UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2019

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

For the transition period from _____ to _____

Commission file number: 0-26642

MYRIAD GENETICS, INC.

(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Public Common Stock, $0.01 par value	MYGN	Nasdaq Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate), computed by reference to the price at which the common stock was last sold on December 31, 2018, the last business day of the registrant's most recently completed second fiscal quarter, was $2,129,853,783.

As of August 8, 2019 the registrant had 73,866,119 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or parts thereof) are incorporated by reference into the following parts of this Form 10-K: Certain information required in Part III of this Annual Report on Form 10-K is incorporated from the Registrant's Proxy Statement, to be filed no later than 120 days following June 30, 2019, for the Annual Meeting of Stockholders to be held on December 5, 2019.

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"We," "us," "Myriad" and the "Company" as used in this Annual Report on Form 10-K refer to Myriad Genetics, Inc., a Delaware corporation, and its subsidiaries.

"Myriad," BRAC*Analysis*, BRAC*Analysis* CDx, BART, COLARIS, COLARIS AP, MELARIS, myPath, myPlan, myChoice, myRisk, Myriad myRisk, PANEXIA, PREZEON, Prolaris, myChoice HRD, Vectra, Vectraview, TruCulture, DiscoveryMAP, RodentMap, GeneSight, and EndoPredict are registered trademarks or trademarks of Myriad.

PART I

Item 1. BUSINESS

Overview

We are one of the largest specialty molecular diagnostic laboratories in the world and since our founding in 1992, have tested over 3.0 million patients. We are headquartered in Salt Lake City, Utah and generated worldwide revenues of $851.1 million during our fiscal year ended June 30, 2019. We are a leading precision medicine company acting as a trusted advisor to transform patient lives through pioneering molecular diagnostics. Through our proprietary technologies, we believe we are positioned to identify important disease genes, the proteins they produce, and the biological pathways in which they are involved to better understand the genetic basis of human disease. We believe that identifying these biomarkers (DNA, RNA and proteins) will enable us to develop novel molecular diagnostic tests that can provide important information to solve unmet medical needs.

Our Mission

Our goal is to provide physicians with critical information to guide the healthcare management of their patients by addressing four major questions a patient may have about their healthcare:

- What is the likelihood of my getting a disease?
- Do I have a disease?
- How aggressively should my disease be treated?
- Which therapy will work best to treat my disease?

Over time, we have developed and plan to develop additional products that answer these important questions in six medical specialties: oncology, women's health, urology, dermatology, autoimmune and neuroscience. We believe that these commercial channels represent markets where there is a significant opportunity for high-value molecular diagnostic tests to positively impact patient care and drive value for the healthcare system.

Our Business Strategy

Our strategy is focused on executing the following five critical success factors:

1. Build upon a solid hereditary cancer foundation - In fiscal year 2019, approximately 56 percent of our revenue was derived from the sale of products to assess a patient's risk for hereditary cancer. Given that this is our most important market and that we are the worldwide leader in hereditary cancer testing, we are focused on maintaining this global leadership position. We are currently working on expanding professional guidelines for hereditary cancer testing to expand the addressable market, and have signed long-term contracts with commercial insurers to ensure pricing visibility going forward.
2. Grow new product volume – In fiscal year 2019, volume from new products outside of hereditary cancer comprised greater than two-thirds of our overall volume. We are currently less than 10 percent penetrated in the U.S. market with our new products and see significant opportunity for future revenue growth. We are focused on further penetrating these markets and believe in the future our new products could represent the largest component of our revenue.
3. Expand reimbursement coverage for new products – In the United States, insurance coverage of our new tests range from 5% to 90% of the applicable total addressable market. We are actively working on demonstrating scientific evidence supporting both the clinical efficacy and utility of these products to commercial payors to broaden insurance coverage.
4. Increase international contribution – Outside of the United States, our first priority is selling kit-based versions of our RNA expression based tests. We currently market one RNA expression based test, EndoPredict, which we acquired through our acquisition of Sividon Diagnostics GmbH. In addition, we are working on kit based versions of Prolaris and myPath Melanoma which we also plan to sell in international markets. In addition, we are providing companion diagnostics and have obtained regulatory approvals in Japan.
5. Improve profitability – In the fourth-quarter of fiscal year 2017 we launched a new operating margin improvement program called Elevate 2020. The goal of this program is to identify projects that can lead to $50 million in incremental operating income by fiscal year 2020 through leveraging centralized resources, implementing new technology solutions, executing strategic sourcing agreements, and focusing on laboratory efficiency.

Molecular Diagnostic Testing

Our molecular diagnostic tests are designed to analyze genes, their expression levels and corresponding proteins to assess an individual's risk for developing disease later in life, accurately diagnose disease, determine a patient's likelihood of responding to a particular drug, or disease recurrence and assess a patient's risk of disease progression. Provided with this valuable information, physicians may more effectively manage their patient's healthcare.

Below are the descriptions of our molecular diagnostic tests:

- ***myRisk™ Hereditary Cancer****: DNA sequencing test for assessing the risks for hereditary cancers.* Our myRisk Hereditary Cancer test represents the next generation of our existing hereditary cancer testing franchise which we anticipate will eventually replace our current predictive medicine test offerings (BRAC*Analysis*, BART, Colaris and Colaris AP, and Melaris) with a single comprehensive test. myRisk Hereditary Cancer is designed to determine a patient's hereditary cancer risk for breast cancer, ovarian cancer, colon cancer, uterine cancer, melanoma, pancreatic cancer, prostate cancer and gastric cancer. The test analyzes 35 separate genes to look for deleterious mutations that would put a patient at a substantially higher risk than the general population for developing one or more of the above cancers. All 35 genes in the panel are well documented in clinical literature for the role they play in hereditary cancer and have been shown to have actionable clinical interventions for the patient to lower disease risk or risk of cancer recurrence. The myRisk report presents the myRisk Genetic Test Result and myRisk Management Tool that summarizes published management guidelines related to the patient's genetic mutation as well as their personal and family history of cancer. myRisk Hereditary Cancer testing identifies more mutation carriers than BRAC*Analysis*® and COLARIS® combined. We believe the global market for myRisk Hereditary Cancer and all of our hereditary cancer tests is approximately $5 billion annually. myRisk Hereditary Cancer was initially released through an early access launch that began in September 2013.
- ***BRACAnalysis®****: DNA sequencing test for assessing the risk of developing breast and ovarian cancer.* Our BRAC*Analysis* test is an analysis of the BRCA1 and BRCA2 genes for assessing a woman's risk of developing hereditary breast and ovarian cancer. A woman who tests positive for a deleterious mutation with the BRAC*Analysis* test has up to an 87% risk of developing breast cancer and up to a 44% risk of developing ovarian cancer by age 70. As published in the *New England Journal of Medicine*, researchers have shown that pre-symptomatic individuals who have a high risk of developing breast or ovarian cancer can reduce their risk by more than 90% with appropriate preventive therapies. Additionally, BRAC*Analysis* may be used to assist patients already diagnosed with breast or ovarian cancer and their physicians in determining the most appropriate therapeutic interventions to address their disease.
- ***riskScore™***: *clinically validated personalized medicine tool that enhances our myRisk Hereditary Cancer test.* The riskScore test is clinically validated to predict a woman's risk of developing breast cancer using family history, clinical risk factors and genetic markers. The proprietary algorithm combines proprietary single nucleotide polymorphisms (SNPs) and clinical factors to provide women with assessments of their remaining lifetime risk and 5-year risk of developing breast cancer.
- ***BRACAnalysis CDx ™****: DNA sequencing test for use as a companion diagnostic for use in identifying ovarian and HER2 negative metastatic breast cancer patients with deleterious or suspected deleterious germline BRCA variants eligible for treatment with U.S. Food and Drug Administration approved PARP inhibitors.* Approximately 15% of patients with epithelial ovarian cancer and 10% of metastatic breast cancer patients are BRCA positive.
- ***GeneSight®:*** *DNA genotyping test to aid psychotropic drug selection for depressed patients.* GeneSight® is for use by health-care professionals seeking patient-specific information on gene-drug interactions when contemplating an alteration in neuropsychiatric medication for patients diagnosed with major depressive disorder (MDD) who are suffering with refractory moderate to very severe depression after at least one prior neuropsychiatric medication failure. Because genes influence the way a person's body responds to specific medications, the medications may work differently for each person. Using DNA gathered with a simple cheek swab, GeneSight analyzes a patient's genes and provides individualized information to help healthcare providers select medications that better match the patient's genes. Multiple clinical studies have shown that when clinicians used GeneSight to help guide treatment decisions, patients were more likely to respond compared to standard of care.

- ***Vectra®***: *protein quantification test for assessing the disease activity of rheumatoid arthritis.* Our Vectra test is a quantitative, objective multi-biomarker blood test validated to measure rheumatoid arthritis (RA) disease activity. Vectra assesses multiple mechanisms and pathways associated with RA disease activity and integrates the concentrations of 12 serum proteins into a single score reported on a scale of 1 to 100. The test may be used throughout the course of a patient's disease and provides clinicians with expanded insight on disease severity and the risk of radiographic progression.

We believe the global market for Vectra is approximately $3 billion annually.

- ***Foresight®****: Foresight is a prenatal test for future parents to assess their risk of passing on a recessive genetic condition to their offspring.* The test screens for 175 serious and clinically actionable conditions. The test has been shown to have a detection rate of 99% across all ethnicities. Studies have shown that with prior knowledge of recessive genetic conditions, 76% of patients took preventive actions such as in-vitro fertilization with pre-implantation genetic testing to reduce the risk of having an affected offspring. We believe the global market for Foresight is approximately $4B annually.
- ***Prequel ™****: Prequel is a non-invasive prenatal screening test conducted using maternal blood to screen for severe chromosomal disorders in a fetus.* The test uses whole genome sequencing to test for trisomies and monosomies in all 23 chromosomal pairs including the sex chromosomes along with microdeletions associated with common genetic diseases. Prequel has a low test failure rate at less than 1 in 1,000 patients and has been validated in multiple clinical studies to be highly accurate. We believe the global market for Prequel is approximately $4B annually.
- ***Prolaris®****: RNA expression test for assessing the aggressiveness of prostate cancer.* Our Prolaris test is a gene expression assay that assesses whether a patient is likely to have a slow growing, indolent form of prostate cancer that can be safely monitored through active surveillance, or a more aggressive form of the disease that would warrant aggressive intervention such as a radical prostatectomy or radiation therapy. The Prolaris test was developed to improve physicians' ability to predict disease outcome and to thereby optimize patient treatment. A study published by *Urologic Oncology* in June 2018 demonstrated that Prolaris can identify 50% more patients as being suitable for active surveillance without any change in prostate cancer mortality.

We believe the global market for Prolaris is approximately $1.5 billion annually.

- ***EndoPredict®****: RNA expression test for assessing the aggressiveness of breast cancer*. The EndoPredict test is a next-generation RNA expression test used to determine which women with breast cancer would benefit from chemotherapy. EndoPredict predicts the likelihood of metastases to help guide treatment decisions for chemotherapy and extended anti-hormonal therapy. EndoPredict has been shown to accurately predict recurrence in Her 2-, ER+, node negative and node positive breast cancer patients with no confusing intermediate results in 13 published clinical studies with more than 2,200 patients and is CE marked. We believe the global market for EndoPredict is approximately $600 million annually.
- ***myPath ™ Melanoma****: RNA expression test for diagnosing melanoma.* Our myPath Melanoma test is a gene expression based profile that is performed on biopsy tissue for the purpose of aiding a dermatopathologist in the diagnosis of melanoma. Every year in the United States, there are approximately two million skin biopsies performed specifically for the diagnosis of melanoma. Approximately 14% of these biopsies are classified as indeterminate where a dermatopathologist cannot make a definitive call as to whether the biopsy is benign or malignant. Outcomes for patients are poor if melanoma is not caught in early stages with five year survival rates dropping from 98% for localized to less than 20% for distant stage disease cancer based upon data from the American Cancer Society. We believe myPath Melanoma may provide an accurate tool to assist physicians in correctly diagnosing indeterminate skin lesions. Based upon three clinical validation studies which were published in the *Journal of Cutaneous Pathology* in 2015, *Cancer* in 2016 and *Cancer Epidemiology Biomarkers and Prevention* in 2017, myPath Melanoma has been shown to have a diagnostic accuracy of 90 to 95 percent.

We believe the global market for myPath Melanoma is approximately $1 billion annually.

- ***myChoice® HRD:*** *Companion diagnostic to measure three modes of homologous recombination deficiency (HRD) including loss of heterozygosity, telomeric allelic imbalance and large-scale state transitions in cancer cells.* Our myChoice HRD test is the most comprehensive homologous recombination deficiency test to detect when a tumor has lost the ability to repair double-stranded DNA breaks, resulting in increased susceptibility to DNA-damaging drugs such as platinum drugs or PARP inhibitors. The myChoice HRD score is a composite of three proprietary technologies: loss of heterozygosity, telomeric allelic imbalance and large-scale state transitions. Positive myChoice HRD scores, reflective of DNA repair deficiencies, are prevalent in all breast cancer subtypes, ovarian and most other major cancers. In previously published data, Myriad showed that the myChoice HRD test predicted drug response to platinum therapy in certain patients with triple-negative breast and ovarian cancers. Additionally, Myriad has submitted myChoice HRD for premarket approval to the U.S. Food and Drug Administration for use as a companion diagnostic in late stage ovarian cancer. It is estimated that 1.4 million people in the United States and Europe who are diagnosed with cancers annually may be candidates for treatment with DNA-damaging agents.

Pharmaceutical and Clinical Services

Our pharmaceutical and clinical services consist of the following:

- Through Myriad RBM, we provide biomarker discovery and pharmaceutical and clinical services to the pharmaceutical, biotechnology, and medical research industries utilizing our multiplexed immunoassay technology. Our technology enables us to efficiently screen large sets of well-characterized clinical samples from both diseased and non-diseased populations against our extensive menu of biomarkers. During the year ended June 30, 2019, Myriad RBM accounted for 4.0% of total revenue. In addition to the fees received from analyzing these samples, we also use this information to create and validate potential molecular diagnostic tests.
- Privatklinik Dr. Robert Schindlbeck GmbH & Co. KG (the "Clinic") is an internal medicine emergency hospital that is considered a specialized hospital for internal medicine and hemodialysis.

The Molecular Diagnostic Industry and Competition

The markets in which we compete are rapidly evolving, and we face competition from multiple public companies, private companies, and academic/university laboratories for a number of our laboratory testing services.

In the hereditary cancer testing market we have faced increased competition since a U.S. Supreme Court decision in June 2013 invalidated some of the key patent claims covering our hereditary cancer testing products. These patents were originally set to begin expiring in 2015. Since this Supreme Court decision, numerous large reference laboratories, small private laboratories, and academic/university laboratories have launched competing hereditary cancer tests. Despite the impact from competition, we continue to believe we are the world leader in hereditary cancer testing.

The market for hereditary cancer testing has evolved dramatically over time. Broad reimbursement coverage for hereditary cancer tests began emerging in the early 2000s and coupled with increased public awareness around genetics and our marketing and promotional efforts, there has been significant growth in testing volumes. One of the largest drivers of growth has been increased testing in asymptomatic patients in the preventive care setting which now comprise over half of all tests performed in the United States. We are working to continue to expand awareness around hereditary cancer testing and expand the number of patients that qualify for hereditary cancer testing under medical guidelines and health insurance coverage policies.

Another factor influencing the marketplace has been the advent of next generation sequencing. This has allowed the transition from single syndrome tests to targeted pan-cancer panels in a cost effective manner without sacrificing test accuracy. We launched our first pan-cancer panel, myRisk Hereditary Cancer, in September, 2013, and we believe panel based tests will become standard of care in the marketplace based upon their greater sensitivity at finding cancer causing mutations. We have presented multiple studies showing that myRisk Hereditary Cancer can detect greater than 60 percent more deleterious mutations when compared to our legacy hereditary cancer tests.

We compete in the hereditary cancer testing market based upon several factors including:

1) the analytical accuracy of our tests
2) our ability to classify genetic variants in hereditary cancer genes
3) the quality of our sales and marketing for our products
4) the quality of our customer service and support

5) turnaround time

6) additional information about cancer risks provided by riskScore; and

7) value associated with our test quality

We believe that we have substantial advantages in terms of our test accuracy and ability to classify variants. Based on our testing experience of over 2.0 million patients, and our substantial investments in our variant classification program, we have compiled a proprietary database of over 60,000 unique genetic variants in the genes tested by myRisk Hereditary Cancer. We believe this database allows us to provide more accurate results to patients and return a variant of unknown significance (VUS) result to patients less frequently. We have demonstrated that this classification advantage leads to lower long-term healthcare costs and lower utilization of unnecessary healthcare services.

Given our scale relative to other laboratories in the hereditary cancer testing market, we believe we also have substantial competitive advantages in terms of cost efficiencies and laboratory automation, which leads to faster turnaround times and improved accuracy for our tests.

In the oncology companion diagnostic market, we currently sell our FDA approved BRACAnalysis CDx test as a companion diagnostic for the prediction of response to a class of drugs called PARP inhibitors. Currently we are the only laboratory with an FDA approved germline test for this indication and have received approvals in ovarian and metastatic breast cancer diagnostics from the U.S. Food and Drug Administration. We also have proprietary tests currently in development including our myChoice HRD assay which we believe could identify a larger population of patients that could respond to PARP inhibitors but are not yet broadly commercially available. We submitted our first application for U.S. Food and Drug Administration premarket approval for myChoice HRD as a companion diagnostic in late stage ovarian cancer in early 2019. We compete in this market based upon the quality and turnaround time of our test, our ability to garner regulatory approvals for new indications, and based upon our proprietary testing methodologies.

In the urology market, we compete against a small number of public and private companies for our prostate cancer prognostic test, Prolaris. We compete in this market primarily based upon the quality of the clinical data supporting the test, our first mover advantage in the marketplace and the strength of our sales support and customer service.

In the autoimmune market, our Vectra test competes primarily against traditional methodologies for assessing rheumatoid arthritis disease activity such as a physician's clinical assessment of the patient and single marker laboratory tests such as C-reactive protein (CRP). We believe we have the most predictive product on the market to assess rheumatoid arthritis disease activity.

In the neuroscience market, our GeneSight Psychotropic test meets a significant unmet clinical need and is the leading product for psychotropic drug selection. It is for use by health-care professionals seeking patient-specific information on gene-drug interactions when contemplating an alteration in neuropsychiatric medication for patients diagnosed with major depressive disorder (MDD) who are suffering with refractory moderate to very severe depression after at least one prior neuropsychiatric medication failure. The test is clinically proven to enhance medication selection, helping healthcare providers get their patients on the right medication faster.

In the prenatal market, we compete against multiple companies including large national reference laboratories, other specialty laboratories, kit based products, and academic/university laboratories with our Foresight and Prequel tests. We compete based upon our test breadth/accuracy, commercial scale in the prenatal market, and the quality of our customer service/informatics tools.

In the pharmaceutical and clinical services segment, our Myriad RBM division competes against other contract research organizations and academic laboratories for business from pharmaceutical and research customers.

Sales and Marketing

We sell our tests through our own direct sales force and marketing efforts in the United States, Europe, Australia and Canada. Our United States sales force is comprised of approximately 800 individuals across six separate sales channels. In connection with any additional tests that we may launch, we may expand our existing oncology, women's health, urology, dermatology, neuroscience and autoimmune care sales forces, or build new sales forces to address other physician specialty groups. In addition to our direct sales force, we have entered into distributor agreements with organizations in selected European, Latin American, Middle Eastern, Asian and African countries.

