	$ 20,999,598
Molecular diagnostic revenue	8,793,272	5,220,349	2,210,983
Total revenues	34,013,038	25,313,406	23,210,581
Costs and expenses:			
Molecular diagnostic cost of revenue	3,986,473	3,066,354	1,391,368
Research and development expense	28,098,769	23,452,220	23,002,340
Selling, general, and administrative expenses	13,474,923	11,105,520	11,807,023
Total costs and expenses	45,560,165	37,624,094	36,200,731
Operating loss	(11,547,127)	(12,310,688)	(12,990,150)
Other income (expense):			
Interest income	3,208,506	2,348,827	3,223,683
Interest expense	–	(6,278)	(32,681)
Other	(383,481)	(27,314)	2,113
	2,825,025	2,315,235	3,193,115
Net loss	$ (8,722,102)	$ (9,995,453)	$ (9,797,035)
Basic and diluted loss per common share	$ (0.43)	$ (0.53)	$ (0.53)
Basic and diluted weighted average shares outstanding	20,220,446	18,782,244	18,578,962

See accompanying notes to consolidated financial statements.

Years ended June 30, 2000, 1999, and 1998

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED COMPENSATION	ACCUMULATED DEFICIT	COMPREHENSIVE INCOME (LOSS)	STOCKHOLDERS' EQUITY
Balances at June 30, 1997	18,445,104	$ 184,451	$ 91,513,514	$ 5,382	$ (1,376,980)	$ (24,147,392)	$ –	$ 66,178,975
Issuance of common stock for cash upon exercise of options and warrants	211,408	2,114	392,071	–	–	–	–	394,185
Issuance of common stock for cash	18,490	185	178,167	–	–	–	–	178,259
Amortization of deferred compensation	–	–	–	–	530,534	–	–	530,534
Forfeiture of deferred compensation	–	–	(270,000)	–	270,000	–	–	–
Net loss	–	–	–	–	–	(9,797,035)	(9,797,035)	(9,797,035)
Unrealized gains (losses) on marketable investment securities:								
Unrealized holding gains arising during period	–	–	–	–	–	–	13,064	–
Less: classification adjustment for gains included in net loss	–	–	–	–	–	–	(16,969)	–
Other comprehensive loss	–	–	–	(3,905)	–	–	(3,905)	(3,905)
Comprehensive loss	–	–	–	–	–	–	(9,800,940)	–
Balances at June 30, 1998	18,675,002	186,750	91,813,659	1,477	(576,446)	(33,944,427)	–	57,481,013
Issuance of common stock for cash upon exercise of options and warrants	137,654	1,377	364,918	–	–	–	–	366,295
Issuance of common stock for cash	44,808	448	203,146	–	–	–	–	203,594
Amortization of deferred compensation	–	–	–	–	230,610	–	–	230,610
Forfeiture of deferred compensation	–	–	(98,062)	–	98,062	–	–	–
Net loss	–	–	–	–	–	(9,995,453)	(9,995,453)	(9,995,453)
Unrealized losses on marketable investment securities:								
Unrealized holding losses arising during period	–	–	–	–	–	–	(115,287)	–
Less: classification adjustment for losses included in net loss	–	–	–	–	–	–	44,964	–
Other comprehensive loss	–	–	–	(70,323)	–	–	(70,323)	(70,323)
Comprehensive loss	–	–	–	–	–	–	(10,065,776)	–
Balances at June 30, 1999	18,857,464	188,575	92,283,661	(68,846)	(247,774)	(43,939,880)	–	48,215,736
Issuance of common stock for cash upon exercise of options and warrants	1,092,958	10,930	6,525,622	–	–	–	–	6,536,552
Issuance of common stock for cash, net of offering costs	1,916,060	19,161	31,426,120	–	–	–	–	31,445,281
Amortization of deferred compensation	–	–	–	–	247,774	–	–	247,774
Net loss	–	–	–	–	–	(8,722,102)	(8,722,102)	(8,722,102)
Unrealized losses on marketable investment securities:								
Unrealized holding losses arising during period	–	–	–	–	–	–	(63,638)	–
Less: classification adjustment for losses included in net loss	–	–	–	–	–	–	(47,044)	–
Other comprehensive loss	–	–	–	(16,594)	–	–	(16,594)	(16,594)
Comprehensive loss	–	–	–	–	–	–	$ (8,738,696)	–
Balances at June 30, 2000	21,866,482	$ 218,666	$ 130,235,403	$ (85,440)	$ –	$ (52,661,982)		$ 77,706,647

See accompanying notes to consolidated financial statements.