Research and Development

We plan to continue to use our proprietary DNA sequencing, RNA expression and protein analysis technologies, including our supporting bioinformatics and robotic technologies, in an effort to efficiently discover important genes and their proteins and to understand their role in human disease. Based on these biomarkers we plan to develop highly accurate, informative tests that may help physicians better manage their patients' healthcare. We believe that our technologies provide us with a significant competitive advantage and the potential for numerous product opportunities. For the years ended June 30, 2019, 2018 and 2017, we had research and development expense of $85.9 million, $70.8 million, and $74.4 million, respectively.

Acquisitions

We intend to continue to take advantage of in-licensing or acquisition opportunities to augment our internal research and development programs. We recognize that we cannot meet all of our research discovery goals internally and can benefit from the research performed by other organizations. We hope to leverage our financial strength, product development expertise, and sales and marketing presence to acquire new product opportunities in our molecular diagnostic areas of focus.

In February 2014, we completed the acquisition of privately-held Crescendo Bioscience, Inc. ("Crescendo") for $270 million in cash, which was reduced by the repayment of a loan made to Crescendo and other customary adjustments in accordance with the acquisition agreement. We believe that the acquisition of Crescendo facilitates our entry into the high growth autoimmune and inflammatory disease market, diversifies our product revenues and enhances our strength in protein-based diagnostics. The business of Crescendo, including its Vectra® blood test for rheumatoid arthritis disease management, is operated as a wholly owned subsidiary.

In February 2015, we completed the acquisition of the Clinic for total consideration of $20.1 million.

In May 2016, we completed the acquisition of Sividon Diagnostics GmbH ("Sividon"), a leading breast cancer prognostic company, for $39.0 million upfront with the potential for €15.0 million ($17.1 million converted at the June 30, 2019 period end exchange rate) in additional performance-based milestones. We believe the acquisition brings us the best-in-class breast cancer prognostic test and strengthens our market leading oncology portfolio of high value personalized medicine products.

In August 2016, we completed the acquisition of Assurex Health, Inc. ("Assurex") for total consideration of $351.6 million, net of cash acquired of $5.5 million. We believe the acquisition establishes the foundation for our neuroscience business and leverages our existing preventative care business unit with the addition of a product, GeneSight Psychotropic, which has significant growth potential.

On July 31, 2018, the Company completed the acquisition of Counsyl, Inc. ("Counsyl") for total consideration of $405.9 million, consisting of $278.5 million in cash and 2,994,251 shares of common stock issued that were valued at $127.4 million. The shares were issued and valued as of July 31, 2018 at a per share market closing price of $42.53. We believe the acquisition allows for further entry into the high-growth reproductive testing market, with the ability to become a leader in women's health genetic testing.

Seasonality

We experience seasonality in our testing business. The volume of testing is negatively impacted by the summer holiday season which is generally reflected in our fiscal first quarter. Our fiscal second quarter ending December 31 is generally strong as we see an increase in volume from patients who have met their annual insurance deductible. Conversely, fiscal third quarter ending March 31 is typically negatively impacted by the annual reset of patient deductibles.

Patents and Proprietary Rights

We own or have license rights to various issued patents as well as patent applications in the United States and foreign countries. These patents and patent applications relate to a variety of subject matter including, diagnostic biomarkers, gene expression signatures, antibodies, primers, probes, assays, disease-associated genetic mutations, methods for determining genetic predisposition, methods for disease diagnosis, methods for determining disease progression, methods for disease treatment, methods for determining disease treatment, and general molecular diagnostic techniques. For some of the patent assets, we hold rights through exclusive or non-exclusive license agreements. We also own additional patent assets and hold other non-exclusive license rights to patents which relate to various aspects of our tests or processes. Material patent assets relating to our tests that generate material revenue are described below.

Vectra. We hold an exclusive license to one or more issued U.S. patent and pending patent applications in the U.S. and other jurisdictions relating to Vectra® testing. This issued U.S. patent has a term expected to expire in 2031 and these U.S. applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents and applications contain multiple claims including but not limited to claims relating to biomarkers, kits, systems and methods for measuring and monitoring inflammatory disease activity.

Prolaris. We own or hold an exclusive license to one or more issued patents and pending patent applications in the U.S. and other jurisdictions relating to Prolaris® testing. These issued U.S. patents will have terms to begin expiring in 2032 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents and applications contain multiple claims including but not limited to claims relating to biomarkers, kits, systems and methods for detecting, diagnosing, prognosing and selecting therapy for prostate cancer.

EndoPredict. We own or hold an exclusive license to one or more issued European patents and pending patent applications in the U.S. and other jurisdictions relating to EndoPredict® testing. These issued European patents have terms expected to begin expiring in 2031 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents and applications contain multiple claims including but not limited to claims relating to biomarkers, kits, systems and methods for prognosing and selecting therapy for breast cancer.

myChoice HRD. We own or hold an exclusive license to one or more issued patents and pending patent applications in the U.S. and other jurisdictions relating to myChoice® HRD testing. These issued patents have terms expected to expire in 2032 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents contain multiple claims including but not limited to claims relating to biomarkers, kits, systems and methods for detecting homologous recombination deficiency and selecting therapy based on such detection.

GeneSight. We own or hold an exclusive license to one or more issued patents and pending patent applications in the U.S. and other jurisdictions relating to GeneSight® testing. These issued patents have terms expected to begin expiring in 2024 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents contain multiple claims including but not limited to claims relating to biomarkers, kits, systems and methods for detecting single nucleotide polymorphisms and selecting and/or optimizing therapy based on such detection.

Foresight. We own or hold an exclusive license to one or more issued patents and pending patent applications in the U.S. and other jurisdictions that relate to laboratory and informatic methods used to enhance Foresight® testing. These issued patents have terms expected to begin expiring in 2032 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents contain multiple claims including but not limited to claims relating to systems and methods for detecting genetic sequences.

Prequel. We own or hold an exclusive license to one or more issued patents and pending patent applications in the U.S. and other jurisdictions that relate to laboratory and informatic methods used to enhance Prequel™ testing. These issued patents have terms expected to begin expiring in 2022 and these applications, if issued as patents and depending on term adjustments or terminal disclaimers if applicable, are expected to have similar expiration timeframes. These patents contain multiple claims including but not limited to claims relating to systems and methods for detecting genetic sequences.

We intend to seek patent protection in the United States and major foreign jurisdictions for synthetic nucleic acids, antibodies, biomarker signatures, assays, probes, primers, technologies, methods, processes and other inventions which we believe are patentable and where we believe our interests would be best served by seeking patent protection. However, any patents issued to us or our licensors may not afford meaningful protection for our products or technology or may be subsequently circumvented, invalidated or narrowed or found unenforceable. Any patent applications which we have filed, or will file, or to which we have licensed or will license rights may not issue, and patents that do issue may not contain commercially valuable claims. In addition, others may obtain patents having claims which cover aspects of our tests or processes which are necessary for or useful to the development, use or performance of our diagnostic products. Should any other group obtain patent protection with respect to our discoveries, our commercialization of our molecular diagnostic tests could be limited or prohibited.

Others may offer clinical diagnostic genomic laboratory testing services which may infringe patents we control. We may seek to negotiate a license to use our patent rights or decide to seek enforcement of our patent rights through litigation. Patent litigation is expensive and the outcome is often uncertain and we may not be able to enforce our patent rights against others.

Our tests and processes may also conflict with patents which have been or may be granted to competitors, academic institutions or others. In addition, third parties could bring legal actions against us seeking to invalidate our owned or licensed patents, claiming damages, or seeking to enjoin clinical testing, developing and marketing of our tests or processes. If any of these actions are successful, in addition to any potential liability for damages, we could lose patent coverage for our tests, be required to cease the infringing activity or obtain a license in order to continue to develop or market the relevant test or process. We may not prevail in any such action, and any license required under any such patent may not be made available on acceptable terms, if at all. Our failure to maintain patent protection for our test and processes or to obtain a license to any technology that we may require to commercialize our tests and technologies could have a material adverse effect on our business.

We also rely upon unpatented proprietary technology, and in the future may determine in some cases that our interests would be better served by reliance on trade secrets or confidentiality agreements rather than patents or licenses. These include some of our genomic, proteomic, RNA expression, mutation analysis, robotic and bioinformatic technologies which may be used in discovering and characterizing new genes and proteins and ultimately used in the development or analysis of molecular diagnostic tests. We also maintain a database of gene mutations and their status as either harmful or benign for all of our hereditary cancer tests. To further protect our trade secrets and other proprietary information, we require that our employees and consultants enter into confidentiality and invention assignment agreements. However, those confidentiality and invention assignment agreements may not provide us with adequate protection. We may not be able to protect our rights to such unpatented proprietary technology and others may independently develop substantially equivalent technologies. If we are unable to obtain strong proprietary rights to our processes or tests, competitors may be able to market competing processes and tests.

License Agreements

We are a party to license agreements which give us the rights to use certain technologies in the research, development, testing processes, and commercialization of our molecular diagnostic tests and pharmaceutical and clinical services. We may not be able to continue to license these technologies on commercially reasonable terms, if at all. Additionally, patents underlying our license agreements may not afford meaningful protection for our technology or tests or may be subsequently circumvented, invalidated or narrowed, or found unenforceable. Our failure to maintain rights to this technology could have a material adverse effect on our business.

In 2006, Assurex Health, Inc. (now our wholly-owned subsidiary) entered into an agreement with the Mayo Foundation for Medical Education and Research ("Mayo"), which granted to Assurex an exclusive world-wide license to utilize certain rights of Mayo in intellectual property relating to what is now GeneSight testing. Under this license agreement we pay Mayo a royalty based on net sales of our GeneSight test. This license expires upon expiration of the last to expire patent covered by the Mayo agreement, which presently is not anticipated to expire until 2024. Mayo has the right to terminate the agreement for the uncured breach of any material term of the agreement.

In 2006, Assurex Health, Inc. entered into a license agreement with the Children's Hospital Medical Center in Cincinnati ("CHMC") for the exclusive world-wide right to utilize certain rights of CHMC in intellectual property that could at some point relate to GeneSight testing. This license agreement has no expiration, but CHMC has the right to terminate the agreement for the uncured breach of any material term of the license agreement.

In 2010, Crescendo Bioscience, Inc. (now our wholly-owned subsidiary) entered into a license agreement with the Oklahoma Medical Research Foundation (the "OMRF"), for the exclusive world-wide right to utilize certain intellectual property rights of OMRF including patent applications relating to what is now Vectra testing. Under this license agreement we pay OMRF a royalty based on net sales of our Vectra test. This license agreement ends on expiration of the last to expire patent covered by the license agreement, which presently is not anticipated to expire until 2031. OMRF has the right to terminate the license agreement for the uncured breach of any material term of the license agreement.

In 2012, we entered into a license agreement with the University of Texas M.D. Anderson Cancer Center (the "UTMDACC"), for the exclusive world-wide right to utilize certain rights of UTMDACC in intellectual property relating to what is now myChoice® HRD testing. Under this license agreement we will pay UTMDACC a royalty based on net sales of our myChoice® HRD test, if any. This license agreement ends on expiration of the last to expire patent covered by the license agreement, which presently is not anticipated to expire until 2032. UTMDACC has the right to terminate the license agreement for the uncured breach of any material term of the license agreement.

In 2012, we entered into a license agreement with Children's Medical Center in Boston ("CMCC") for the exclusive world-wide right to utilize certain rights of CMCC in intellectual property relating to what is now myChoice® HRD testing. Under this license agreement we expect to pay CMCC a royalty based on net sales of our myChoice® HRD test, if any. This license agreement ends on expiration of the last to expire patent covered by the license agreement, which presently is not anticipated to expire until 2032. CMCC has the right to terminate the license agreement for the uncured breach of any material term of the license agreement.

In 2013, we entered into a license agreement with Institut Curie and INSERM ("INSERM") for the exclusive world-wide right to utilize certain rights of INSERM in intellectual property relating to what is now myChoice® HRD testing. Under this license agreement we expect to pay INSERM a royalty based on net sales of our myChoice® HRD test, if any. This license agreement ends on expiration of the last to expire patent covered by the license agreement, which presently is not anticipated to expire until 2032. INSERM has the right to terminate the license agreement for the uncured breach of any material term of the license agreement.

In 2015, Counsyl, Inc. (now a wholly-owned subsidiary of the Company, named Myriad Women's Health, Inc.) entered into an agreement with Illumina, Inc. ("Illumina"), which granted to Counsyl a non-exclusive license to utilize certain rights held by or licensed to Illumina to intellectual property relating to non-invasive prenatal screening and the Prequel test. Under this license agreement we pay Illumina a royalty based on the volume of Prequel testing administered by us. This license runs for the term of the Illumina agreement and, in any event, expires upon expiration of the last to expire patent covered by the Illumina agreement. Illumina has the right to terminate the agreement for the uncured breach of any material term of the agreement.

Governmental Regulation

The services that we provide are regulated by federal, state and foreign governmental authorities. Failure to comply with the applicable laws and regulations can subject us to repayment of amounts previously paid to us, significant civil and criminal penalties, loss of licensure, certification, or accreditation, or exclusion from state and federal health care programs. The significant areas of regulation are summarized below.

Clinical Laboratory Improvement Amendments of 1988 and State Regulation

Each of our clinical laboratories must hold certain federal, state and local licenses, certifications and permits to conduct our business. Laboratories in the United States that perform testing on human specimens for the purpose of providing information for the diagnosis, prevention, or treatment of disease are subject to the Clinical Laboratory Improvement Amendments of 1988 ("CLIA"). CLIA requires such laboratories to be certified by the federal government and mandates compliance with various operational, personnel, facilities administration, quality and proficiency testing requirements intended to ensure that testing services are accurate, reliable and timely. CLIA certification also is a prerequisite to be eligible to bill state and federal health care programs, as well as many private insurers, for laboratory testing services. Our laboratories in Salt Lake City, Utah, Austin, Texas, Mason, Ohio, and South San Francisco, California are CLIA certified to perform high complexity tests.

In addition, CLIA requires each of our certified laboratories to enroll in an approved proficiency testing program if performing testing in any category for which proficiency testing is required. Each of our laboratories periodically tests specimens received from an outside proficiency testing organization and then submits the results back to that organization for evaluation. If one of our laboratories fails to achieve a passing score on a proficiency test, then it loses its right to perform testing. Further, failure to comply with other proficiency testing regulations, such as the prohibition on referral of a proficiency testing specimen to another laboratory for analysis, can result in revocation of the laboratory's CLIA certification.

As a condition of CLIA certification, each of our laboratories is subject to survey and inspection every other year, in addition to being subject to additional random inspections. The biennial survey is conducted by the Centers for Medicare & Medicaid Services ("CMS"), a CMS agent (typically a state agency), or, a CMS-approved accreditation organization. Because our laboratories are accredited by the College of American Pathologists ("CAP"), which is a CMS-approved accreditation organization, they are typically subject to CAP inspections.

Our laboratories are licensed by the appropriate state agencies in the states in which they operate, if such licensure is required. In addition, our laboratories hold state licenses or permits, as applicable, from various states including, but not limited to, California, Florida, New York, Pennsylvania, Rhode Island and Maryland, to the extent that they accept specimens from one or more of these states, each of which requires out-of-state laboratories to obtain licensure.

If a laboratory is out of compliance with state laws or regulations governing licensed laboratories or with CLIA, penalties may include suspension, limitation or revocation of the license or CLIA certificate, assessment of financial penalties or fines, or imprisonment. Loss of a laboratory's CLIA certificate or state license may also result in the inability to receive payments from state and federal health care programs as well as private third party payors. We believe that we are in material compliance with CLIA and all applicable licensing laws and regulations.

Food and Drug Administration

Although the Food and Drug Administration ("FDA") has consistently claimed that it has the authority to regulate laboratory-developed tests ("LDTs") that are developed, validated and performed only by a CLIA certified laboratory, it has historically exercised enforcement discretion in not otherwise regulating most LDTs and has not required laboratories that furnish LDTs to comply with the agency's requirements for medical devices (e.g., establishment registration, device listing, quality systems regulations, premarket clearance or premarket approval, and post-market controls). More recently, the FDA has indicated that it will apply a risk-based approach to determine the regulatory pathway for all in-vitro diagnostics ("IVDs"), including IVD companion and complementary diagnostic devices, as it does with all medical devices. Accordingly, the regulatory pathway for a IVD will depend on the level of risk to patients, based on the intended use of the IVD and the controls necessary to provide a reasonable assurance of the IVD's safety and effectiveness. The two primary types of marketing pathways for medical devices are clearance of a premarket notification under Section 510(k) of the Federal Food, Drug, and Cosmetic Act, or 510(k), and approval of a premarket approval application, or PMA. IVD companion diagnostic devices developed for use with drugs will typically utilize the PMA pathway following a clinical trial performed under an investigational device exemption, or IDE, which is required to be completed before the PMA may be submitted.

We are developing companion diagnostic tests for use with drug products in development by pharmaceutical companies, such as our collaborations with pharmaceutical companies on PARP inhibitors for the treatment of ovarian, breast and other cancers. Companion diagnostic tests are currently subject to regulation by the FDA as medical devices. The FDA issued Guidance on In-Vitro Companion Diagnostic Devices in July 2014, which is intended to assist companies developing in vitro companion diagnostic devices and companies developing therapeutic products that depend on the use of a specific in-vitro companion diagnostic for the safe and effective use of the product. The FDA defined an in-vitro companion diagnostic device ("IVD Companion Dx") as a device that provides information that is essential for the safe and effective use of a corresponding therapeutic product. The FDA expects that the therapeutic sponsor will address the need for an approved or cleared IVD Companion Dx in its therapeutic product development plan and that, in most cases, the therapeutic product and its corresponding companion diagnostic will be developed contemporaneously. On July 15, 2016, the FDA released a draft guidance entitled, "Principles for Co-development of an In Vitro Companion Diagnostic Device with a Therapeutic Product. This draft guidance document is intended to be a practical guide to assist therapeutic product sponsors and IVD sponsors in developing a therapeutic product and an accompanying IVD companion diagnostic.

The FDA has also introduced the concept of a complementary diagnostic that it defines as a test that is not required but which provides significant information about the use of a drug. A complementary test can help guide treatment strategy and identify which patients are likely to derive the greatest benefit from therapy, and if approved by the FDA information regarding the IVD will be included in the therapeutic product labelling. Although the FDA has not yet issued any written guidance regarding complementary diagnostics, it has already approved a couple of complementary diagnostics, including a supplementary premarket approval for BRACAnalysis CDx, which was approved in March 2017, as a complementary diagnostic test in ovarian cancer patients associated with enhanced progression-free survival (PFS) when used with Tesaro's PARP inhibitor Zejula™ (niraparib) maintenance therapy.

In December 2014, we obtained premarket approval for BRAC*Analysis* CDx, which is used as a companion diagnostic test to identify ovarian cancer patients who may benefit from AstraZeneca's PARP inhibitor Lynparza™ (olaparib). The premarket approval process is a complex, costly and time consuming procedure. Approvals must be supported by valid scientific evidence, submitted as part of a premarket approval application ("PMA"), which typically requires extensive data, including quality technical, preclinical, clinical and manufacturing data to demonstrate to the FDA's satisfaction the safety and effectiveness of the companion diagnostic. We are currently collaborating with several pharmaceutical companies, including AstraZeneca, Merck, Pfizer, GSK, AbbVie, and others for additional indications and geographical commercialization opportunities for BRACAnalysis CDx, to evaluate the use of several of our tests as companion diagnostics with other drugs.

After a medical device is placed on the market, numerous regulatory requirements apply. These include:

- compliance with the FDA's Quality System Regulation ("QSR"), which requires manufacturers to follow stringent design, testing, control, documentation, record maintenance, including maintenance of complaint and related investigation files, and other quality assurance controls during the manufacturing process;
- labeling regulations, which prohibit the promotion of products for uncleared, or unapproved uses, or "off-label" uses, and impose other restrictions on labeling; and
- medical device reporting obligations, which require that manufacturers investigate and report to the FDA adverse events, including deaths, or serious injuries that may have been or were caused by a medical device and malfunctions in the device that would likely cause or contribute to a death or serious injury if it were to recur.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include sanctions, including but not limited to, warning letters; fines, injunctions, and civil penalties; recall or seizure of the device; operating restrictions, partial suspension or total shutdown of production; refusal to grant 510(k) clearance or approval of PMAs of new devices; withdrawal of clearance or approval; and civil or criminal prosecution.

Other Regulatory Requirements

Our laboratories are subject to federal, state and local regulations relating to the handling and disposal of regulated medical waste, hazardous waste and biohazardous waste, including chemical, biological agents and compounds, blood and bone marrow samples and other human tissue. Typically, we use outside vendors who are contractually obligated to comply with applicable laws and regulations to dispose of such waste. These vendors are licensed or otherwise qualified to handle and dispose of such waste.

HIPAA and other privacy laws

The Health Insurance Portability and Accountability Act of 1996 (" HIPAA"), established comprehensive federal standards for the privacy and security of health information. The HIPAA standards apply to three types of organizations: health plans, healthcare clearing houses, and healthcare providers that conduct certain healthcare transactions electronically ("Covered Entities"). Title II of HIPAA, the Administrative Simplification Act, contains provisions that address the privacy of health data, the security of health data, the standardization of identifying numbers used in the healthcare system and the standardization of certain healthcare transactions. The privacy regulations protect medical records and other protected health information by limiting their use and release, giving patients the right to access their medical records and limiting most disclosures of health information to the minimum amount necessary to accomplish an intended purpose. The HIPAA security standards require the adoption of administrative, physical, and technical safeguards and the adoption of written security policies and procedures.

On February 17, 2009, Congress enacted Subtitle D of the Health Information Technology for Economic and Clinical Health Act, or HITECH, provisions of the American Recovery and Reinvestment Act of 2009. HITECH expanded and strengthened HIPAA, created new targets for enforcement, imposed new penalties for noncompliance and established new breach notification requirements for Covered Entities. Regulations implementing major provisions of HITECH were finalized on January 25, 2013 through publication of the HIPAA Omnibus Rule (the "Omnibus Rule").

Under HITECH's breach notification requirements, Covered Entities must report breaches of protected health information that has not been encrypted or otherwise secured in accordance with guidance from the Secretary of the U.S. Department of Health and Human Services (the "Secretary"). Required breach notices must be made as soon as is reasonably practicable, but no later than 60 days following discovery of the breach. Reports must be made to affected individuals and to the Secretary and, in some cases depending on the size of the breach; they must be reported through local and national media. Breach reports can lead to investigation, enforcement and civil litigation, including class action lawsuits.

We are currently subject to the HIPAA regulations and maintain an active compliance program that is designed to identify security incidents and other issues in a timely fashion and enable us to remediate, mitigate harm or report if required by law. We are subject to prosecution and/or administrative enforcement and increased civil and criminal penalties for non-compliance, including a new, four-tiered system of monetary penalties adopted under HITECH. We are also subject to enforcement by state attorneys general who were given authority to enforce HIPAA under HITECH. To avoid penalties under the HITECH breach notification provisions, we must ensure that breaches of protected health information are promptly detected and reported within the company, so that we can make all required notifications on a timely basis. However, even if we make required reports on a timely basis, we may still be subject to penalties for the underlying breach.

In May 2016, a complaint was filed with the Office for Civil Rights of the Department of Health and Human Services ("OCR") by four patients alleging deficiencies in our policies regarding information that must be disclosed to patients as part of a "designated record set" under HIPAA. We proactively reached out to OCR on these issues to explain our compliance with all applicable regulations and OCR guidance. On April 26, 2019, OCR sent us a closure letter ending its inquiries, which did not require any further action by the Company.

In addition to the federal privacy and security regulations, there are a number of state laws regarding the privacy and security of health information and personal data that are applicable to our clinical laboratories. Many states have also implemented genetic testing and privacy laws imposing specific patient consent requirements and protecting test results by strictly limiting the disclosure of those results. State requirements are particularly stringent regarding predictive genetic tests, due to the risk of genetic discrimination against healthy patients identified through testing as being at a high risk for disease. We believe that we have taken the steps required of us to comply with health information privacy and security statutes and regulations, including genetic testing and genetic information privacy laws in all jurisdictions, both state and federal. However, these laws constantly change and we may not be able to maintain compliance in all jurisdictions where we do business. Failure to maintain compliance, or changes in state or federal laws regarding privacy or security could result in civil and/or criminal penalties, significant reputational damage and could have a material adverse effect on our business.

We are subject to laws and regulations related to the protection of the environment, the health and safety of employees and the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials. For example, the U.S. Occupational Safety and Health Administration ("OSHA") has established extensive requirements relating specifically to workplace safety for healthcare employers in the U.S. This includes requirements to develop and implement multi-faceted programs to protect workers from exposure to blood-borne pathogens, including preventing or minimizing any exposure through needle stick injuries. For purposes of transportation, some biological materials and laboratory supplies are classified as hazardous materials and are subject to regulation by one or more of the following agencies: the U.S. Department of Transportation, the U.S. Public Health Service, the United States Postal Service and the International Air Transport Association. We generally use third-party vendors to dispose of regulated medical waste, hazardous waste and radioactive materials and contractually require them to comply with applicable laws and regulations.

Transparency Laws and Regulations

A federal law known as the Physician Payments Sunshine Act (the "Sunshine Act") requires medical device manufacturers to track and report to the federal government certain payments and other transfers of value made to physicians and teaching hospitals and ownership or investment interests held by physicians and their immediate family members. Manufacturers must report data for the previous calendar year by the 90th day of the then-current calendar year. CMS then publishes the data on a publicly available website no later than June 30th. There are also state "sunshine" laws that require manufacturers to provide reports to state governments on pricing and marketing information. Several states have enacted legislation requiring medical device manufacturers to, among other things, establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales and marketing activities, and such laws may also prohibit or limit certain other sales and marketing practices. These laws may adversely affect our sales, marketing, and other activities by imposing administrative and compliance burdens on us. If we fail to track and report as required by these laws or to otherwise comply with these laws, we could be subject to the penalty provisions of the pertinent state and federal authorities.

Reimbursement and Billing

Reimbursement and billing for diagnostic services is highly complex. Laboratories must bill various payors, such as private third-party payors, including managed care organizations ("MCO"), and state and federal health care programs, such as Medicare and Medicaid, and each may have different billing requirements. Additionally, the audit requirements we must meet to ensure compliance with applicable laws and regulations, as well as our internal compliance policies and procedures, add further complexity to the billing process. Other factors that complicate billing include:

- variability in coverage and information requirements among various payors;
- patient financial assistance programs;
- missing, incomplete or inaccurate billing information provided by ordering physicians;
- billings to payors with whom we do not have contracts;
- disputes with payors as to which party is responsible for payment; and
- disputes with payors as to the appropriate level of reimbursement.

Depending on the reimbursement arrangement and applicable law, the party that reimburses us for our services may be:

- a third party who provides coverage to the patient, such as an insurance company or MCO;
- a state or federal healthcare program; or
- the patient.

Presently, approximately 85% of our revenue comes from private third party payors.

Federal and State Fraud and Abuse Laws

A variety of federal laws prohibit fraud and abuse involving state and federal health care programs, such as Medicare and Medicaid. These laws are interpreted broadly and enforced aggressively by various state and federal agencies, including CMS, the Department of Justice, the Office of Inspector General for the Department of Health and Human Services ("OIG"), and various state agencies. In addition, the Medicare and Medicaid programs increasingly use a variety of contractors to review claims data and to identify improper payments as well as fraud and abuse. Any overpayments must be repaid within 60 days of identification unless a favorable decision is obtained on appeal. In some cases, these overpayments can be used as the basis for an extrapolation, by which the error rate is applied to a larger universe of claims, and which can result in even higher repayments.

Anti-Kickback Laws

The Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for or recommending of an item or service that is reimbursable, in whole or in part, by a federal health care program. "Remuneration" is broadly defined to include anything of monetary value, such as, for example, cash payments, gifts or gift certificates, discounts, or the furnishing of services, supplies or equipment. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that are lawful in businesses outside of the health care industry.

Recognizing the breadth of the Anti-Kickback Statute and the fact that it may technically prohibit many innocuous or beneficial arrangements within the health care industry, the OIG has issued a series of regulations, or safe harbors intended to protect such arrangements. Compliance with all requirements of a safe harbor immunizes the parties to the business arrangement from prosecution under the Anti-Kickback Statute. The failure of a business arrangement to fit within a safe harbor does not necessarily mean that the arrangement is illegal or that the OIG will pursue prosecution. Still, in the absence of an applicable safe harbor, a violation of the Anti-Kickback Statute may occur even if only one purpose of an arrangement is to induce referrals. The penalties for violating the Anti-Kickback Statute can be severe. These sanctions include criminal and civil penalties, imprisonment and possible exclusion from the federal health care programs. Many states have adopted laws similar to the Anti-Kickback Statute, and some apply to items and services reimbursable by any payor, including private third-party payors.

Physician Self-Referral Bans

The federal ban on physician self-referrals, commonly known as the Stark Law, prohibits, subject to certain exceptions, physician referrals of Medicare patients to an entity providing certain designated health services, which include laboratory services, if the physician or an immediate family member of the physician has any financial relationship with the entity. Several Stark Law exceptions are relevant to arrangements involving clinical laboratories, including but not limited to: (1) fair market value compensation for the provision of items or services; (2) payments by physicians to a laboratory for clinical laboratory services; (3) certain space and equipment rental arrangements that satisfy certain requirements; and (4) personal services arrangements. Penalties for violating the Stark Law include the return of funds received for all prohibited referrals, fines, civil monetary penalties and possible exclusion from federal health care programs. In addition to the Stark Law, many states have their own self-referral bans, which may extend to all self-referrals, regardless of the payor.

State and Federal Prohibitions on False Claims

The federal False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government. Under the False Claims Act, a person acts knowingly if he has actual knowledge of the information or acts in deliberate ignorance or in reckless disregard of the truth or falsity of the information. Specific intent to defraud is not required. The qui tam provisions of the False Claims Act allow a private individual to bring an action on behalf of the federal government and to share in any amounts paid by the defendant to the government in connection with the action. Penalties include payment of up to three times the actual damages sustained by the government, plus civil penalties of between $5,500 and $11,000 for each false claim, as well as possible exclusion from the federal health care programs. In addition, various states have enacted similar laws modeled after the False Claims Act that apply to items and services reimbursed under Medicaid and other state health care programs, and, in several states, such laws apply to claims submitted to any payor.

Civil Monetary Penalties Law

The federal Civil Monetary Penalties Law, or the CMP Law, prohibits, among other things, (1) the offering or transfer of remuneration to a Medicare or state health care program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies; (2) employing or contracting with an individual or entity that the provider knows or should know is excluded from participation in a federal health care program; (3) billing for services requested by an unlicensed physician or an excluded provider; and (4) billing for medically unnecessary services. The penalties for violating the CMP Law include exclusion, substantial fines, and payment of up to three times the amount billed, depending on the nature of the offense.

International regulations

We market some of our tests outside of the United States and are subject to foreign regulatory requirements governing laboratory licensure, human clinical testing, use of tissue, privacy and data security, and marketing approval for our tests. These requirements vary by jurisdiction, differ from those in the United States and may require us to implement additional compliance measures or perform additional pre-clinical or clinical testing. On September 26, 2012, the European Commission released the first drafts of the new European Union ("EU") regulations for medical devices and IVDs that if finalized will impose additional regulatory requirements on IVDs used in the EU. In many countries outside of the United States, coverage, pricing and reimbursement approvals are also required. We are also required to maintain accurate information on and control over sales and distributors' activities that may fall within the purview of the Foreign Corrupt Practices Act, its books and records provisions and its anti-bribery provisions.

Human Resources

As of June 30, 2019, we have over 2,600 full-time equivalent employees. Most of our employees are engaged directly in research, development, production, sales and marketing activities. We believe that the success of our business will depend, in part, on our ability to attract and retain qualified personnel. Our employees are not covered by a collective bargaining agreement, and we consider our relations with our employees to be good.

Available Information

We are a Delaware corporation with our principal executive offices located at 320 Wakara Way, Salt Lake City, Utah 84108. Our telephone number is (801) 584-3600 and our web site address is www.myriad.com. We make available free of charge through the Investor Relations section of our web site our Corporate Code of Conduct and Ethics, our Audit Committee and other committee charters and our other corporate governance policies, as well as our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. The Securities and Exchange Commission maintains an internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission. We include our web site address in this Annual Report on Form 10-K only as an inactive textual reference and do not intend it to be an active link to our web site.

Item 1A. RISK FACTORS

Risks Related to Our Business and Our Strategy

We may not be successful in transitioning from our existing product portfolio to our new products, such as our myRisk Hereditary Cancer test, which represents the next generation of our existing hereditary cancer franchise. We may not be able to generate sufficient revenue from our existing tests and our new tests or develop new tests to maintain profitability.

Although we have developed and marketed several molecular diagnostic tests to date, we believe our future success is dependent upon our ability to successfully market our existing molecular diagnostic tests to additional patients within the United States, to expand into new markets outside the United States, and to develop and commercialize new molecular diagnostic and companion diagnostic tests. Importantly, in 2014 we launched our myRisk Hereditary Cancer test, which represents the next generation of our existing hereditary cancer testing franchise. We anticipate that the myRisk Hereditary Cancer test will eventually replace our current predictive medicine test offerings (BRAC*Analysis*, BART, Colaris and Colaris AP and Melaris) with a single comprehensive test. However, we may not be successful in transitioning from our existing product portfolio to our new tests and in launching and commercializing our new tests. The demand for our existing molecular diagnostic tests may decrease or may not continue to increase at historical rates due to sales of the myRisk Hereditary Cancer test and our other new tests that are replacing our existing product portfolio, or for other reasons. For example, because most of our molecular diagnostic tests are only utilized once per patient, we will need to sell our services through physicians to new patients or develop new molecular diagnostic tests in order to continue to generate revenue. Our pipeline of new molecular diagnostic and companion diagnostic test candidates is in various stages of development and may take several more years to develop and must undergo extensive clinical validation. We may be unable to discover or develop any additional molecular diagnostic or companion diagnostic tests through the utilization of our technologies or technologies we license or acquire from others. Even if we develop tests or services for commercial use, we may not be able to develop tests or services that:

- meet applicable regulatory standards, in a timely manner or at all;
- successfully compete with other technologies and tests;
- avoid infringing the proprietary rights of others;
- are adequately reimbursed by third-party payors;
- can be performed at commercial levels or at reasonable cost; or
- can be successfully marketed.

We must generate significant revenue to maintain profitability. Even if we succeed in marketing myRisk Hereditary Cancer and our existing molecular diagnostic tests to physicians for use in new patients and in developing and commercializing any additional molecular diagnostic tests and companion diagnostic tests, we may not be able to generate sufficient revenue and we may not be able to maintain profitability.

We may not be able to sustain or increase profitability on a quarterly or annual basis.

In order to develop and commercialize our molecular diagnostic and companion diagnostic tests, we expect to incur significant expenses over the next several years as we increase our research and development activities, expand clinical validation trials for our molecular diagnostic tests and companion diagnostic tests currently in development, potentially license or acquire additional companies or technologies and engage in commercialization activities in anticipation of the launch of additional molecular diagnostic tests companion diagnostic tests. Because of the numerous risks and uncertainties associated with developing our tests and their potential for commercialization, we are unable to predict the extent of any future profits. If we are unable to sustain or increase profitability, the market value of our common stock will likely decline. Our ability to maintain profitability will depend upon numerous factors, including:

- our ability to transition from our existing product portfolio to our new products, such as our myRisk Hereditary Cancer test, and to commercialize these new tests;
- successful outcomes of clinical trials (including but not limited to the GeneSight clinical trial);
- our ability to obtain full or partial reimbursement for new products;
- our ability to sell our other existing molecular diagnostic tests to new patients;
- our ability to identify biomarkers that may lead to future molecular diagnostic tests and companion diagnostic tests;

- our ability to develop test candidates and receive any required regulatory approvals, including FDA approval as may be required for existing tests if LDTs become FDA regulated or for new tests such as myChoice HRD testing;
- our ability to successfully commercialize our tests in our existing markets and to extend into new markets outside the United States;
- the approval and introduction of competitive tests;
- reductions in reimbursement by third-party payors or their willingness to provide full or even partial reimbursement for our tests;
- our ability to maintain and enforce our intellectual property rights covering our molecular diagnostic tests and companion diagnostic tests;
- our ability to maintain and grow our sales force and marketing team to market our tests;
- our ability to successfully integrate, develop and grow products and services and the business of any other companies or technologies that we may license or acquire;
- our ability to increase commercial acceptance of our current molecular diagnostic tests; and
- our ability to maintain or grow our current revenues.

If we do not continue to generate sufficient revenue from sales of our molecular diagnostic tests and are unable to secure additional funding, we may have to reduce our operations.

As of June 30, 2019, we had $191.8 million in cash, cash equivalents and marketable securities. For the fiscal year ended June 30, 2019 our consolidated revenues were $851.1 million, and net cash from operating activities was $83.7 million. To develop and bring new molecular diagnostic tests and companion diagnostic tests to market, we must commit substantial resources to costly and time-consuming research, development testing and clinical testing. In addition, we entered into an unsecured revolving debt facility (the "Facility") in December 2016. On July 31, 2018, the Company entered into Amendment No. 1 (as amended, the "Facility") which effects an "amend and extend" transaction with respect to the Facility by which the maturity date thereof was extended to July 31, 2023 and the maximum aggregate principal commitment was increased from $300.0 million to $350.0 million. As of June 30, 2019, the balance due under our amended Facility was $235.0 million.

While we anticipate that our existing cash, cash equivalents and marketable securities and expected net cash to be generated from sales of our molecular diagnostic tests and pharmaceutical and clinical services will be sufficient to fund our current operations for the foreseeable future, changes could occur that would consume available capital resources more quickly than we currently expect and we may need or want to raise additional financing. If we are unable to secure additional funding, we may be unable to repay our Facility when it becomes due, and be required to reduce research and development projects, limit sales and marketing activities, scale back our expansion efforts outside the United States, reduce headcount or potentially even discontinue operations. Our future capital requirements will depend on many factors that are currently unknown to us, including:

- the scope, progress, results and cost of development, clinical testing and pre-market studies of any new molecular diagnostic tests that we may discover or acquire;
- the progress, results, and costs to develop additional molecular diagnostic tests;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our current issued patents, and defending intellectual property-related claims;
- our ability to enter into collaborations, licensing or other arrangements favorable to us;
- the costs of acquiring technologies or businesses, and our ability to successfully integrate and achieve the expected benefits of our business development activities and acquisitions;
- the progress, cost and results of our international expansion efforts;
- the costs of expanding our sales and marketing functions and commercial operation facilities in the United States and in new markets;
- the costs, timing and outcome of any litigation against us; and
- the costs to satisfy our current and future obligations.