Years ended June 30, 2000, 1999, and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net loss	$ (8,722,102)	$ (9,995,453)	$ (9,797,035)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,284,734	3,223,779	3,272,936
Loss (gain) on sale of equipment	383,481	(17,650)	14,856
Loss (gain) on sale of investment securities	47,044	44,964	(16,969)
Bad debt expense	71,561	7,439	66,000
Changes in operating assets:			
Trade receivables	(1,100,765)	(859,062)	(354,161)
Prepaid expenses	(2,056,284)	(356,021)	179,581
Other receivables	1,456,749	(1,738,643)	177,914
Other assets	465,663	–	(941,405)
Accounts payable and accrued expenses	4,495,772	(2,387,557)	3,346,712
Deferred revenue	18,837,682	(2,059,355)	(2,977,312)
Net cash provided by (used in) operating activities	17,163,535	(14,137,559)	(7,028,883)
Cash flows from investing activities:			
Proceeds from sale of equipment	14,851	3,604,579	4,133
Capital expenditures	(4,617,196)	(3,975,813)	(3,185,906)
Investment in biotechnology company	(750,000)	–	–
Purchase of investment securities held-to-maturity	(4,126,628)	(17,462,407)	(117,237,699)
Maturities of investment securities held-to-maturity	5,957,410	20,001,804	117,100,138
Purchase of investment securities available-for-sale	(19,857,144)	(274,244,194)	(723,380,886)
Sale of investment securities available-for-sale	19,043,131	276,582,454	724,018,727
Net cash provided by (used in) investing activities	(4,335,576)	4,506,423	(2,681,493)
Cash flows from financing activities:			
Payments of notes payable	–	(128,843)	(342,797)
Net proceeds from issuance of common stock	37,981,833	569,889	572,444
Net cash provided by financing activities	37,981,833	441,046	229,647
Net increase (decrease) in cash and cash equivalents	50,809,792	(9,190,090)	(9,480,729)
Cash and cash equivalents at beginning of year	5,404,944	14,595,034	24,075,763
Cash and cash equivalents at end of year	$ 56,214,736	$ 5,404,944	$ 14,595,034
Supplemental disclosure of cash flow information			
Interest paid	$ –	$ 6,278	$ 32,681
Supplemental disclosures of noncash investing and financing activities			
Decrease in additional paid-in capital as a result of forfeitures of stock options	$ –	$ (98,062)	$ (270,000)
Fair value adjustment on marketable investment securities charged to stockholders' equity	(16,594)	(70,323)	(3,905)

See accompanying notes to consolidated financial statements.

June 30, 2000, 1999, and 1998

Note 1 Summary of Significant Accounting Policies

(A) ORGANIZATION AND BUSINESS DESCRIPTION

Myriad Genetics, Inc. and subsidiaries (collectively, the Company) is a genomics company focused on the development of therapeutic and diagnostic products based on the discovery of major common human disease genes and their biological pathways. The Company utilizes analyses of extensive family histories and genetic material, as well as a number of proprietary technologies, to identify inherited gene mutations which increase the risk to individuals of developing these diseases. The discovery of disease-predisposing genes and their biochemical pathways provides the Company with three significant commercial opportunities: (i) the development and marketing of molecular diagnostic and information services, (ii) the marketing of subscriptions to the ProNet® database of protein interactions, and (iii) the development of therapeutic products for the treatment and prevention of major diseases associated with these genes and their biochemical pathways. The Company's operations are located in Salt Lake City, Utah.