We are subject to debt covenants that impose operating and financial restrictions on us and could limit our ability to grow our business.

Covenants in the Facility, which went into effect during the quarter ending March 31, 2017, impose operating and financial restrictions on us. These restrictions may prohibit or place limitations on, among other things, our ability to incur additional indebtedness, create certain types of liens, mergers or consolidations, and/or change in control transactions. The Facility may also prohibit or place limitations on our ability to sell assets, pay dividends or provide other distributions to shareholders. These restrictions could also limit our ability to take advantage of business opportunities. We must maintain specified leverage and interest ratios measured as of the end of each quarter as a financial covenant in the Facility. Our ability to comply with this ratio may be affected by events beyond our control, including prevailing economic, financial and industry conditions.

Under the Facility, a change in control in the Company, which means that a shareholder or a group of shareholders is or becomes the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the voting stock of the Company would require mandatory prepayment of the outstanding debt.

If we are unable to comply with the covenants and ratio in the Facility in the future, we may be in default under the agreement. A default would result in an increase in the rate of interest and may cause the loan repayment to be accelerated. This could have a material adverse effect on our business.

We may acquire technologies, assets or other businesses that could cause us to incur significant expense and expose us to a number of unanticipated operational and financial risks.

In addition to organic growth, we intend to continue to pursue growth through the acquisition of technology, assets or other businesses that may enable us to enhance our technologies and capabilities, expand our geographic market, add experienced management personnel and increase our test offerings. For example, in May 2011, we completed the acquisition of Rules Based Medicine, Inc., which we renamed Myriad RBM, and are now offering pharmaceutical and clinical services and developing additional product candidates using the acquired technology. In February 2014, we completed the acquisition of Crescendo Bioscience, Inc., and are now offering molecular diagnostic tests for patients suffering from rheumatoid arthritis and developing additional product candidates in the inflammatory and autoimmune disease area. In February 2015, we acquired the Clinic and believe the acquisition may facilitate our penetration into the German molecular diagnostic market. In May 2016, we acquired Sividon. Now as a wholly-owned subsidiary, Sividon will continue to offer EndoPredict testing in the European market, which we offered under an exclusive distribution agreement with Sividon prior to the acquisition. In August 2016, we acquired Assurex Health, Inc. and are now offering a molecular diagnostic test providing treatment decision support to healthcare providers for mental health patients. In July 2018, we acquired Counsyl, Inc. and believe the acquisition allows for greater entry into the high-growth reproductive testing market, with the ability to become a leader in women's health genetic testing. However, these acquisitions may not achieve profitability or generate a positive return on our investment. Additionally, we may be unable to implement our growth strategy if we cannot identify suitable acquisition candidates, reach agreement on potential acquisitions on acceptable terms, successfully integrate personnel or assets that we acquire or for other reasons. Our acquisition efforts may involve certain risks, including:

- we may have difficulty integrating operations and systems;
- key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition;
- we may not be successful in launching new molecular diagnostic tests or companion diagnostic tests, or if those tests are launched they may not prove successful in the market place;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting;
- we may assume or be held liable for risks and liabilities, including for environmental-related costs, as a result of our acquisitions, some of which we may not discover during our due diligence;
- we may incur significant additional operating expenses;
- our ongoing business may be disrupted or receive insufficient management attention; and
- we may not be able to realize synergies, the cost savings or other financial and operational benefits we anticipated, or such synergies, savings or benefits may take longer than we expected.

The process of negotiating acquisitions and integrating acquired tests, services, technologies, personnel or businesses might result in operating difficulties and expenditures and might require significant management attention that would otherwise be available for ongoing development of our business, whether or not any such transaction is ever consummated. Moreover, we might never realize the anticipated benefits of any acquisition. Future acquisitions could result in the use of our available cash and marketable securities, potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, or impairment expenses related to goodwill, and impairment or amortization expenses related to other intangible assets, which could harm our financial condition. In addition, if we are unable to integrate any acquired businesses, tests or technologies effectively, our business, financial condition and results of operations may be materially adversely affected.

We may not be able to successfully integrate the operations of businesses that we acquire with our own or realize the anticipated benefits of the acquisitions, which could adversely affect our financial condition, results of operations and business prospects.

There can be no assurance that we will be able to successfully integrate our recent acquisitions or develop or commercialize products based on recently acquired technologies, or that we will be able to successfully integrate any other companies, products or technologies that we acquire and may not realize all or any of the expected benefits of any acquisitions as and when planned. Additionally, we may experience increased expenses, distraction of our management, personnel and customer uncertainty.

The difficulties and risks associated with the integration of any other businesses that we may acquire include:

- possible inconsistencies in the standards, controls, procedures, policies and compensation structures;
- the increased scope and complexity of the acquired company's operations;
- the potential loss of key employees and the costs associated to retain key employees;
- risks and limitations on our ability to consolidate corporate and administrative infrastructures of the two companies; and
- the possibility of unanticipated delays, costs or inefficiencies associated with the integration of our operations with the operations of any other companies that we may acquire.

As a result of these difficulties and risks, we may not accomplish the integration of the business of any companies we may acquire smoothly, successfully or within our budgetary expectations and anticipated timetable. Accordingly, we may fail to realize some or all of the anticipated benefits of the acquisition, such as increase in our scale, diversification, cash flows and operational efficiency and meaningful accretion to our diluted earnings per share.

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

Our business exposes us to potential liability risks inherent in the testing, marketing and processing of molecular diagnostic products, including possible misdiagnoses. Although we are insured against such risks in amounts that we believe to be commercially reasonable, our present professional and product liability insurance may be inadequate. A successful product liability claim in excess of our insurance coverage could have a material adverse effect on our business. Any successful product liability claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products.

We are dependent on our information technology and telecommunications systems, and any failure of these systems could harm our business.

We depend on information technology, or IT, and telecommunications systems for significant aspects of our business. These IT and telecommunications systems support a variety of functions, including sample processing, tracking, quality control, customer service and support, billing, research and development activities, and various general and administrative activities. Failures or significant downtime of our IT or telecommunications systems could prevent us from processing samples, providing test results to physicians, billing payors, addressing patient or physician inquiries, conducting research and development activities and conducting general and administrative elements of our business. Any disruption or loss of IT or telecommunications systems on which critical aspects of our operations depend could have an adverse effect on our business, financial condition and results of operations.

Security breaches, loss of data and other disruptions could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we collect and store sensitive data, including legally protected patient health information, credit card information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information.

The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers, or viruses, breaches or interruptions due to employee error, malfeasance or other disruptions, or lapses in compliance with privacy and security mandates. Any such virus, breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost or stolen. We have measures in place that are designed to prevent, and if necessary to detect and respond to such security incidents and breaches of privacy and security mandates. While we have experienced unauthorized accesses to our information technology systems and infrastructure in the past, which may occur again in the future, our security measures have been able to detect, respond to and prevent any material adverse effect to our information systems and business operations from such breaches. However, in the future, any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, such as HIPAA, government enforcement actions and regulatory penalties. Unauthorized access, loss or dissemination could also disrupt our operations, including our ability to process samples, provide test results, bill payors or patients, provide customer support services, conduct research and development activities, process and prepare company financial information, manage various general and administrative aspects of our business and may damage our reputation, any of which could adversely affect our business, financial condition and results of operations.

In May 2016, the European Union ("EU") formally adopted the General Data Protection Regulation (GDPR), which applies to all EU member states from May 25, 2018. The GDPR introduces stringent new data protection requirements for business activities in the European Union and substantial fines for breaches of the EU data protection rules. The GDPR has increased our responsibility and liability in relation to personal data that we process and we may be required to put in place additional procedures to ensure compliance with the new EU data protection rules. The GDPR is a complex law with still evolving regulatory guidance, including with respect to how the GDPR should be applied in the context of clinical studies or other transactions from which we may gain access to personal data. Furthermore, many of the countries within the European Union are still in the process of drafting supplementary data protection legislation in key fields where the GDPR allows for national variation, including the fields of clinical study and other health-related information. These national variations may raise our costs of compliance and result in greater potential legal risks.

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

We anticipate that our existing capital resources and expected net cash to be generated from sales of our molecular diagnostic tests will enable us to maintain our currently planned operations for the foreseeable future. However, we base this expectation on our current operating plan, which may change. We have incurred, and will continue to incur, significant costs in the discovery, development and marketing of current and prospective molecular diagnostic and companion diagnostic tests. Our ongoing efforts to develop tests and expand our business which may be through internally developed products, in licensing and mergers and acquisitions will require substantial cash resources. If, due to changes in our current operating plan, adequate funds are not available, we may be required to raise additional funds. Sources of potential additional capital resources may include, but are not limited to, public or private equity financings, establishing a credit facility, or selling convertible or non-convertible debt securities. This additional funding, if necessary, may not be available to us on reasonable terms, or at all. If we issue shares of stock or other securities to acquire new companies or technologies, the ownership interests of our existing stockholders may be significantly diluted.

Because of our potential long-term capital requirements, we may access the public or private equity or debt markets whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. Under SEC rules, we currently qualify as a well-known seasoned issuer, or WKSI, and can at any time file a registration statement registering securities to be sold to the public which would become effective upon filing. If additional funds are raised by issuing equity securities, existing shareholders may suffer significant dilution. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring debt, making capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or tests, or grant licenses on terms that are not favorable to us.

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

In connection with our research and development activities, we are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens, chemicals and wastes. Although we believe that we have complied with the applicable laws, regulations and policies in all material respects and have not been required to correct any material noncompliance, we may be required to incur significant costs to comply with environmental and health and safety regulations in the future. Although we believe that our safety procedures for handling and disposing of controlled materials comply with the standards prescribed by state and federal regulations, accidental contamination or injury from these materials may occur. In the event of such an occurrence, we could be held liable for any damages that result and any such liability could exceed our resources.

Changes in health care policy could increase our costs, decrease our revenues and impact sales of and reimbursement for our tests.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or the ACA became law. This law substantially changed the way health care is financed by both governmental and private insurers, and significantly impacts our industry. The ACA contains a number of provisions that are expected to impact our business and operations, some of which in ways we cannot currently predict, including those governing enrollment in state and federal health care programs, reimbursement changes and fraud and abuse, which will impact existing state and federal health care programs and will result in the development of new programs. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA. Both Congress and President Trump have expressed their intention to repeal or repeal and replace the ACA, and as a result, certain sections of the ACA have not been fully implemented or were effectively repealed. The uncertainty around the future of the ACA, and in particular the impact to reimbursement levels and the number of insured individuals, may lead to delay in the purchasing decisions of our customers, which may in turn negatively impact our product sales. Further, if reimbursement levels are inadequate, our business and results of operations could be adversely affected.

In addition to the ACA, there will continue to be proposals by legislators at both the federal and state levels, regulators and private third-party payors to reduce costs while expanding individual healthcare benefits. Certain of these changes could impose additional limitations on the prices we will be able to charge for our tests or the amounts of reimbursement available for our tests from governmental agencies or private third-party payors.

We face risks associated with currency exchange rate fluctuations, which could adversely affect our operating results.

We receive a portion of our revenues and pay a portion of our expenses in currencies other than the United States dollar, such as the Euro, the Swiss franc, the British pound, the Australian dollar and the Canadian dollar. As a result, we are at risk for exchange rate fluctuations between such foreign currencies and the United States dollar, which could affect the results of our operations. If the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions will result in decreased revenues and operating expenses. We may not be able to offset adverse foreign currency impact with increased revenues. We do not currently utilize hedging strategies to mitigate foreign currency risk and even if we were to implement hedging strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications.

Risks Related to Commercialization of Our Tests, Our Services and Test Candidates

We may not be able to maintain revenue growth and profitability.

We may not be able to generate revenue growth or maintain existing revenue levels. Presently, our molecular diagnostic business operates profitably providing a cash contribution to our current funding and operational needs. We may not, however, be able to continue to operate our molecular diagnostic business on a profitable basis. Potential events or factors that may have a significant impact on our ability to sustain revenue growth and profitability for our molecular diagnostic business include the following:

- increased costs of reagents and other consumables required for molecular diagnostic testing;
- increased personnel and facility costs;
- our inability to hire competent, trained staff, including laboratory directors required to review and approve all reports we issue in our molecular diagnostic business, and sales personnel;

- our inability to obtain necessary equipment or reagents to perform molecular diagnostic testing;
- our inability to increase production capacity as demand increases;
- our inability to expand into new markets outside the United States;
- the efforts of third party payors to limit or decrease the amounts that they are willing to pay for our tests;
- increased licensing or royalty costs, and our ability to maintain and enforce the intellectual property rights underlying our tests and services;
- changes in intellectual propriety law applicable to our patents or enforcement in the United States and foreign countries;
- potential obsolescence of our tests;
- our inability to increase commercial acceptance of our molecular diagnostic tests;
- increased competition and loss of market share; and
- increased regulatory requirements.

Our international business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States.

As part of our business strategy, we have expanded into international markets. We have established sales offices in Germany, Switzerland, France, Spain, the United Kingdom, Italy, Canada and Australia; laboratory and production operations in Germany; and international headquarters in Switzerland. We may establish additional operations or acquire additional properties outside the United States in order to advance our international sales doing business internationally involves a number of risks, including:

- failure by us to obtain regulatory approvals or adequate reimbursement for the use of our tests in various countries;
- difficulty in staffing and managing foreign operations;
- managing multiple payor reimbursement and self-pay systems;
- logistics and regulations associated with shipping patient samples, including infrastructure conditions and transportation delays;
- limits in our ability to penetrate international markets if we are not able to process tests locally;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable and exposure to foreign currency exchange rate fluctuations;
- political and economic instability, including wars, terrorism, and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions;
- multiple, conflicting and changing laws and regulations such as tax laws, export and import restrictions, employment laws, data and privacy laws such as the EU General Data Protection Regulation (GDPR), regulatory requirements and other governmental approvals, permits and licenses; and
- regulatory and compliance risks that relate to maintaining accurate information and control over sales and distributors' activities that may fall within the purview of the U.S. Foreign Corrupt Practice Act, UK Bribery Act, anti-boycott laws and other anti-corruption laws.

Any of these factors could significantly harm our international operations and, consequently, our revenues and results of operations. In addition, any failure to comply with applicable legal and regulatory obligations could impact us in a variety of ways that include, but are not limited to, significant criminal, civil and administrative penalties, including imprisonment of individuals, fines and penalties, denial of export privileges, seizure of shipments, and restrictions on certain business activities. Also, the failure to comply with applicable legal and regulatory obligations could result in the disruption of our distribution and sales activities.

Our international operations could be affected by changes in laws, trade regulations, labor and employment regulations, and procedures and actions affecting approval, production, pricing, reimbursement and marketing of tests, as well as by inter-governmental disputes. Any of these changes could adversely affect our business.

Our success internationally will depend, in part, on our ability to develop and implement policies and strategies that are effective in anticipating and managing these and other risks in the countries in which we do business. Failure to manage these and other risks may have a material adverse effect on our operations in any particular country and on our business as a whole.

International data protection laws and regulations may restrict our activities and increase our costs.

International data protection laws and regulations may affect our collection, use, storage, and transfer of information obtained outside of the United States. In particular, the European Union's General Data Protection Regulation, or GDPR, took effect in May 2018, and will require us to meet new and more stringent requirements regarding the handling of personal data about European Union residents. Failure to meet GDPR requirements could result in penalties of up to 4% of our worldwide revenue. The GDPR is a complex law and the regulatory guidance is still evolving. Furthermore, many of the countries within the European Union are still in the process of drafting supplementary data protection legislation in key fields where the GDPR allows for national variation, including the fields of clinical study and other health-related information. These variations in European data protection laws may raise our costs of compliance and result in greater legal risks. Failure to comply with data protection laws and regulations could result in government enforcement actions, which may involve civil and criminal penalties, private litigation and/or adverse publicity and could negatively affect our operating results and business. Claims that we have violated individuals' privacy rights or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Foreign governments may impose reimbursement standards, which may adversely affect our future profitability.

We market our tests in foreign jurisdictions and as such may be subject to rules and regulations in those jurisdictions relating to our testing. In some foreign countries, including countries in the European Union, the reimbursement of diagnostic tests is subject to governmental control. In these countries, reimbursement negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a test candidate. If reimbursement of our future tests is unavailable or limited in scope or amount, or if reimbursement rates are set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

We may experience increased price competition and price erosion.

We may experience pricing pressures from managed care organizations and other private third-party payors in the future. Any declines in average selling prices of our products due to pricing pressures may have an adverse impact on our business, results of operations and financial condition.

Our pharmaceutical testing services customers may reduce the amount of testing they conduct through us.

If there is a change in the regulatory environment or intellectual property law, or our pharmaceutical testing services customers consolidate, our customers may divert resources from testing, resulting in a reduced demand for our laboratory testing services. Alternatively, customers may decide to perform their own laboratory testing services in-house.

We rely on a single laboratory facility to process each of our molecular diagnostic tests in the United States and Europe and a single laboratory facility to perform our pharmaceutical and clinical services. Failure to maintain the operations of these laboratories in compliance with applicable regulations would seriously harm our business.

We rely on a CLIA-certified and FDA approved laboratory facility in Salt Lake City, Utah to perform most of our molecular diagnostic tests; a CLIA-certified laboratory in South San Francisco, California to perform our Foresight and Prequel tests; a single laboratory facility in Cologne, Germany to perform and produce our EndoPredict test kits; a CLIA-certified lab in Mason, Ohio to perform our GeneSight test; and a CLIA-certified laboratory facility in Austin, Texas to perform our pharmaceutical and clinical testing services. These facilities and certain pieces of laboratory equipment would be difficult to replace and may require significant replacement lead-time. In the event our clinical testing facilities were to lose their CLIA certification or other required certifications or licenses or were affected by a man-made or natural disaster, we would be unable to continue our molecular diagnostic and pharmaceutical and clinical services business at current levels to meet customer demands for a significant period of time. Although we maintain insurance on these facilities, including business interruption insurance, it may not be adequate to protect us from all potential losses if these facilities were damaged or destroyed. In addition, any interruption in our molecular diagnostic or pharmaceutical and clinical services business would result in a loss of goodwill, including damage to our reputation. If our molecular diagnostic or pharmaceutical and clinical services business were interrupted, it would seriously harm our business.

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

We currently rely on a small number of suppliers to provide our gene sequencing equipment, content enrichment equipment, multiplex protein analysis equipment, robots, and specialty reagents and laboratory supplies required in connection with our testing and research. We believe that currently there are limited alternative suppliers of these equipment, robots, and reagents. The equipment, robots, or the reagents may not remain available in commercial quantities at acceptable costs. If we are unable to obtain when needed additional or alternative equipment, robots, or an adequate supply of reagents or other ingredients at commercially reasonable rates, our ability to continue to identify genes and perform molecular diagnostic testing and pharmaceutical and clinical services would be adversely affected.

Our molecular diagnostic and companion diagnostic tests in development may never achieve significant commercial market acceptance.

We may not succeed in achieving significant commercial market acceptance of our diagnostic test and clinical service offerings that we have launched in recent years or are currently developing. Our ability to successfully develop and commercialize our current molecular diagnostic and companion diagnostic tests, as well as any future molecular diagnostic and companion diagnostic tests that we may develop, will depend on several factors, including:

- our ability to convince the medical community of the clinical utility of our tests and their potential advantages over existing tests;
- our ability to collaborate with biotechnology and pharmaceutical companies to develop and commercialize companion diagnostic tests for their therapeutic drugs and drug candidates;
- the agreement by third-party payors to reimburse our tests, the scope and extent of which will affect patients' willingness or ability to pay for our tests and will likely heavily influence physicians' decisions to recommend our tests; and
- the willingness of physicians to utilize our tests, which can be difficult to interpret. This difficulty is caused by the ability of our tests to predict only as to a probability, not certainty, that a tested individual will develop, have the disease, benefit from a particular therapy or has an aggressive form of the disease that the test is intended to predict.

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

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

The clinical laboratory and genetics testing fields are intense and highly competitive. Tests that are developed are characterized by rapid technological change. Our competitors in the United States and abroad are numerous and include, among others, major diagnostic companies, reference laboratories, molecular diagnostic firms, universities and other research institutions. Some of our potential competitors have considerably greater financial, technical, marketing and other resources than we do, which may allow these competitors to discover important genes and determine their function before we do. We could be adversely affected if we do not discover genes, proteins or biomarkers and characterize their function, develop molecular diagnostic and pharmaceutical and clinical services based on these discoveries, obtain required regulatory and other approvals and launch these tests and their related services before our competitors. We also expect to encounter significant competition with respect to any molecular diagnostic and companion diagnostic tests that we may develop or commercialize. Those companies that bring to market new molecular diagnostic and companion tests before we do may achieve a significant competitive advantage in marketing and commercializing their tests. We may not be able to develop additional molecular diagnostic tests successfully and we or our licensors may not obtain or enforce patents covering these tests that provide protection against our competitors. Moreover, our competitors may succeed in developing molecular diagnostic and companion diagnostic tests that circumvent our technologies or tests. Furthermore, our competitors may succeed in developing technologies or tests that are more effective or less costly than those developed by us or that would render our technologies or tests less competitive or obsolete. We expect competition to intensify in the fields in which we are involved as technical advances in these fields occur and become more widely known and changes in intellectual property laws generate challenges to our intellectual property position.

If our current research collaborators or scientific advisors terminate their relationships with us or develop relationships with a competitor, our ability to discover genes, proteins, and biomarkers, and to validate and commercialize molecular diagnostic and companion diagnostic tests could be adversely affected.

We have relationships with research collaborators at academic and other institutions who conduct research at our request. These research collaborators are not our employees. As a result, we have limited control over their activities and, except as otherwise required by our collaboration agreements, can expect only limited amounts of their time to be dedicated to our activities. Our ability to discover genes, proteins, and biomarkers involved in human disease and validate and commercialize molecular diagnostic and companion diagnostic tests will depend in part on the continuation of these collaborations. If any of these collaborations are terminated, we may not be able to enter into other acceptable collaborations. In addition, our existing collaborations may not be successful.

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

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

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

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

As we expand our commercial tests we may be required to incur significant costs and devote significant efforts to expand our existing tests sales and marketing capabilities.

Our sales and marketing experience and capabilities consist primarily of our sales force that markets our molecular diagnostic tests to oncologists, obstetricians, gynecologists, urologists, dermatopathologists and rheumatologists in the United States. We are currently expanding our sales efforts outside the United States, which will require us to hire additional personnel and engage in additional sales and marketing efforts. We have limited sales and marketing experience outside the Unites States. As we expand our business operations internationally, we expect to face a number of additional costs and risks, including the need to recruit a large number of additional experienced marketing and sales personnel.

Risks Related to Our Intellectual Property

If we are not able to protect our proprietary technology, others could compete against us more directly, which would harm our business.

As of June 30, 2019, our patent portfolio included issued patents owned or licensed by us and numerous patent applications in the United States and other countries with claims protecting our intellectual property rights. Our commercial success will depend, in part, on our ability to obtain additional patents and licenses and protect our existing patent position, both in the United States and in other countries, for compositions, processes, methods and other inventions that we believe are patentable. Our ability to preserve our trade secrets, proprietary data bases and other intellectual property is also important to our long-term success. If our intellectual property is not adequately protected, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to maintain profitability. Patents may also issue to third parties which could interfere with our ability to bring our molecular diagnostic tests to market. The laws of some foreign countries do not protect our proprietary rights to the same extent as U.S. laws, and we may encounter significant problems in protecting our proprietary rights in these countries.

The patent positions of diagnostic companies, including our patent position, are generally highly uncertain and involve complex legal and factual questions, and, therefore, any patents issued to us may be challenged, deemed unenforceable, invalidated or circumvented. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies and any future tests are covered by valid and enforceable patents or are effectively maintained as trade secrets. Our patent applications may never issue as patents, and the claims of any issued patents may not afford meaningful protection for our technology or tests. In addition, any patents issued to us or our licensors may be challenged, and subsequently narrowed, invalidated or circumvented.

Where necessary, we may initiate litigation to enforce our patent or other intellectual property rights. Any such litigation may require us to spend a substantial amount of time and money and could distract management from our day-to-day operations. Moreover, there is no assurance that we will be successful in any such litigation.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- we or our licensors were the first to make the inventions covered by each of our patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies;
- any of our or our licensors' patent applications will result in issued patents;
- any of our or our licensors' patents will be valid or enforceable;
- any patents issued to us or our licensors and collaborators will provide a basis for commercially viable tests, will provide us with any competitive advantages or will not be challenged by third parties;
- we will develop additional proprietary technologies or tests that are patentable;
- the patents of others will not have an adverse effect on our business; or
- our patents or patents that we license from others will survive legal challenges, and remain valid and enforceable.

If a third party files a patent application with claims to subject matter we have invented, the Patent and Trademark Office ("PTO") may declare interference between competing patent applications. If an interference is declared, we may not prevail in the interference. If the other party prevails in the interference, we may be precluded from commercializing services or tests based on the invention or may be required to seek a license. A license may not be available to us on commercially acceptable terms, if at all.

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

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

Our tests may also conflict with patents that have been or may be granted to others. Our industry includes many organizations that have or are seeking to discern biomarkers and develop genomic, proteomic and other technologies. To the extent any patents are issued or have been issued to those organizations, the risk increases that the sale of our molecular diagnostic and companion diagnostic tests currently being marketed or under development may give rise to claims of patent infringement. Others may have filed and in the future are likely to file patent applications covering biomarkers that are similar or identical to our tests. Any of these patent applications may have priority over our patent applications and these entities or persons could bring legal proceedings against us seeking damages or seeking to enjoin us from testing or marketing our tests. Patent litigation is costly, and even if we prevail, the cost of such litigation could have a material adverse effect on us. If the other parties in any such actions are successful, in addition to any liability for damages, we could be required to cease the infringing activity or obtain a license. Any license required may not be available to us on commercially acceptable terms, if at all. Our failure to obtain a license to any technology that we may require to commercialize our tests could have a material adverse effect on our business. We believe that there may be significant litigation in the industry regarding patent and other intellectual property rights. If we become involved in this litigation, it could consume a substantial portion of our managerial and financial resources.

We may be unable to adequately prevent disclosure of trade secrets, proprietary databases, and other proprietary information.

We rely on trade secrets to protect our proprietary technologies and databases, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. We rely in part on confidentiality agreements with our employees, consultants, outside scientific collaborators, sponsored researchers and others to protect our trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy if unauthorized disclosure of confidential information occurs. In addition, others may independently discover our trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

If we fail to comply with our obligations under license or technology agreements with third parties, we could lose license rights that are critical to our business.

We license intellectual property that is important to our business, including licenses underlying the technology in our molecular diagnostic and pharmaceutical and clinical services, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. These licenses impose various royalty payments, milestones, and other obligations on us. If we fail to comply with any of these obligations, the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from distributing our current tests, or inhibit our ability to commercialize future test candidates. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms.

We may be subject to claims that we or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is commonplace in our industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Risks Related to Government Regulation

If we fail to comply with the complex federal, state, local and foreign laws and regulations that apply to our business, we could suffer severe consequences that could materially and adversely affect our operating results and financial condition.

Our operations are subject to extensive federal, state, local and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among other things:

- CLIA, which requires that laboratories obtain certification from the federal government, and state licensure laws;
- FDA laws and regulations;
- HIPAA, which imposes comprehensive federal standards with respect to the privacy and security of protected health information and requirements for the use of certain standardized electronic transactions; amendments to HIPAA under HITECH, which strengthen and expand HIPAA privacy and security compliance requirements, increase penalties for violators, extend enforcement authority to state attorneys general and impose requirements for breach notification;
- state laws regulating genetic testing and protecting the privacy of genetic test results, as well as state laws protecting the privacy and security of health information and personal data and mandating reporting of breaches to affected individuals and state regulators;
- the federal anti-kickback law, or the Anti-Kickback Statute, which prohibits knowingly and willfully offering, paying, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for, or recommending of an item or service that is reimbursable, in whole or in part, by a federal health care program;

- the federal False Claims Act, which imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government;
- the federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transfer of remuneration to a Medicare or state health care program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies;
- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, and false claims acts, which may extend to services reimbursable by any third-party payor, including private insurers;
- the federal Physician Payments Sunshine Act, which requires medical device manufactures to track and report to the federal government certain payments and other transfers of value made to physicians and teaching hospitals and ownership or investment interests held by physicians and their immediate family members;
- Section 216 of the federal Protecting Access to Medicare Act of 2014 ("PAMA"), which requires applicable laboratories to report private payor data in a timely and accurate manner beginning in 2017 and every three years thereafter (and in some cases annually);
- state laws that impose reporting and other compliance-related requirements; and
- similar foreign laws and regulations that apply to us in the countries in which we operate.

These laws and regulations are complex and are subject to interpretation by the courts and by government agencies. Our failure to comply could lead to civil or criminal penalties, exclusion from participation in state and federal health care programs, or prohibitions or restrictions on our laboratories' ability to provide or receive payment for our services. We believe that we are in material compliance with all statutory and regulatory requirements, but there is a risk that one or more government agencies could take a contrary position, or that a private party could file suit under the qui tam provisions of the federal False Claims Act or a similar state law. Such occurrences, regardless of their outcome, could damage our reputation and adversely affect important business relationships with third parties, including managed care organizations, and other private third-party payors.

FDA regulation of our industry generally or our tests specifically could be disruptive to our business.

The FDA has recently increased its attention to marketing of pharmacogenetic tests. For example, in late 2018, the FDA issued a safety communication regarding "[g]enetic laboratory tests with claims to predict a patient's response to specific medications, that have not been reviewed by the FDA and may not be supported by clinical evidence." Among other tests, the FDA notice cited "genetic tests that claim results can be used to help physicians identify which antidepressant medication would have increased effectiveness or side effects compared to other antidepressant medications" (https://www.fda.gov/medical-devices/safety-communications/fda-warns-against-use-many-genetic-tests-unapproved-claims-predict-patient-response-specific). As explained by the FDA in its update to this safety communication, the FDA reached out to several firms marketing such pharmacogenetic tests where the FDA believes the relationship between genetic variations and the medication's effects has not been established, including a warning letter to Inova Genomics Laboratory.

Earlier in 2019, we provided the FDA with clinical evidence and other information to support our GeneSight Psychotropic test. More recently, the FDA requested changes to the GeneSight test offering, and we have been in ongoing discussions with the FDA regarding its request. Although we continue to disagree that changes to the test are required, on August 10, 2019 we submitted a proposal regarding the reporting of GeneSight test results to healthcare providers that we believe addresses the FDA's principal concerns. We believe this approach should not affect the benefits that we believe are provided by the GeneSight test. However, we cannot predict with certainty the outcome of our interactions with the FDA or its timing, and whether the ultimate form of the test offering will have an adverse effect on our revenues from the test.

Failure to comply with government laws and regulations related to submission of claims for our services could result in significant monetary damages and penalties and exclusion from the Medicare and Medicaid programs and corresponding foreign reimbursement programs.

We are subject to laws and regulations governing the submission of claims for payment for our services, such as those relating to: coverage of our services under Medicare, Medicaid and other state, federal and foreign health care programs; the amounts that we may bill for our services; and the party to which we must submit claims. Our failure to comply with applicable laws and regulations could result in our inability to receive payment for our services or in attempts by state and federal healthcare programs, such as Medicare and Medicaid, to recover payments already made. Submission of claims in violation of these laws and regulations can result in recoupment of payments already received, substantial civil monetary penalties, and exclusion from state and federal health care programs, and can subject us to liability under the federal False Claims Act and similar laws. The failure to report and return an overpayment to the Medicare or Medicaid program within 60 days of identifying its existence can give rise to liability under the False Claims Act. Further, a government agency could attempt to hold us liable for causing the improper submission of claims by another entity for services that we performed if we were found to have knowingly participated in the arrangement at issue.

We are currently subject to government investigation(s), the unfavorable outcome of which may have a material adverse effect on our financial condition, results of operations and cash flows.

In June 2016, our wholly-owned subsidiary, Crescendo Bioscience, Inc. ("CBI"), received a subpoena from the Office of Inspector General of the Department of Health and Human Services requesting that CBI produce documents relating to entities that received payment from CBI for the collection and processing of blood specimens for testing, including a named unrelated company, healthcare providers and other third party entities. The Office of Inspector General subsequently requested additional documentation in December 2017. CBI has provided to the Office of Inspector General the documents requested and continues to cooperate with any follow-up requests. We are unable to predict what action, if any, might be taken in the future by the Office of Inspector General or any other regulatory authority as a result of the matters related to this investigation.

While no claims have been made against us with respect to this investigation, the investigations may divert management resources and/or cause us to incur substantial costs, and any unfavorable outcome may have a material adverse effect on our financial condition, results or operations and cash flows.

Our business could be harmed by the loss, suspension, or other restriction on a license, certification, or accreditation, or by the imposition of a fine or penalties, under CLIA, its implementing regulations, or other state, federal and foreign laws and regulations affecting licensure or certification, or by future changes in these laws or regulations.

The diagnostic testing industry is subject to extensive laws and regulations, many of which have not been interpreted by the courts. CLIA requires virtually all laboratories to be certified by the federal government and mandates compliance with various operational, personnel, facilities administration, quality and proficiency testing requirements intended to ensure that testing services are accurate, reliable and timely. CLIA certification is also a prerequisite to be eligible to bill state and federal health care programs, as well as many private third-party payors, for laboratory testing services. As a condition of CLIA certification, each of our laboratories is subject to survey and inspection every other year, in addition to being subject to additional random inspections. The biennial survey is conducted by CMS; a CMS agent (typically a state agency); or, if the laboratory holds a CLIA certificate of accreditation, a CMS-approved accreditation organization. Sanctions for failure to comply with CLIA requirements, including proficiency testing violations, may include suspension, revocation, or limitation of a laboratory's CLIA certificate, which is necessary to conduct business, as well as the imposition of significant fines or criminal penalties. In addition, we are subject to regulation under state laws and regulations governing laboratory licensure. Some states have enacted state licensure laws that are more stringent than CLIA. We are also subject to laws and regulations governing our reference laboratory in Germany. Changes in state or foreign licensure laws that affect our ability to offer and provide diagnostic services across state or foreign country lines could materially and adversely affect our business. In addition, state and foreign requirements for laboratory certification may be costly or difficult to meet and could affect our ability to receive specimens from certain states or foreign countries.

Any sanction imposed under CLIA, its implementing regulations, or state or foreign laws or regulations governing licensure, or our failure to renew a CLIA certificate, a state or foreign license, or accreditation, could have a material adverse effect on our business. If the CLIA certificate of any one of our laboratories is revoked, CMS could seek revocation of the CLIA certificates of our other laboratories based on their common ownership or operation, even though they are separately certified.

Changes in the way that the FDA regulates tests performed by laboratories like ours could result in delay or additional expense in offering our tests and tests that we may develop in the future.

Historically, the FDA has exercised enforcement discretion with respect to most LDTs and has not required laboratories that furnish LDTs to comply with the agency's requirements for medical devices (e.g., establishment registration, device listing, quality systems regulations, premarket clearance or premarket approval, and post-market controls). In recent years, however, the FDA publicly announced its intention to regulate certain LDTs and issued two draft guidance documents that set forth a proposed phased-in risk-based regulatory framework that would apply varying levels of FDA oversight to LDTs. However, these guidance documents were withdrawn at the end of the Obama administration and replaced by an informal discussion paper reflecting some of the feedback that FDA had received on LDT regulation. The FDA acknowledged that the discussion paper in January 2017 that the FDA stated does not represent the formal position of the FDA and is not enforceable. Nevertheless, the FDA wanted to share its synthesis of the feedback that it had received in the hope that it might advance public discussion on future LDT oversight. Notwithstanding the discussion paper, the FDA continues to exercise enforcement discretion and may decide to regulate certain LDTs on a case-by-case basis at any time, which could result in delay or additional expense in offering our tests and tests that we may develop in the future.

Companion and complementary diagnostic tests require FDA approval and we may not be able to secure such approval in a timely manner or at all.

Our companion and complementary diagnostic products, marketing, sales and development activities and manufacturing processes are subject to extensive and rigorous regulation by the FDA pursuant to the Federal Food, Drug, and Cosmetic Act (FDC Act), by comparable agencies in foreign countries, and by other regulatory agencies and governing bodies. Under the FDC Act, companion diagnostics must receive FDA clearance or approval before they can be commercially marketed in the U.S. The process of obtaining marketing approval or clearance from the FDA or by comparable agencies in foreign countries for new products could:

- take a significant period of time;
- require the expenditure of substantial resources;
- involve rigorous pre-clinical testing, as well as increased post-market surveillance;
- require changes to products; and
- result in limitations on the indicated uses of products.

Although we obtained FDA approval for our BRAC*Analysis* CDx test, which is used as a companion diagnostic to identify ovarian cancer patients who may benefit from AstraZeneca's PARP inhibitor Lynparza™ (olaparib) and as a complementary diagnostic in ovarian cancer patients associated with enhanced progression-free survival (PFS) from Tesaro's PARP inhibitor Zejula™ (niraparib) maintenance therapy, we cannot predict whether or when we will be able to obtain FDA approval for other companion diagnostics that we are developing.

If the government and third-party payors fail to provide coverage and adequate payment for our tests and future tests, if any, our revenue and prospects for profitability will be harmed.

In both domestic and foreign markets, sales of our molecular diagnostic tests or any future diagnostic tests will depend in large part, upon the availability of reimbursement from third-party payors. Such third-party payors include state and federal health care programs such as Medicare, managed care providers, private health insurers and other organizations. These third-party payors are increasingly attempting to contain healthcare costs by demanding price discounts or rebates and limiting both coverage on which diagnostic tests they will pay for and the amounts that they will pay for new molecular diagnostic tests. We have recently experienced price reductions from CMS for some of our products and may experience future price reductions from managed care organizations and other third-party payors. The fact that a diagnostic test has been approved for reimbursement in the past, for any particular indication or in any particular jurisdiction, does not guarantee that such a diagnostic test will remain approved for reimbursement or that similar or additional diagnostic tests will be approved in the future. Moreover, there can be no assurance that any new tests we launch, such as myRisk Hereditary Cancer, myPath Melanoma and myPlan Lung Cancer, will be reimbursed at rates that are comparable to the rates that we historically obtained for our existing product portfolio. As a result, third-party payors may not cover or provide adequate payment for our current or future molecular diagnostic tests. Adequate third-party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in product development. Further, beginning in 2018 under PAMA, Medicare reimbursement for any given diagnostic test is based on the weighted-median of the payments made by private payors for such test, rendering private payor payment levels even more significant. As a result, future Medicare payments may fluctuate more often and become subject to the willingness of private payors to recognize the value of diagnostic tests generally and any given test individually.