(B) PRINCIPLES OF CONSOLIDATION

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

(C) CASH EQUIVALENTS

Cash equivalents of $27,205,844 and $1,595,446 at June 30, 2000 and 1999, respectively, consist of short-term securities. The Company considers all highly liquid debt instruments with maturities at date of purchase of 90 days or less to be cash equivalents.

(D) EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

(E) INCOME TAXES

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

(F) REVENUE RECOGNITION

The Company recognizes revenue from research contracts in accordance with the terms of the contract and the related research activities undertaken. This includes recognizing research revenue from research contracts over time as research is performed using the percentage-of-completion method based on costs incurred relative to total estimated contract costs. Payments to the Company under these agreements cover the Company's direct costs and an allocation for overhead and general and administrative expenses. Payments received on uncompleted long-term research contracts may be greater than or less than incurred costs and estimated earnings and have been recorded as other receivables or deferred revenues in the accompanying consolidated balance sheets.

Molecular diagnostic revenue is recognized upon completion of the test and communication of results. Payments received in advance of molecular diagnostic work performed are recorded as deferred revenue. Revenues related to technology license fees when continuing involvement or services by the Company are required, are generally recognized over the period of performance. Up-front payments related to marketing agreements are generally recognized ratably over the life of the agreement.

(G) NET LOSS PER COMMON AND COMMON EQUIVALENT SHARE

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

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

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

For the years ended June 30, 2000, 1999, and 1998, there were antidilutive potential common shares of 3,892,248, 4,144,330, and 4,137,440, respectively. Accordingly, these potential common shares were not included in the computation of diluted earnings per share for the years presented, but may be dilutive to future basic and diluted earnings per share.

(H) USE OF ESTIMATES

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

(I) MARKETABLE INVESTMENT SECURITIES

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

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

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

(J) FAIR VALUE DISCLOSURE

At June 30, 2000, the book value of the Company's financial instruments approximates fair value except as disclosed in note 2.

(K) STOCK-BASED COMPENSATION

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

(L) OTHER ASSETS

Other assets are comprised of a purchased patent, security deposits and an investment in a privately held biotechnology company. Amortization of the patent is computed using the straight-line method over the estimated useful life of nine years. Accumulated amortization related to the patent totaled $79,688 and $42,188 at June 30, 2000 and 1999, respectively. The private company investment represents a 15 percent ownership interest and is accounted for under the cost method. Management reviews the valuation of both the patent and investment for possible impairment on an ongoing basis by comparing the carrying value to undiscounted future cash flows from the related assets.

(M) ACCRUED LIABILITIES

At June 30, 2000, accrued liabilities are comprised of accrued payroll of $1,390,563, accrued vacation of $673,631, and other accrued liabilities of $2,841,663. At June 30, 1999, the balance was comprised of accrued payroll of $690,221, accrued vacation of $498,670, and other accrued liabilities of $565,743.

(N) RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), that establishes new accounting and reporting standards for companies to report information about derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. For a derivative not designated as a hedging instrument, changes in the fair value of the derivative are recognized in earnings in the period of change. The Company will adopt SFAS 133 on July 1, 2000. Management does not believe the adoption of SFAS 133 will have a material effect on the Company's results of operations, financial position or liquidity.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, *Revenue Recognition,* (SAB 101) to provide guidance on the recognition, presentation and disclosure of revenue in financial statements; however, SAB 101 does not change existing literature on revenue recognition. SAB 101 explains the staff's general framework for revenue recognition, stating that four criteria need to be met in order to recognize revenue. The four criteria, all of which must be met, are the following:

- There must be persuasive evidence of an arrangement;
- Delivery must have occurred or services must have been rendered;
- The selling price must be fixed or determinable; and
- Collectibility must be reasonably assured.

The Company will adopt SAB 101 during the quarter ended December 31, 2000. The Company believes that its current revenue recognition policy is in compliance with this guidance; however, the Company continues to evaluate the impact, if any, of SAB 101 and any possible, subsequent interpretations of SAB 101 on the Company's policies and procedures.