U.S. and foreign governments continue to propose and pass legislation designed to reduce the cost of health care. For example, in some foreign markets, the government controls the pricing of many health care products. We expect that there will continue to be federal and state proposals to implement governmental controls or impose health care requirements. In addition, the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on product pricing. Cost control initiatives could decrease the price that we would receive for any tests in the future, which would limit our revenue and profitability.

Our business could be adversely impacted by our failure or the failure of physicians to comply with the ICD-10-CM Code Set.

CMS adopted a new coding set for diagnoses, commonly known as ICD-10-CM, which significantly expanded the previous coding set. Compliance with ICD-10-CM is required for all claims with dates of service on or after October 1, 2015. We believe we have fully implemented ICD-10-CM, however, our failure to implement and apply the new code set could adversely impact our business. In addition, if physicians fail to provide appropriate codes for desired tests, we may not be reimbursed for tests we perform.

Risks Related to Our Common Stock

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

The market prices for securities of molecular diagnostic companies have been volatile. This volatility has significantly affected the market prices for these securities for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our common stock. The market price for our common stock has fluctuated significantly since public trading commenced in October 1995, and it is likely that the market price will continue to fluctuate in the future. In the two years ended June 30, 2019, our stock price has ranged from $22.07 per share to $50.44 per share. In addition, the stock market in general has experienced extreme price and volume fluctuations. Events or factors that may have a significant impact on our business and on the market price of our common stock include the following:

- failure of any of our recently launched tests and any new test candidates to achieve commercial success;
- failure to sustain revenue growth or margins in our molecular diagnostic business;
- changes in the structure of healthcare payment systems and changes in the governmental or private insurers reimbursement levels for our molecular diagnostic tests;
- introduction of new commercial tests or technological innovations by competitors;
- termination of the licenses underlying our molecular diagnostic and pharmaceutical and clinical services;
- delays or other problems with operating our laboratory facilities;
- failure of any of our research and development programs;
- changes in intellectual property laws of our patents or enforcement in the United States and foreign countries;
- developments or disputes concerning patents or other proprietary rights involving us directly or otherwise affecting the industry as a whole;
- missing or changing the financial guidance we provide;
- changes in estimates or recommendations by securities analysts relating to our common stock or the securities of our competitors;
- changes in the governmental regulatory approved process for our existing and new tests:
- failure to meet estimates or recommendations by securities analysts that cover our common stock;
- public concern over our approved tests and any test candidates;
- litigation;
- government and regulatory investigations;
- future sales or anticipated sales of our common stock by us or our stockholders;
- the timing and amount of repurchases of our common stock;
- general market conditions;
- seasonal slowness in sales, particularly in the quarters ending September 30 and March 31, the effects of which may be difficult to understand during periods of growth;
- celebrity publicity;
- economic, healthcare and diagnostic trends, disasters or crises and other external factors; and
- period-to-period fluctuations in our financial results.

These and other external factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, securities class action litigation against companies has been on the rise. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit regardless of the outcome. Such a lawsuit could also divert the time and attention of our management.

Anti-takeover provisions of Delaware law, provisions in our charter and bylaws and re-adoption of our stockholders' rights plan, or poison pill, could make a third-party acquisition of us difficult.

Because we are a Delaware corporation, the anti-takeover provisions of Delaware law could make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to stockholders. We are subject to the provisions of Section 203 of the General Corporation Law of Delaware, which prohibits us from engaging in certain business combinations, unless the business combination is approved in a prescribed manner. In addition, our restated certificate of incorporation and restated bylaws also contain certain provisions that may make a third-party acquisition of us difficult, including:

- a classified board of directors, with three classes of directors each serving a staggered three-year term;
- the ability of the board of directors to issue preferred stock;
- a 70% super-majority shareholder vote to amend our bylaws and certain provisions of our certificate of incorporation; and
- the inability of our stockholders to call a special meeting or act by written consent.

In the past, we implemented a stockholders' rights plan, also called a poison pill, which could make it uneconomical for a third party to acquire our company on a hostile basis. Although the plan expired in July 2011, our Board of Directors could adopt a new plan at any time. The provisions in a stockholders' rights plan, as well as Section 203, may discourage certain types of transactions in which our stockholders might otherwise receive a premium for their shares over then current market price, and may limit the ability of our stockholders to approve transactions that they think may be in their best interests.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our corporate headquarters and facilities are located in Salt Lake City, Utah. We currently lease a total of 395,000 square feet of building space in Salt Lake City dedicated to research and development, administration and our laboratory that has received federal certification under CLIA. Activities related to our oncology, urology, dermatology and women's health molecular diagnostic business are performed at this location. The leases on our existing Salt Lake City facilities have terms of five to fifteen years, expiring from 2022 through 2027, and provide for renewal options for up to ten additional years. In addition, in December 2018 we entered into a lease agreement for a building yet to be constructed which shall contain approximately 125,000 square feet of additional office space upon completion. Construction began in July 2019 and we anticipate completion of the building during fiscal 2021.

We also lease approximately 36,000 square feet in Austin, Texas under a lease that expires in June 2020. This space is dedicated to administration, research and development and the CLIA-certified laboratory. Activities related to our pharmaceutical and clinical services are performed at this location.

In addition, we lease approximately 93,000 square feet in South San Francisco, California under two leases that expire in April 2025 and September 2025. This space is dedicated to administration, research and development and the CLIA-certified laboratory for our women's health business. Activities related to our autoimmune molecular diagnostic business are also performed at this location.

We also lease approximately 5,000 square feet in Zurich, Switzerland that expires in September 2021. This space is used for the administration of our international operations. We also maintain lease agreements for our administrative offices in Paris, France; Milan, Italy; London, United Kingdom; and Munich, Germany.

We also have a lease on an approximately 7,500 square foot facility with laboratory, production and office space in Cologne, Germany expiring in December 2022.

We also have 20 buildings comprising 127,000 square feet in Herrsching, Germany. Activities related to our pharmaceutical and clinical services are performed at this location.

We also lease 2 spaces in Mason, OH, the leases for which will expire in December 2022 and August 2024 respectively, and one in Toronto, ON Canada, which is month to month, with a total square footage of approximately 34,000.

We believe that our existing facilities and equipment are well maintained and in good working condition. We believe our current facilities and those planned will provide adequate capacity for at least the next two years. We continue to make investments in capital equipment as needed to meet the anticipated demand for our molecular diagnostic tests and our pharmaceutical and clinical services.

Item 3. LEGAL PROCEEDINGS

Investigations of the Department of Health and Human Services, Office of Inspector General

In July 2019, we resolved the complaint filed by a qui tam relator in October 2017 in the United States District Court for the District of South Carolina. The complaint was the basis of the Office of Inspector General (OIG) subpoena dated February 2018 regarding Medicare billing practices relating to the Company's hereditary cancer testing from 2014 to 2018. After a 17-month investigation, the Department of Justice declined to intervene in the case. The Company believes it demonstrated that the key allegations made in the complaint were false. In order to avoid a lengthy and distracting litigation with the qui tam relator, we entered into a settlement agreement on July 18, 2019 under which we would pay $9.1 million to the qui tam relator in order to settle the matter. That agreement is currently pending an approval by the Office of Inspector General. The Company denies any wrongdoing and does not anticipate any material change in billing practices.

In June 2016, our wholly-owned subsidiary, Crescendo Bioscience, Inc. ("CBI"), received a subpoena from the Office of Inspector General of the Department of Health and Human Services requesting that CBI produce documents relating to entities that received payment from CBI for the collection and processing of blood specimens for testing, including a named unrelated company, healthcare providers and other third party entities. The Office of Inspector General subsequently requested additional documentation in December 2017. CBI has provided to the Office of Inspector General the documents requested and continues to cooperate with any follow-up requests. We are unable to predict what action, if any, might be taken in the future by the Office of Inspector General or any other regulatory authority as a result of the matters related to this investigation. No claims have been made against CBI.

Purported Securities Class Action

On April 20, 2018, Matthew Kessman, individually and on behalf of all others similarly situated, filed a purported class action complaint in the United States District Court, District of Utah, No. 2:18-cv-0336-DAK-EJF ("Kessman Action"), against us, our President and Chief Executive Officer, Mark C. Capone, our former President and Chief Executive Officer, Peter D. Meldrum, our Executive Vice President and Chief Financial Officer, R. Bryan Riggsbee, and our former Executive Vice President and Chief Financial Officer, James S. Evans (collectively the "Defendants"). On March 25, 2019, the United States District Court granted the Company's Motion to Dismiss the Kessman Action with prejudice. Because no appeal was filed within the required time limit, the Kessman Action is concluded.

Other Legal Proceedings

On August 24, 2018, Assurex Health, Inc. was served with an Amended Complaint which had been filed in the Circuit Court of Cook County, Illinois, County Department, Law Division, Civil Action No. 2018 L 004972, by Pipe Trades Services MN Welfare Plan ("Pipe Trades"), as a qui tam relator, on behalf of the State of Illinois, Pipe Trades, and all others similarly situated, purportedly arising from Assurex's alleged violations of the Illinois Insurance Claims Fraud Prevention Act and other causes of action. Pipe Trades seeks certification of a putative class, certification as the purported class representative, and the payment of treble damages allegedly sustained by Pipe Trades and the purported class by reason of the allegations set forth in the amended complaint, plus statutory damages and penalties, plus interest, and legal and other costs and fees. The State of Illinois and Cook County, Illinois, have declined to intervene in the matter. On October 22, 2018, Assurex filed a Motion to Dismiss Plaintiff's Amended Complaint for Lack of Personal Jurisdiction requesting that the amended complaint be dismissed in its entirety, with prejudice, for lack of personal jurisdiction. On July 25, 2019, the court granted our motion in part and denied it in part, with the effect that plaintiffs must file an amended complaint. We intend to continue to vigorously defend against this action. Due to the nature of this matter and inherent uncertainties, it is not possible to provide an evaluation of the likelihood of an unfavorable outcome and an estimate of the amount or range of potential loss, if any.

Other than as set forth above, we are not a party to any legal proceedings that we believe will have a material impact on our business, financial position or results of operations.

Item 4. MINE SAFETY DISCLOSURES

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on The Nasdaq Global Select Market under the symbol "MYGN."

Stockholders

As of August 8, 2019, there were approximately 150 stockholders of record of our common stock and, according to our estimates, approximately 28,416 beneficial owners of our common stock.

Equity Compensation Plan Information

We incorporate information regarding the securities authorized for issuance under our equity compensation plans into this section by reference from the section entitled “Equity Compensation -- Equity Compensation Plan Information” to be included in the proxy statement for our 2019 Annual Meeting of Stockholders.

Unregistered Sales of Securities

None.

Issuer Purchases of Equity Securities

In June 2016, we announced that our board of directors had authorized us to repurchase an additional $200 million of our outstanding common stock increasing the cumulative share repurchase authorization since we first authorized the program in May 2010 to $1.4 billion. In connection with our most recent stock repurchase authorization, we have been authorized to complete the repurchase through open market transactions or through an accelerated share repurchase program, in each case to be executed at management’s discretion based on market conditions. During the twelve months ended June 30, 2019 the Company used $50.0 to repurchase shares of the Company’s stock as part of an accelerated share repurchase under our most recent stock repurchase program. The repurchase program may be suspended or discontinued at any time without prior notice. The transactions occurred in open market purchases and pursuant to a trading plan under Rule 10b5-1.

The details of the activity under our stock repurchase programs during the fiscal quarter ended June 30, 2019, were as follows:

Issuer Purchases of Equity Securities
(in millions, except per share data)

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2019 to April 30, 2019	—	$ —	—	110.7
May 1, 2019 to May 31, 2019	—	$ —	—	110.7
June 1, 2019 to June 30, 2019	—	$ —	—	110.7
Total	—	$ —	—	$ 110.7

Stock Performance Graph

The graph set forth below compares the annual percentage change in our cumulative total stockholder return on our common stock during a period commencing on June 30, 2014 and ending on June 28, 2019 (as measured by dividing (A) the difference between our share price at the end and the beginning of the measurement period; by (B) our share price at the beginning of the measurement period) with the cumulative total return of The Nasdaq Stock Market, Inc. and the Nasdaq Health Care Providers Stock Index during such period. We have not paid any cash dividends on our common stock, and we do not include cash dividends in the representation of our performance. The price of a share of common stock is based upon the closing price per share as quoted on The Nasdaq Global Select Market on the last trading day of the year shown. The graph lines merely connect year-end values and do not reflect fluctuations between those dates. The comparison assumes $100 was invested on June 30, 2014 in our common stock and in each of the foregoing indices. The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock.

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Myriad Genetics, Inc.	100.00	87.33	78.62	66.39	96.02	71.38
Nasdaq Stock Index (U.S.)	100.00	113.13	109.86	139.30	170.37	181.62
Nasdaq Health Care Providers Stocks	100.00	136.01	103.33	122.16	135.38	138.78

Note: Information used on the graph was obtained from the CRSP Total Return Indexes, a source believed to be reliable, but we are not responsible for any errors or omission in such information.

The performance graph shall not be deemed to be incorporated by reference by means of any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such acts.

Item 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth our selected consolidated financial data and has been derived from our audited consolidated financial statements. Consolidated balance sheets as of June 30, 2019 and 2018, as well as consolidated statements of operations for the years ended June 30, 2019, 2018 and 2017 and the reports thereon are included elsewhere in this Annual Report on Form 10-K. The information below should be read in conjunction with our audited consolidated financial statements (and notes thereon) and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7.

We adopted Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" using the full retrospective transition method and recast results from 2018 and 2017 including interim periods therein. Results from periods prior to 2017 have not been recast for the adoption of this standard.

In millions, except per share amounts	Years Ended June 30,				
Consolidated Statement of Operations Data:	**2019**	**2018**	**2017**	**2016**	**2015**
Molecular diagnostic testing	$ 789.4	$ 690.4	$ 679.4	$ 692.4	$ 694.9
Pharmaceutical and clinical services	61.7	53.3	49.3	48.1	27.6
Total Revenue	851.1	743.7	728.7	740.5	722.5
Costs and expenses:					
Cost of molecular diagnostic testing	168.2	148.7	145.2	132.8	132.8
Cost of pharmaceutical and clinical services	32.8	28.5	26.0	24.5	14.6
Research and development expense	85.9	70.8	74.4	70.6	75.5
Change in the fair value of contingent consideration	1.1	(61.2)	(0.8)	—	—
Selling, general and administrative expense	555.5	435.0	439.9	359.2	366.0
Total costs and expenses	843.5	621.8	684.7	587.1	588.9
Operating income	7.6	121.9	44.0	153.4	133.6
Other income (expense):					
Interest income	3.2	1.8	1.2	0.9	0.4
Interest expense	(12.0)	(3.2)	(6.0)	(0.3)	(0.2)
Other	1.2	(0.4)	(3.0)	2.0	0.5
Total other income (expense)	(7.6)	(1.8)	(7.8)	2.6	0.7
Income before income taxes	—	120.1	36.2	156.0	134.3
Income tax provision	(4.4)	(13.0)	19.0	38.8	54.5
Net income	4.4	133.1	17.2	117.2	79.8
Net loss attributable to non-controlling interest	(0.2)	(0.2)	(0.2)	—	—
Net income attributable to Myriad Genetics, Inc. stockholders	$ 4.6	$ 133.3	$ 17.4	$ 117.2	$ 79.8
Earnings per basic share:					
Basic	$ 0.06	$ 1.92	$ 0.25	$ 1.67	$ 1.12
Diluted	$ 0.06	$ 1.85	$ 0.25	$ 1.60	$ 1.07
Weighted average shares outstanding:					
Basic	73.5	69.4	68.3	70.0	71.3
Diluted	76.0	72.0	68.8	73.4	74.5

	As of June 30,				
Consolidated Balance Sheet Data:	**2019**	**2018**	**2017**	**2016**	**2015**
Cash, cash equivalents and marketable investment securities	$ 191.8	$ 211.3	$ 199.2	$ 238.9	$ 185.4
Working capital	230.8	225.4	83.2	229.8	214.3
Total assets	1,562.7	1,175.3	1,207.9	867.2	765.6
Stockholders' equity	1,088.9	966.1	767.0	739.6	661.7

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

The following discussion and analysis should be read in conjunction with Part II, ITEM 6 of this Report and the audited Consolidated Financial Statements and accompanying notes thereto included elsewhere in this Report. Unless otherwise noted, all of the financial information in this Report is consolidated financial information for the Company.

Overview

Our consolidated revenues consist primarily of sales of molecular diagnostic tests and pharmaceutical and clinical services through our wholly-owned subsidiaries. During the year ended June 30, 2019, we reported total revenues of $851.1 million, net income attributable to Myriad Genetics, Inc. stockholders of $4.6 million and diluted earnings per share of $0.06 that included income tax benefit of $4.4 million.

See Note 16 “Segment and Related Information” in the notes to our consolidated financial statements for information regarding our operating segments.

Our research and development expenses include costs incurred in formulating, improving, validating and creating alternative or modified processes related to and expanding the use of our current molecular diagnostic test offerings and costs incurred for the discovery, development and validation of our pipeline of molecular diagnostic and companion diagnostic candidates. In general, costs associated with research and development can fluctuate dramatically due to the timing of clinical studies, the staging of products in the pipeline and other factors.

Our selling, general and administrative expenses include costs associated with growing our businesses domestically and internationally. Selling, general and administrative expenses consist primarily of salaries, commissions and related personnel costs for sales, marketing, customer service, billing and collection, legal, finance and accounting, information technology, human resources, and allocated facilities expenses. We expect that our selling, general and administrative expenses may continue to increase and that such increases may be substantial, depending on the number and scope of any new molecular diagnostic test launches, our efforts in support of our existing molecular diagnostic tests and pharmaceutical and clinical services as well as our continued international expansion efforts.

Business Highlights

During fiscal year 2019, our revenue increased by 14 percent. Importantly, Myriad’s core hereditary cancer franchise returned to growth this fiscal year growing two percent relative to fiscal year 2018 and growing for the first time in the last five fiscal years.

We also set a new record with approximately 800,000 non-hereditary cancer tests performed in the fiscal year which represented approximately 75 percent of total test volume and 46 percent of revenue. This compares favorably to fiscal year 2013, when only one percent of total test volume and one percent of revenue was associated with non-hereditary cancer tests, and reflects the significant diversification of revenue over the last six fiscal years. During fiscal year 2019 we also completed the acquisition of Counsyl, a leader in prenatal testing allowing our entry into the $4 billion U.S. prenatal testing market.

In connection with our initiative to increase reimbursement, during fiscal year 2019, we published the GUIDED study, our landmark study for GeneSight, which demonstrated the ability of GeneSight to improve outcomes in patients with major depressive disorder with a 50 percent increase in remission rates and a 30 percent increase in response rates relative to standard of care therapy. We submitted an updated dossier with the GUIDED study data to commercial insurers and are in the process of undergoing technical assessment with major commercial insurers. During fiscal year 2019, we also announced positive coverage decisions from CareFirst Blue Cross Blue Shield and Kroger Prescription Plans. With respect to the prenatal business, we published the first clinical evidence supporting a broader set of genes for prenatal carrier screening using data from over 55,000 patients and plans to utilize the data to support broader coverage for expanded carrier screening. Additionally, we received a final local coverage decision from Medicare for our myPath Melanoma diagnostic test in fiscal year 2019.

During fiscal year 2019, we received two new companion diagnostic indications in Japan for metastatic breast cancer and ovarian cancer. Additionally, we submitted premarket approval applications in the United States for BRACAnalysis CDx in pancreatic cancer and myChoice HRD in advanced ovarian cancer with anticipated approvals in late calendar year 2019.

Results of Operations

Years Ended June 30, 2019, 2018 and 2017

Revenue

(In millions)	Years Ended June 30, 2019	2018 (a)	2017 (a)	Change 2019	2018 (a)
Revenue	$ 851.1	$ 743.7	$ 728.7	$ 107.4	$ 15.0

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

In 2019, the increase in revenue was primarily due to the inclusion of $104.9 million in Prenatal revenue due to the acquisition of Counsyl, an increase of $8.4 million in Pharmaceutical and Clinical Service revenue due to increased volumes, an increase of $8.3 million in Hereditary Cancer Testing due to increased volumes, a $4.0 million increase in Prolaris revenue due to increased volumes and reimbursement, and a $1.6 million increase in EndoPredict revenue due to increased volumes. The increases were partially offset by decreases of $12.3 million in Genesight revenue due to reduced reimbursement, and a $6.9 million decrease in Vectra revenue due to lower volumes.

In 2018, the increase in revenue was primarily driven by an increase of $46.5 million in Genesight revenue due to increased volumes as well as the inclusion of a full year of revenue from Assurex, a $13.5 million increase in Vectra due to increased volumes and reimbursement, a $8.8 million increase in Prolaris due to increased volumes and reimbursement and a $1.2 million increase in EndoPredict revenue from increased volumes. This increase was partially offset by a decrease of $69.0 million in Hereditary Cancer Testing primarily due to reduced reimbursement for our hereditary cancer tests.

The following table presents additional detail regarding the composition of our total revenue:

(In millions)	Years Ended June 30, 2019	2018 (a)	2017 (a)	Change 2019	2018 (a)	% of Total Revenue 2019	2018 (a)	2017 (a)
Molecular diagnostic revenues:								
Hereditary Cancer Testing	$ 479.7	$ 471.4	$ 525.5	$ 8.3	$ (54.1)	56%	63%	72%
GeneSight	112.6	124.9	78.4	(12.3)	46.5	13%	17%	11%
Prenatal	104.9	—	—	104.9	—	12%	—	—
Vectra	48.3	55.2	45.2	(6.9)	10.0	6%	7%	6%
Prolaris	25.5	21.5	11.1	4.0	10.4	3%	3%	2%
EndoPredict	10.4	8.8	7.7	1.6	1.1	1%	1%	1%
Other	8.0	8.6	11.5	(0.6)	(2.9)	1%	1%	2%
Total molecular diagnostic revenue	789.4	690.4	679.4	99.0	11.0			
Pharmaceutical and clinical service revenue	61.7	53.3	49.3	8.4	4.0	7%	7%	7%
Total revenue	$ 851.1	$ 743.7	$ 728.7	$ 107.4	$ 15.0	100%	100%	100%

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

Cost of Sales

(In millions)	Years Ended June 30, 2019	2018	2017	Change 2019	2018
Cost of Sales	$ 201.0	$ 177.2	$ 171.2	$ 23.8	$ 6.0
Cost of sales as a % of Sales	23.6%	23.8%	23.5%		

Cost of sales as a percentage of revenues decreased slightly from 23.8% to 23.6% during fiscal year 2019 compared to fiscal year 2018. The decrease was primarily driven by the implementation of efficiency programs in our DNA, RNA, and protein based laboratories. These decreases were partially offset by lower gross margins associated with the Counsyl business and reduction of reimbursement related to Hereditary Cancer and GeneSight.

Cost of sales as a percentage of revenues increased from 23.5% to 23.8% during fiscal 2018 compared to fiscal 2017. The increase was primarily driven by a change in existing product mix, lower fixed-cost absorption from lower hereditary cancer revenues and reduced hereditary cancer reimbursement.

Research and Development Expenses

	Years Ended June 30,			Change	
(In millions)	2019	2018	2017	2019	2018
R&D expense	$ 85.9	$ 70.8	$ 74.4	$ 15.1	$ (3.6)
R&D expense as a % of Sales	10.1%	9.5%	10.2%		

In 2019, R&D expense increased compared to the same period in the prior year primarily driven by $17.3 million in costs related to the inclusion of Counsyl. This increase was partially offset by a reduction in costs related to internal development of existing products.

In 2018, R&D expense decreased compared to the same period in the prior year primarily due to $2.9 million reduction in costs related to product and clinical development and $0.7 million reduction in share-based compensation.

Change in the Fair Value of Contingent Consideration

	Years Ended June 30,			Change	
(In millions)	2019	2018	2017	2019	2018
Change in the fair value of contingent consideration	$ 1.1	$ (61.2)	$ (0.8)	$ 62.3	$ (60.4)
Change in the fair value of contingent consideration as a % of Sales	0.1%	-8.2%	-0.1%		

In 2019, the increase in the change in fair value of contingent consideration compared to the prior year is primarily due to an increase in the fair value of contingent consideration related to the Sividon acquisition as well as the one-time benefit received in the prior year resulting from not having to pay the clinical trial milestone associated with the GUIDED study.

In 2018, the decrease in the change in fair value of contingent consideration compared to the prior year is primarily due to a $73.3 million decrease due to the Assurex randomized control trial not meeting its primary endpoint during the quarter ended December 31, 2017, which resulted in the Company not being required to pay the related milestone as defined in the acquisition agreement. This was partially offset by increases in the fair value of other Assurex and Sividon contingent consideration liabilities.

Selling, General and Administrative Expenses

	Years Ended June 30,			Change	
(In millions)	2019	2018 (a)	2017 (a)	2019	2018 (a)
SG&A expense	$ 555.5	$ 435.0	$ 439.9	$ 120.5	$ (4.9)
SG&A expense as a % of Sales	65.3%	58.5%	60.4%		

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

In 2019, the increase in SG&A expense compared to the prior year is primarily due to $55.0 million in costs related to the inclusion of Counsyl, $22.1 million of Counsyl amortization, $20.8 million in costs related to the acquisition and integration of Counsyl, $9.1 million related to the settlement of the complaint filed by a *qui tam* relator, and additional spend related to improving our IT infrastructure.

In 2018, the decrease in SG&A expense compared to the prior year is primarily due to a $10.3 million related to integration activities and net savings related to our Elevate 2020 initiative, which is our company-wide efficiency program, a $6.7 million decrease in sales and marketing expense. These decreases were partially offset by an $8.3 million from the inclusion of Assurex for a full year and $4.0 million increase in amortization expense mainly related to the Assurex acquisition.

Other Income

	Years Ended June 30,			Change	
(In millions)	2019	2018	2017	2019	2018
Other Income (expense)	$ (7.6)	$ (1.8)	$ (7.8)	$ (5.8)	$ 6.0

In 2019, the increase in other expense compared to the prior year was primarily driven by an increase in interest expense related to the debt incurred to fund the acquisition of Counsyl. This was partially offset by increased interest income.

In 2018, the increase in other expense compared to the prior year was primarily driven by the non-recurrence of the $2.4 million impairment of our RainDance investment, a one-time $0.9 million indirect tax expense and $1.3 million loss on extinguishment of debt which were recognized in the prior year. Other income also increased as a result of a $2.8 million reduction in interest expense.

Income Tax Expense

	Years Ended June 30,			Change	
(In millions)	2019	2018 (a)	2017 (a)	2019	2018 (a)
Income tax expense/(benefit)	$ (4.4)	$ (13.0)	$ 19.0	$ 8.6	$ (32.0)
Effective tax rate	-14107.7%	-10.7%	52.4%		

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

Our tax rate is the product of a blended U.S. federal effective rate of 21% and a blended state income tax rate of approximately 3.5%. Certain significant or unusual items are separately recognized during the period in which they occur and can be a source of variability in the effective tax rates from period to period.

Income tax benefit for the year ended June 30, 2019 is $4.4 million for an effective tax rate of (14,107.7%). The decrease in the effective rate as compared to the prior year is due to $32 million one-time Tax Act benefit in the prior year, disregarded election of foreign entities, amended filing and method changes, and statute lapse of uncertain tax positions. Differences related to the recognition of the tax effect of equity compensation expense from the disqualification of incentive stock options also impacted the current and prior year effective tax rate.

Liquidity and Capital Resources

We believe that our existing capital resources and the cash to be generated from future sales will be sufficient to meet our projected operating requirements, including repayment of the outstanding Facility for the foreseeable future. There are no scheduled principal payments of the Facility prior to its maturity date; however, our available capital resources may be consumed more rapidly than currently expected and we may need or want to raise additional financing. We may not be able to secure such financing in a timely manner or on favorable terms, if at all. Without additional funds, we may be forced to delay, scale back or eliminate some of our sales and marketing efforts, research and development activities, or other operations and potentially delay development of our diagnostic tests in an effort to provide sufficient funds to continue our operations. If any of these events occur, our ability to achieve our development and commercialization goals would be adversely affected.

Our capital deployment strategy focuses on use of resources in four key areas: research and development, acquisitions, debt repayment and the repurchase of our common stock. We believe that research and development provides the best return on invested capital. We also allocate capital for acquisitions that support our business strategy and share repurchases based on business and market conditions.

The following table represents the balances of cash, cash equivalents and marketable investment securities:

	Years Ended June 30,			Change	
(In millions)	2019	2018	2017	2019	2018
Cash and cash equivalents	$ 93.2	$ 110.9	$ 102.4	$ (17.7)	$ 8.5
Marketable investment securities	43.7	69.7	48.3	(26.0)	21.4
Long-term marketable investment securities	54.9	30.7	48.5	24.2	(17.8)
Cash, cash equivalents and marketable investment securities	$ 191.8	$ 211.3	$ 199.2	$ (19.5)	$ 12.1

In 2019, the decrease in cash, cash equivalents and marketable investment securities was driven by $286.4 million in cash used in investing activities primarily related to $278.5 million of cash used in the acquisition of Counsyl. This decrease was partially offset by an increase in cash of $182.3 million related to financing activities primarily related to a $225.0 million net increase in proceeds from the Facility and an increase in cash provided by operating activities of $83.7 million.

In 2018, the increase in cash, cash equivalents and marketable investment securities was primarily driven by $199.5 million in cash provided by operating activities, excluding contingent consideration, $53.0 million in distributions from our Facility and $36.9 million in proceeds from issuance of common stock from share-based compensation plans. These were partially offset by $143.0 million in payments towards our Facility, $65.1 million payout of contingent consideration related to the Assurex acquisition ($22.7 million of which was classified as operating cash flow and $42.4 million which was classified as financing cash flow) $60.9 million in changes in the fair value of contingent consideration and $9.8 million in cash used in investing activities.

The following table represents the condensed cash flow statement:

	Years Ended June 30,			Change	
(In millions)	2019	2018 (a)	2017 (a)	2019	2018 (a)
Cash flows from operating activities	$ 83.7	$ 115.9	$ 106.2	$ (32.2)	$ 9.7
Cash flows from investing activities	(286.4)	(11.6)	(146.3)	(274.8)	134.7
Cash flows from financing activities	182.3	(95.0)	71.8	277.3	(166.8)
Effect of foreign exchange rates on cash and cash equivalents	2.7	(0.8)	2.2	3.5	(3.0)
Net increase (decrease) in cash and cash equivalents	(17.7)	8.5	33.9	(26.2)	(25.4)
Cash and cash equivalents at the beginning of the year	110.9	102.4	68.5	8.5	33.9
Cash and cash equivalents at the end of the year	$ 93.2	$ 110.9	$ 102.4	$ (17.7)	$ 8.5

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

Cash Flows from Operating Activities

In 2019, the primary driver of the decrease in cash flows from operating activities was the $107.5 million decrease in net income excluding contingent consideration and a $45.6 million change in assets and liabilities. These were partially offset by a $142.1 million increase related to non-cash charges.

In 2018, the primary driver of the increase in cash flows from operating activities was the $110.6 million increase in net income and an $13.2 million change in assets and liabilities. These were partially offset by a $91.3 million reduction in non-cash charges and $22.7 million in contingent consideration payouts.

Cash Flows from Investing Activities

In 2019, the decrease in cash flows from investing activities was primarily driven by the $278.5 million of cash used for the purchase of Counsyl.

In 2018, the increase in cash flows from investing activities was primarily driven by the $216.1 million of cash used for the purchase of Assurex in the prior fiscal year. This was partially offset by a $76.5 million reduction in net proceeds of marketable investment securities.

Cash Flows from Financing Activities

In 2019, the increase in cash flows from financing activities was driven primarily by a $225.0 million increase in net proceeds from the Facility and the prior year's $42.4 million payment of contingent consideration related to the Assurex acquisition. These were partially offset by a $50 million reduction in cash used for share repurchase and $28.2 million decrease in proceeds from common stock issued under share-based compensation plans.

In 2018, the decrease in cash flows from financing activities was driven primarily by a $151.0 million reduction in net proceeds from the Facility, a $42.4 million payment of contingent consideration related to the Assurex acquisition and $38.0 million in additional cash paid for repayment of the Facility. These were partially offset by $31.6 million reduction in cash used for share repurchase and $30.9 million increase in proceeds from common stock issued under share-based compensation plans.

Contractual Obligations

The following table represents our contractual obligations as of June 30, 2019:

(In millions)	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchase obligations	$ 11.1	$ 10.2	$ 0.9	$ —	$ —
Operating Leases	85.5	15.1	27.2	24.1	19.1
Total	96.6	25.3	28.1	24.1	19.1

The expected timing of payment for the obligations listed above is estimated based on current information. Actual payment timing and amounts may differ depending on the timing of goods or services received or other changes. The table above only includes payment obligations that are fixed or determinable. The table excludes royalties to third parties based on future sales of any of our product candidates that are approved for sale, as the amounts, timing, and likelihood of any such payments are based on the level of future sales of tests and are unknown.

Effects of Inflation

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

Off-Balance Sheet Arrangements

None.

Certain Factors That May Affect Future Results of Operations

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Annual Report on Form 10-K 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," "seek," "could," continue," "likely," "will," "strategy, "goal" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of risks and uncertainties that could cause actual results to differ materially and adversely from those described in the forward-looking statements. These risks include, but are not limited to: the risk that sales and profit margins of our existing molecular diagnostic tests and pharmaceutical and clinical services may decline or will not continue to increase at historical rates; risks related to our ability to successfully transition from our existing product portfolio to our new tests; risks related to changes in governmental or private insurers reimbursement levels for our tests or our ability to obtain reimbursement for our new tests at comparable levels to our existing tests; risks related to increased competition and the development of new competing tests and services; the risk that we may be unable to develop or achieve commercial success for additional molecular diagnostic tests and pharmaceutical and clinical services in a timely manner, or at all; the risk that we may not successfully develop new markets for our molecular diagnostic tests and pharmaceutical and clinical services, including our ability to successfully generate revenue outside the United States; the risk that licenses to the technology underlying our molecular diagnostic tests and pharmaceutical and clinical services tests and any future tests are terminated or cannot be maintained on satisfactory terms; risks related to delays or other problems with

operating our laboratory testing facilities; risks related to public concern over genetic testing in general or our tests in particular; risks related to regulatory requirements or enforcement in the United States and foreign countries and changes in the structure of the healthcare system or healthcare payment systems; risks related to our ability to obtain new corporate collaborations or licenses and acquire new technologies or businesses on satisfactory terms, if at all; risks related to our ability to successfully integrate and derive benefits from any technologies or businesses that we license or acquire; risks related to our projections about the potential market opportunity for our products; the risk that we or our licensors may be unable to protect or that third parties will infringe the proprietary technologies underlying our tests; the risk of patent-infringement claims or challenges to the validity of our patents; risks related to changes in intellectual property laws covering our molecular diagnostic tests and pharmaceutical and clinical services and patents or enforcement in the United States and foreign countries, such as the Supreme Court decisions in *Mayo Collab. Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012), *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576 (2013), and *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014); risks of new, changing and competitive technologies and regulations in the United States and internationally; the risk that we may be unable to comply with financial operating covenants under our credit or lending agreements; the risk that we will be unable to pay, when due, amounts due under our credit or lending agreements; and other factors discussed under the heading "Risk Factors" contained in Item 1A of this Annual Report.

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

Market, Industry and Other Data

This Annual Report on Form 10-K contains estimates, projections and other information concerning our industry, our business and relevant molecular diagnostics markets, including data regarding the estimated size of relevant molecular diagnostic markets, patient populations, and the perceptions and preferences of patients and physicians regarding certain therapies, as well as data regarding market research and estimates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources that we believe to be reliable. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

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;
- goodwill; and
- income taxes.

Revenue Recognition. Effective July 1, 2018, we adopted Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" using the full retrospective transition method of adoption.

Under Topic 606, revenue is recognized when, or as, performance obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to a customer. We exclude sales, use, value-added, and other taxes we collect on behalf of third parties from revenue. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services to a customer. To meet the requirements of Topic 606 and accurately present the consideration received in exchange for promised services, we applied the prescribed five-step model outlined below:

1. Identification of a contract or agreement with a customer
2. Identification of our performance obligations in the contract or agreement
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations
5. Recognition of revenue when, or as, we satisfy a performance obligation

The Company performs its obligation under a contract with a customer by processing diagnostic tests and communicating the test results to customers, in exchange for consideration from the customer. The Company has the right to bill its customers upon the completion of performance obligations and thus does not record contract assets. Occasionally customers make payments prior to the Company's performance of its contractual obligations. When this occurs, the Company records a contract liability as deferred revenue.

Myriad generates revenue by performing molecular diagnostic testing and pharmaceutical and clinical services. Revenue from the sale of molecular diagnostic tests and pharmaceutical and clinical services is recorded at the estimated transaction price. The Company has determined that the communication of test results or the completion of clinical and pharmaceutical services indicates transfer of control for revenue recognition purposes.

Significant judgments are required in determining the transaction price and satisfying performance obligations under the new revenue standard. The Company provides discounts such as financial assistance programs and volume discounts to their patients. In determining the transaction price, Myriad includes an estimate of the expected amount of consideration as revenue. The Company applies this method consistently for similar contracts when estimating the effect of any uncertainty on an amount of variable consideration to which it will be entitled. An estimate of transaction price does not include any estimated amount of variable consideration that are constrained. The Company applies the expected value method for sales where the Company has a large number of contracts with similar characteristics.

In addition, the Company considers all the information (historical, current, and forecast) that is reasonably available to identify possible consideration amounts. In determining the expected value, the Company considers the probability of the variable consideration for each possible scenario. The Company also has significant experience with historical discount patterns and uses this experience to estimate transaction prices.

Goodwill. We test goodwill for impairment on an annual basis and in the interim by reporting unit if events and circumstances indicate that goodwill may be impaired. The events and circumstances that are considered include business climate and market conditions, legal factors, operating performance indicators and competition. Impairment of goodwill is evaluated on a qualitative basis to determine if using a two-step process is necessary. If the qualitative assessment suggests that impairment is more likely than not, a two-step impairment analysis is performed. The first step involves comparison of the fair value of a reporting unit with its carrying amount. The valuation of a reporting unit requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our business, including such factors as industry performance, market saturation and opportunity, changes in technology and operating cash flows. Changes in our forecasts or decreases in the value of our common stock could cause book value of reporting units to exceed their fair values. If the carrying amount of a reporting unit exceeds its fair value, the second step of the process involves a comparison of the fair value and the carrying amount of the goodwill of that reporting unit. If the carrying amount of the goodwill of the reporting unit exceeds the fair value of that goodwill, an impairment loss would be recognized in an amount equal to the excess of carrying value over fair value. If an event occurs that would cause a revision to the estimates and assumptions used in analyzing the value of the goodwill, the revision could result in a non-cash impairment charge that could have a material impact on the financial results.