The FASB issued Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation—an Interpretation of APB Opinion No. 25* (FIN 44) in March 2000. The interpretation clarifies the application of APB 25 for only certain issues such as the following: (a) the definition of employee for purposes of applying APB 25, (b) the criteria for determining whether a plan qualifies as a noncompensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. The Company will adopt FIN 44 on July 1, 2000. Management does not believe that the interpretation will have a material effect on the Company's results of operations, financial position or liquidity.

Note 2 Marketable Investment Securities

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale and held-to-maturity securities by major security type and class of security at June 30, 2000 and 1999, were as follows:

	AMORTIZED COST	GROSS UNREALIZED HOLDING GAINS	GROSS UNREALIZED HOLDING LOSSES	FAIR VALUE
At June 30, 2000				
Held-to-maturity:				
U.S. government obligations	$ 15,081,371	$ 42,889	$ (58,065)	$ 15,066,195
Other bonds and notes	2,010,932	–	(10,932)	2,000,000
	$ 17,092,303	$ 42,889	$ (68,997)	$ 17,066,195
Available-for-sale:				
U.S. government obligations	$ 9,609,981	$ –	$ (13,333)	$ 9,596,648
Mortgage-backed securities	1,337,514	–	(46,305)	1,291,209
Corporate bonds and notes	3,511,553	–	(26,350)	3,485,203
Certificate of deposit and domestic bank obligations	975,197	548	–	975,745
	$ 15,434,245	$ 548	$ (85,988)	$ 15,348,805
At June 30, 1999				
Held-to-maturity:				
U.S. government obligations	$ 15,079,412	$ –	$ (153,713)	$ 14,925,699
Corporate bonds and notes	3,843,675	92	(1,266)	3,842,501
	$ 18,923,087	$ 92	$ (154,979)	$ 18,768,200
Available-for-sale:				
U.S. government obligations	$ 6,767,578	$ –	$ (20,233)	$ 6,747,345
Mortgage-backed securities	123,104	–	(607)	122,497
Corporate bonds and notes	7,590,354	561	(48,567)	7,542,348
Certificate of deposit	186,238	–	–	186,238
	$ 14,667,274	$ 561	$ (69,407)	$ 14,598,428

Maturities of debt securities classified as available-for-sale and held-to-maturity are as follows at June 30, 2000. (Maturities of mortgage backed securities have been presented based upon estimated cash flows assuming no change in the current interest rate environment):

	AMORTIZED COST	FAIR VALUE
Held-to-maturity:		
Due within one year	$ 10,989,903	$ 10,963,734
Due after one year through three years	6,102,400	6,102,461
	$ 17,092,303	$ 17,066,195
Available-for-sale:		
Due within one year	$ 13,365,133	$ 13,297,052
Due after one year through three years	2,069,112	2,051,753
	$ 15,434,245	$ 15,348,805

Note 3 Leases

The Company leases office and laboratory space and equipment under three noncancelable operating leases. Future minimum lease payments under these leases as of June 30, 2000 are as follows:

Fiscal year ending:	
2001	$ 4,537,905
2002	4,537,905
2003	4,042,197
2004	2,633,931
2005	1,721,373
Thereafter	4,557,318
	$ 22,030,629

Rental expense was $3,777,738 in 2000, $1,855,679 in 1999, and $1,282,308 in 1998.

The Company sold certain fixed assets for $3,551,784 in December of 1998. The assets were leased back from the purchaser over a period of four years. There was no gain or loss on this transaction and the resulting lease is being accounted for as an operating lease.

Note 4 Stock-Based Compensation

Prior to 1992, the Company granted nonqualified stock options to directors, employees, and other key individuals providing services to the Company. In 1992, the Company adopted the "1992 Employee, Director, and Consultant Fixed Stock Option Plan" and has reserved 6,000,000 shares of common stock for issuance upon the exercise of options that the Company plans to grant from time to time under this plan. The exercise price of options is equivalent to the estimated fair market value of the stock at the date of grant. The number of shares, terms, and exercise period are determined by the Board of Directors on an option-by-option basis. Options generally vest ratably over five years and expire ten years from date of grant. As of June 30, 2000, 1,048,748 shares are reserved for future grant under the 1992 plan. For financial statement presentation purposes, the Company has recorded as deferred compensation the excess of the deemed value of the common stock at the date of grant over the exercise price. All deferred compensation was amortized ratably over the vesting period. Amortization expense was $247,774, $230,610, and $530,534 for the years ended June 30, 2000, 1999, and 1998, respectively.

A summary of activity is as follows:

	2000		1999		1998	
	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at beginning of year	3,909,582	$ 6.32	3,284,954	$ 9.24	2,669,414	$ 8.54
Plus options granted	1,286,850	36.51	2,155,186	5.31	985,200	9.91
Less:						
Options exercised	(1,007,232)	5.92	(137,654)	3.14	(163,480)	1.96
Options canceled or expired	(362,452)	7.24	(1,392,904)	11.98	(206,180)	9.34
Options outstanding at end of year	3,826,748	$ 16.48	3,909,582	$ 6.32	3,284,954	$ 9.24
Options exercisable at end of year	1,093,510	$ 6.17	1,444,960	$ 5.67	1,165,868	$ 6.12
Weighted—average fair value of options granted during the year		$ 27.51		$ 3.00		$ 6.01

The following table summarizes information about fixed stock options outstanding at June 30, 2000:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT JUNE 30, 2000	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT JUNE 30, 2000	WEIGHTED-AVERAGE EXERCISE PRICE
$ 0.02 – 5.13	1,456,978	6.35	$ 4.02	702,294	$ 2.98
5.56 – 13.00	948,786	8.04	8.48	236,782	10.69
13.56 – 25.06	1,006,334	9.10	22.37	154,434	13.78
31.50 – 72.31	414,650	9.93	64.25	–	–
$ 0.02 – 72.31	3,826,748	7.88	$ 16.48	1,093,510	$ 6.17

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

		2000	1999	1998
Net loss	As reported	$ 8,722,102	$ 9,995,453	$ 9,797,035
	Pro forma	13,565,122	14,585,479	13,590,274
Basic and diluted loss per share	As reported	$ 0.43	$ 0.53	$ 0.53
	Pro forma	0.67	0.78	0.73

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2000, 1999, and 1998, respectively: risk-free interest rates of 6.3 percent, 4.8 percent, and 5.5 percent; expected dividend yields of zero percent for all years; expected lives of 5.4 years, 4.3 years, and 5.6 years; and expected volatility of 89 percent, 69 percent, and 63 percent.

During the year ended June 30, 1999, the Company issued options to purchase 223 shares of its wholly owned subsidiary Myriad Pharmaceuticals, Inc. to the president of that subsidiary. The exercise price was equal to the fair market value at the date of grant. The underlying shares are convertible to 150,048 shares of the Company's common stock.

On October 22, 1998, the Board of Directors authorized a stock option repricing amendment. Option holders electing to participate in the repricing of eligible options were required to surrender one option for every four options held. Under the repricing amendment, 1,178,388 options were surrendered in exchange for 883,924 repriced options. The exercise price of the repriced options is equal to the fair market value of the Company's common stock on October 22, 1998. Directors,' executive officers,' and outside consultants' options were excluded from the repricing.

Note 5 Income Taxes

There was no income tax expense in 2000, 1999, or 1998 due to net operating losses. The difference between the expected tax benefit and the actual tax benefit is primarily attributable to the effect of net operating losses being offset by an increase in the Company's valuation allowance. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 2000 and 1999, are presented below:

	2000	1999
Deferred tax assets:		
Net operating loss carryforwards	$ 27,109,000	$ 21,288,000
Unearned revenue	7,274,000	247,000
Research and development credits	1,463,000	604,000
Accrued expenses	851,000	408,000
Capital loss carryforwards	28,000	–
Total gross deferred tax assets	36,725,000	22,547,000
Less valuation allowance	(36,123,000)	(21,009,000)
Net deferred tax assets	602,000	1,538,000
Deferred tax liability—equipment, principally due to differences in depreciation	602,000	1,538,000
Total gross deferred tax liability	602,000	1,538,000
Net deferred tax liability	$ –	$ –

The net change in the total valuation allowance for the years ended June 30, 2000 and 1999, was an increase of $15,114,000 and $3,464,000, respectively. Of the subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of June 30, 2000, approximately $16,870,000 will be recognized as additional paid-in capital and the remainder will be allocated as an income tax benefit to be reported in the consolidated statement of operations.

At June 30, 2000, the Company had total tax net operating losses of approximately $72,679,000 and total research and development credit carryforwards of approximately $1,463,000, which can be carried forward to reduce federal income taxes. If not utilized, the tax loss and research and development credit carryforwards expire beginning in 2007 through 2020.

Under the rules of the Tax Reform Act of 1986, the Company has undergone changes of ownership and, consequently, the availability of the Company's net operating loss and research and experimentation credit carryforwards in any one year is limited. The maximum amount of carryforwards available in a given year is limited to the product of the Company's value on the date of ownership change and the federal long-term tax-exempt rate, plus any limited carryforward not utilized in prior years. Management believes that these limitations will not prevent these net operating losses from being utilized.

Note 6 Common Stock Warrants

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

Note 7 Employee Deferred Savings Plan and Stock Purchase Plan

The Company has a deferred savings plan which qualifies under Section 401(k) of the Internal Revenue Code. Substantially all of the Company's employees are covered by the plan. The Company makes matching contributions of 50 percent of each employee's contribution with the employer's contribution not to exceed four percent of the employee's compensation. The Company's contribution to the plan was $379,930, $358,325, and $273,851 in 2000, 1999, and 1998, respectively.

The Company has an Employee Stock Purchase Plan (the Plan) which was adopted and approved by the Board of Directors and stockholders in December 1994, under which a maximum of 400,000 shares of common stock may be purchased by eligible employees. At June 30, 2000, 113,436 shares of common stock had been purchased under the Plan. Because the discount allowed to employees under the Plan approximates the Company's cost to issue equity instruments, the Plan is not deemed to be compensatory and, therefore, is excluded from the pro forma loss shown in note 4.

Note 8 Collaborative Research Agreements

In May 2000, the Company entered into a $26.0 million license agreement and research collaboration to utilize the Company's protein interaction technology (ProNet®). Under the agreement, the licensee will receive a nonexclusive, fully paid, world-wide license to utilize ProNet® and receive support and related upgrades from the Company on a when-and-if-available basis over the support period. Revenue related to the license agreement and research collaboration are being recognized as the costs of the contract are incurred on a percent complete basis.

In December 1999, the Company entered into a 12 month collaboration to utilize ProNet® for drug discovery and development in the area of cardiovascular disease. The Company may receive up to $13.0 million in total research funding, license fees and potential milestone payments. Revenue related to this research collaboration is being recognized as the research is performed on a percent complete basis.

In August 1999, the Company entered into a two-year collaboration to perform research related to cereal crop genomics. The Company expects to receive $33.5 million over the term of the agreement. Revenue related to this research collaboration is being recognized as the research is performed on a percent complete basis.

In April 1995, the Company entered into a five-year collaborative research and license agreement with a pharmaceutical company. Under the agreement, the Company received $5.0 million per year which was recognized as revenue as the research was performed on a percent complete basis. This collaboration was completed in April of 2000.

In September 1995, the Company entered into a collaborative research and license agreement to perform various research for a pharmaceutical company. This agreement was expanded in 1997 and 1998. Under the agreement, as expanded, the Company expects to receive $42.7 million through December 2002, which is being recognized as revenue as the research is performed on a percent complete basis.

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

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

Note 9 License Agreements

The Company has entered into license agreements with certain organizations and academic institutions. The agreements grant the Company exclusive worldwide licenses to certain technologies and patent applications that the Company believes will be useful in the development of therapeutic and molecular diagnostic products. Under the agreements, the Company may be required to make future milestone payments upon achievement of certain events. The Company is also required to make royalty payments based on net sales of products subject to a minimum royalty upon commencement of sales.

Note 10 Segment and Related Information

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (note 1). The Company evaluates segment performance based on loss from operations before interest income and expense and other income and expense. The Company's assets are not identifiable by segment.

	RESEARCH	MOLECULAR DIAGNOSTICS	TOTAL
Year ended June 30, 2000:			
Revenues	$ 25,219,766	$ 8,793,272	$ 34,013,038
Depreciation and amortization	2,494,333	790,401	3,284,734
Segment operating loss	5,373,891	6,173,236	11,547,127
Year ended June 30, 1999:			
Revenues	$ 20,093,057	$ 5,220,349	$ 25,313,406
Depreciation and amortization	2,262,503	961,276	3,223,779
Segment operating loss	6,315,948	5,994,740	12,310,688
Year ended June 30, 1998:			
Revenues	$ 20,999,598	$ 2,210,983	$ 23,210,581
Depreciation and amortization	2,170,771	1,102,165	3,272,936
Segment operating loss	3,010,490	9,979,660	12,990,150

	2000	1999	1998
Total operating loss for reportable segments	$ (11,547,127)	$ (12,310,688)	$ (12,990,150)
Unallocated amounts:			
Interest income	3,208,506	2,348,827	3,223,683
Interest expense	–	(6,278)	(32,681)
Other	(383,481)	(27,314)	2,113
Net loss	$ (8,722,102)	$ (9,995,453)	$ (9,797,035)

All of the Company's revenues were derived from research and testing performed in the United States. Additionally, all of the Company's long-lived assets are located in the United States. All of the Company's research segment revenue was generated from seven, four, and three collaborators in fiscal 2000, 1999, and 1998, respectively. Additionally, revenue from two of the seven collaborators was in excess of ten percent of the Company's consolidated revenues for each year presented.

Note 11 Common Stock Split

On August 16, 2000, the Board of Directors declared a two-for-one stock split on the Company's common stock. All references to the number of common shares and per share amounts in the consolidated financial statements and related footnotes have been restated to reflect the effect of the split for all periods presented.

Note 12 Subsequent Events

In August 2000, the Company received $22 million from the private placement of 350,000 shares of common stock.

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

We have audited the accompanying consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries, as of June 30, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and comprehensive loss, and cash flows for each of the years in the three-year period ended June 30, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Myriad Genetics, Inc. and subsidiaries as of June 30, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Salt Lake City, Utah
August 22, 2000

Market Price of Common Stock

The Company's Common Stock began trading on the Nasdaq National Market on October 6, 1995 under the symbol "MYGN." Prior to that date, there was no established trading market for the Common Stock. The following table sets forth, for the last two fiscal years, the high and low sales prices for the Common Stock, as reported by the Nasdaq National Market:

	High	Low
Fiscal 2000:		
Fourth Quarter	$ 76.063	$ 19.00
Third Quarter	$ 116.063	$ 21.313
Second Quarter	$ 25.375	$ 8.25
First Quarter	$ 9.75	$ 4.323
Fiscal 1999:		
Fourth Quarter	$ 6.188	$ 4.375
Third Quarter	$ 5.75	$ 4.25
Second Quarter	$ 6.25	$ 3.938
First Quarter	$ 8.00	$ 2.875

As of September 1, 2000, there were approximately 140 stockholders of record of the Common Stock and, according to the Company's estimates, approximately 2,500 beneficial owners of Common Stock. The Company has not paid dividends to its stockholders since its inception and does not plan to pay cash dividends in the foreseeable future. The Company currently intends to retain earnings, if any, to finance the growth of the Company.

Corporate Information

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Independent Auditors

KPMG LLP
60 East South Temple
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Annual Meeting

The Annual Meeting of Shareholders will be held at the offices of Myriad Genetics, Inc., 320 Wakara Way, Salt Lake City, Utah, on Friday, November 17, 2000, at 9:00 a.m.

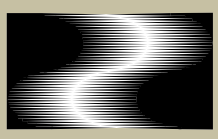
Form 10-K

A printed copy of the Company's Annual Report to the Securities and Exchange Commission on Form 10-K may be obtained by any shareholder without charge upon written request to:

Myriad Genetics, Inc.
Investor Relations
320 Wakara Way
Salt Lake City, UT 84108

Internet

The Company's Form 10-K can also be found on its website at www.myriad.com



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