We have recorded goodwill of $417.2 million from the acquisitions of Counsyl that was completed on July 31, 2018, Assurex that was completed on August 31, 2016, Sividon that was completed on May 31, 2016, the Clinic that was completed on February 27, 2015, Crescendo that was completed on February 28, 2014 and Myriad RBM that was completed on May 31, 2011. Of this goodwill, $351.6 million is related to our molecular diagnostic segment for Crescendo, Sividon, Assurex and Counsyl and $65.6 million for Myriad RBM and the Clinic related to our other segment (see note 16 for segment descriptions). We qualitatively evaluated the Counsyl and Myriad RBM reporting units for impairment noting no indicators of impairment from the date of acquisition.

We measured the fair value of Assurex utilizing the market approach and also utilizing the discounted cash flow method under the income approach. The income approach considered management's business plans and projections as the basis for expected cash flows for the next fifteen years and a 2% long-term growth rate. We also used a weighted average discount rate of 14%. Other significant estimates used in the analysis include the profitability of the respective reporting unit and working capital effects of each unit. We noted the fair value of the Assurex reporting unit exceeded its carrying value by 177% using these assumptions described above.

We measured the fair value of Crescendo utilizing the market approach and also utilizing the discounted cash flow method under the income approach. The income approach considered management's business plans and projections as the basis for expected cash flows for the next fifteen years and a 2% long-term growth rate. We also used a weighted average discount rate of 15.5%. Other significant estimates used in the analysis include the profitability of the respective reporting unit and working capital effects of each unit. We noted the fair value of the Crescendo reporting unit exceeded its carrying value by 12% using these assumptions described above. A 4.5% increase to the discount rate would change the calculated balance by $32.1 million which could cause an impairment.

We measured the fair value of the Clinic utilizing the market approach and also utilizing the discounted cash flow method under the income approach. This considered management's plans and projections as the basis for expected cash flows for the next five years using a 3% long-term growth rate. We also used a weighted discount rate of 6%. Other significant estimates used in the analysis include the profitability of the respective reporting unit and working capital effects of each unit. We noted the fair value of the Clinic reporting unit exceeded its carrying value by 14%. A 1.75% decrease in projected revenues would change the calculated balance by $4.5 million which could cause an impairment.

We measured the fair value of Sividon utilizing the market approach and also utilizing the discounted cash flow method under the income approach. This considered management's plans and projections as the basis for expected cash flows for the next thirteen years using a 3% long-term growth rate. We also used a discount rate of 15%. Other significant estimates used in the analysis include the profitability of the respective reporting unit and working capital effects of each unit. We noted the fair value of the Sividon reporting unit exceeded its carrying value by 93%. We also measured the fair value of the Sividon IPR&D intangible asset using the multi-period excess earning method. The multi-period excess earning method is a variation of the income approach that estimates the assets value based on present value of the incremental after-tax cash flow attributable only to the intangible assets. This considered management's expectation of successful product development as well as plans and projections as the basis for expected cash flows for the next eighteen years. We also used a discount rate of 16%. We noted that the fair value of the Sividon IPR&D exceeded its carrying value by 12%. A 2.0% increase to the discount rate would change the calculated balance by $2.2 million which could cause an impairment.

Income Taxes. Our income tax provision is based on income before taxes and is computed using the liability method in accordance with Accounting Standards Codification ("ASC") 740 – *Income Taxes*. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using tax rates projected to be in effect for the year in which the differences are expected to reverse. Significant estimates are required in determining our provision for income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations, or the expected results from any future tax examinations. Various internal and external factors may have favorable or unfavorable effects on our future provision for income taxes. Those factors include, but are not limited to, changes in tax laws, regulations and/or rates, the results of any future tax examinations, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, past levels of research and development spending, acquisitions, changes in our corporate structure, and changes in overall levels of income before taxes all of which may result in periodic revisions to our provision for income taxes.

Developing our provision for income taxes, including our effective tax rate and analysis of potential uncertain tax positions, if any, requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and any estimated valuation allowance we deem necessary to offset deferred tax assets. If we do not maintain taxable income from operations in future periods, we may increase the valuation allowance for our deferred tax assets and record material adjustments to our income tax expense. Our judgment and tax strategies are subject to audit by various taxing authorities. While we believe we have provided adequately for our uncertain income tax positions in our consolidated financial statements, adverse determination by these taxing authorities could have a material adverse effect on our consolidated financial condition, results of operations or cash flows. Interest and penalties on income tax items are included as a component of overall income tax expense.

Recent Accounting Pronouncements

See Note 1 to the Consolidated Financial Statements included in Item 8 of this Report for a description of recent accounting pronouncements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We maintain an investment portfolio in accordance with our written investment policy. The primary objectives of our investment policy are to preserve principal, maintain 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 five years or less, with a maximum average maturity of three years. These securities are classified as available-for-sale. Available-for-sale securities are recorded on the balance sheet at fair market value with unrealized gains or losses reported as part of accumulated other comprehensive income/loss. Realized gains and losses on investment security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned. A decline in the market value of any available-for-sale security below cost that is deemed other-than-temporary results in a charge to earnings and establishes a new cost basis for the security.

Although our investment policy guidelines are intended to ensure the preservation of principal, market conditions can result in high levels of uncertainty. Our ability to trade or redeem the marketable investment securities in which we invest, including certain corporate bonds, may become difficult. Valuation and pricing of these securities can also become variable and subject to uncertainty.

As of June 30, 2019 we had $0.4 million in unrealized gains in our investment portfolio. For the year ended June 30, 2019 we have experienced fluctuations in our portfolio value primarily from our investments in bonds of various municipalities. If interest rates rise, the market value of our investments may decline, which could result in a realized loss if we are forced to sell an investment before its scheduled maturity. A hypothetical increase in interest rates by 25 basis points would have resulted in an increase in the fair value of our net investment position of approximately $0.3 million and a decrease in the fair value of our net investment position of approximately $0.3 million as of June 30, 2019 and 2018, respectively. We do not utilize derivative financial instruments to manage our interest rate risks.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MYRIAD GENETICS, INC.

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Myriad Genetics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries (the Company) as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 13, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment evaluation of goodwill and indefinite-lived intangible assets

Description of the Matter

At June 30, 2019, the Company's goodwill and indefinite-lived intangible asset balances, consisting of in-process research and development (IPR&D), were $417.2 million and $23.0 million, respectively. As discussed in Note 5 of the financial statements, goodwill and IPR&D are tested for impairment at least annually. Auditing management's annual impairment tests was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting units for goodwill and the fair value of IPR&D assets. Specifically, the fair value estimates for goodwill were sensitive to significant assumptions including the estimation of expected cash flows, discount rate, and long-term growth rates. The fair value estimate for IPR&D was sensitive to significant assumptions including the probability of successful product development, expected cash flows and discount rate. The fair value estimates of goodwill and IPR&D are affected by such factors as industry performance, market saturation and opportunity, changes in technology and operating cash flows.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill and indefinite-lived intangible asset impairment review processes. For example, we tested controls over the quantitative impairment analyses of goodwill and IPR&D, including the valuation models and underlying assumptions used to develop such estimates.

To test the estimated fair value of the Company's reporting units and IPR&D assets, we performed audit procedures that included, among others, evaluating the Company's valuation methodology used, evaluating the prospective financial information utilized in the valuations, evaluating the Company's estimate relating to the successful development of its IPR&D assets, and involving our valuation specialists to assist in testing certain significant assumptions described above, such as discount rates and long-term growth rates. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the reporting units and IPR&D assets that would result from changes in the assumptions.

Measurement of molecular diagnostic testing revenue

Description of the Matter

During the year ended June 30, 2019, the Company's molecular diagnostic testing revenue was $789.4 million. As discussed in Note 1 of the financial statements, molecular diagnostic testing revenue is recognized when the performance obligation is complete. Auditing the measurement of the Company's molecular diagnostic testing revenue was complex and judgmental due to the significant estimation required in estimating the amount that would be collected for each test. In particular, the estimate of revenue is affected by assumptions in payor behavior such as changes in payor mix, payor collections, current customer contractual requirements, and experience with ultimate collection from third-party payors.

How We Addressed the Matter in Our Audit

We obtained an understanding and evaluated the design and tested the operating effectiveness of controls over the Company's revenue recognition process. As part of our testing, we considered controls over management's review of the significant assumptions above and inputs used in the determination of the expected amount. We also tested controls used by management to compare the current and historical data used in making the estimates for completeness and accuracy.

Our audit procedures over the Company's molecular diagnostic testing revenue included, among others, assessing valuation methodologies and models and testing the significant assumptions above and the underlying data used by the Company in its analysis. We agreed transactions selected for testing back to the actual customer contract terms. We compared the significant assumptions above and inputs used by management to changes in the Company's contracted rates, third-party payor collection trends, and other relevant factors. We assessed the historical accuracy of the cash collections used in the Company's revenue models and assessed the completeness of adjustments to estimates of future cash collections as a result of significant contract amendments, changes in collection trends and changes in payor behavior.

Valuation of intangibles assets in acquisition of Counsyl, Inc.

Description of the Matter	On July 31, 2018, the Company completed its acquisition of Counsyl, Inc. (Counsyl) and recognized $290.0 million of technology-related intangible assets as disclosed in Note 3 to the consolidated financial statements. The transaction was accounted for as a business combination. Auditing the Company's valuation of intangible assets from the acquisition of Counsyl was complex due to the significant estimation required by management to determine the fair value of the intangible assets. The significant estimation uncertainty was primarily due to the sensitivity of the respective fair values to the significant underlying assumptions utilized in the measurement of the fair value of the technology-related intangible assets. The Company used a discounted cash flow model to measure the technology-related intangible assets. The significant assumptions used in the model to estimate the value of the intangible assets included projected cash flows, discount rate, and long-term growth rate. These significant assumptions are forward looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over the valuation of intangible assets related to the acquisition. For example, we tested controls over the recognition and measurement of the technology-related intangible assets, including the valuation models and underlying assumptions used to develop such estimates. To test the estimated fair value of the technology-related intangible assets, we performed audit procedures that included, among others, testing the significant assumptions used in the model. We also involved our valuation specialists to assist in our evaluation of certain significant assumptions described above, such as discount rate and long-term growth rate utilized in the valuation of the intangible assets. We also evaluated the prospective financial information utilized in the valuations.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2006.

Salt Lake City, UT
August 13, 2019

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions)

	Years Ended June 30,	
	2019	**2018 (a)**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 93.2	$ 110.9
Marketable investment securities	43.7	69.7
Prepaid expenses	16.6	9.4
Inventory	31.4	34.3
Trade accounts receivable	133.9	99.5
Prepaid taxes	25.1	—
Other receivables	4.7	3.8
Total current assets	348.6	327.6
Property, plant and equipment, net	57.3	43.2
Long-term marketable investment securities	54.9	30.7
Intangibles, net	684.7	455.2
Goodwill	417.2	318.6
Total assets	$ 1,562.7	$ 1,175.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33.3	$ 26.0
Accrued liabilities	78.9	68.3
Short-term contingent consideration	3.4	5.3
Deferred revenue	2.2	2.6
Total current liabilities	117.8	102.2
Unrecognized tax benefits	21.7	24.9
Other long-term liabilities	7.8	6.3
Contingent consideration	10.4	9.2
Long-term debt	233.5	9.3
Long-term deferred taxes	82.6	57.3
Total liabilities	473.8	209.2
Commitments and contingencies		
Stockholders' equity:		
Common stock, 73.5 and 70.6 shares outstanding at June 30, 2019 and 2018 respectively	0.7	0.7
Additional paid-in capital	1,068.0	915.4
Accumulated other comprehensive loss	(5.4)	(4.1)
Retained earnings	25.6	54.1
Total Myriad Genetics, Inc. stockholders' equity	1,088.9	966.1
Non-controlling interest	—	—
Total stockholders' equity	1,088.9	966.1
Total liabilities and stockholders' equity	$ 1,562.7	$ 1,175.3

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Consolidated Statements of Operations
(In millions, except per share amounts)

	Years Ended June 30,		
	2019	2018 (a)	2017 (a)
Molecular diagnostic testing	$ 789.4	$ 690.4	$ 679.4
Pharmaceutical and clinical services	61.7	53.3	49.3
Total revenue	851.1	743.7	728.7
Costs and expenses:			
Cost of molecular diagnostic testing	168.2	148.7	145.2
Cost of pharmaceutical and clinical services	32.8	28.5	26.0
Research and development expense	85.9	70.8	74.4
Change in the fair value of contingent consideration	1.1	(61.2)	(0.8)
Selling, general, and administrative expense	555.5	435.0	439.9
Total costs and expenses	843.5	621.8	684.7
Operating income	7.6	121.9	44.0
Other income (expense):			
Interest income	3.2	1.8	1.2
Interest expense	(12.0)	(3.2)	(6.0)
Other	1.2	(0.4)	(3.0)
Total other income (expense):	(7.6)	(1.8)	(7.8)
Income before income tax	—	120.1	36.2
Income tax provision (benefit)	(4.4)	(13.0)	19.0
Net income	4.4	133.1	17.2
Net loss attributable to non-controlling interest	(0.2)	(0.2)	(0.2)
Net income attributable to Myriad Genetics, Inc. stockholders	$ 4.6	$ 133.3	$ 17.4
Earnings per share:			
Basic	$ 0.06	$ 1.92	$ 0.25
Diluted	$ 0.06	$ 1.85	$ 0.25
Weighted average shares outstanding:			
Basic	73.5	69.4	68.3
Diluted	76.0	72.0	68.8

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In millions)

	Years Ended June 30,		
	2019	**2018 (a)**	**2017 (a)**
Net income attributable to Myriad Genetics, Inc. stockholders	$ 4.6	$ 133.3	$ 17.4
Unrealized gain (loss) on available-for-sale securities, net of tax	1.2	(0.4)	(0.6)
Change in pension liability	0.6	0.3	0.2
Change in foreign currency translation adjustment	(3.1)	1.6	4.4
Comprehensive income	$ 3.3	$ 134.8	$ 21.4

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In millions)

	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings (accumulated deficit)	Myriad Genetics, Inc. Stockholders' equity
BALANCES AT JUNE 30, 2016 (a)	**$ 0.7**	**$ 830.1**	**$ (9.5)**	**$ (79.6)**	**$ 741.7**
Issuance of common stock under share-based compensation plans	—	6.0	—	—	6.0
Share-based payment expense	—	29.9	—	—	29.9
Repurchase and retirement of common stock	—	(14.6)	—	(17.0)	(31.6)
Net income	—	—	—	17.4	17.4
Other comprehensive loss, net of tax	—	—	4.0	—	4.0
BALANCES AT JUNE 30, 2017 (a)	**$ 0.7**	**$ 851.4**	**$ (5.5)**	**$ (79.2)**	**$ 767.4**
Issuance of common stock under share-based compensation plans	—	36.9	—	—	36.9
Share-based payment expense	—	27.1	—	—	27.1
Net income	—	—	—	133.3	133.3
Other comprehensive income, net of tax	—	—	1.4	—	1.4
BALANCES AT JUNE 30, 2018 (a)	**$ 0.7**	**$ 915.4**	**$ (4.1)**	**$ 54.1**	**$ 966.1**
Issuance of common stock under share-based compensation plans	—	136.0	—	—	136.0
Share-based payment expense	—	33.5	—	—	33.5
Repurchase and retirement of common stock		(16.9)		(33.1)	(50.0)
Net income	—	—	—	4.6	4.6
Other comprehensive income, net of tax	—	—	(1.3)	—	(1.3)
BALANCES AT JUNE 30, 2019	**$ 0.7**	**$ 1,068.0**	**$ (5.4)**	**$ 25.6**	**$ 1,088.9**

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions)

	Years Ended June 30,		
	2019	**2018 (a)**	**2017 (a)**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income attributable to Myriad Genetics, Inc. stockholders	$ 4.6	$ 133.3	$ 17.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	73.0	54.4	48.3
Non-cash interest expense	0.4	0.2	0.4
Gain on disposition of assets	(0.9)	(0.2)	(0.3)
Share-based compensation expense	33.5	27.1	29.9
Impairment of cost basis investment	—	—	2.4
Loss on extinguishment of debt	—	—	1.3
Deferred income taxes	18.6	(23.5)	0.8
Unrecognized tax benefits	(5.5)	(0.3)	1.2
Change in fair value of contingent consideration	(1.4)	(60.9)	(0.8)
Payment of contingent consideration	(1.5)	(22.7)	—
Changes in assets and liabilities:			
Prepaid expenses	(3.2)	3.3	7.8
Trade accounts receivable	(18.2)	(9.1)	0.5
Other receivables	(0.7)	1.1	(4.0)
Inventory	8.0	7.9	(1.2)
Prepaid taxes	(25.1)	—	3.4
Accounts payable	1.1	4.0	(3.0)
Accrued liabilities	1.5	1.4	1.2
Deferred revenue	(0.5)	(0.1)	0.9
Net cash provided by operating activities	83.7	115.9	106.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(8.6)	(8.4)	(6.1)
Acquisitions, net of cash acquired	(278.5)	—	(216.1)
Sale of cost basis investment	—	—	2.6
Purchases of marketable investment securities	(78.5)	(80.9)	(87.5)
Proceeds from maturities and sales of marketable investment securities	79.2	77.7	160.8
Net cash used in investing activities	(286.4)	(11.6)	(146.3)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from common stock issued under share-based compensation plans	8.7	36.9	6.0
Proceeds from revolving credit facility	340.0	53.0	204.0
Repayment of revolving credit facility	(115.0)	(143.0)	(105.0)
Net proceeds from term loan	—	—	199.0
Repayment of term loan	—	—	(200.0)
Payment of contingent consideration recognized at acquisition	—	(42.4)	—
Fees associated with restructure of debt	(1.4)	—	(0.6)
Repurchase and retirement of common stock	(50.0)	—	(31.6)
Proceeds from non-controlling interest	—	0.5	—
Net cash provided by (used in) financing activities	182.3	(95.0)	71.8
Effect of foreign exchange rates on cash and cash equivalents	2.7	(0.8)	2.2
Net increase (decrease) in cash and cash equivalents	(17.7)	8.5	33.9
Cash and cash equivalents at beginning of year	110.9	102.4	68.5
Cash and cash equivalents at end of year	$ 93.2	$ 110.9	$ 102.4

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

Myriad Genetics, Inc. and subsidiaries (collectively, the Company) is a leading personalized precision medicine company acting as a trusted advisor to transform patient lives through pioneering molecular diagnostics. The Company employs a number of proprietary technologies, including DNA, RNA and protein analysis, that help it to understand the genetic basis of human disease and the role that genes and their related proteins may play in the onset and progression of disease. The Company uses this information to guide the development of new molecular diagnostic and companion diagnostic tests that are designed to assess an individual's risk for developing disease later in life (predictive medicine), identify a patient's likelihood of responding to drug therapy and guide a patient's dosing to ensure optimal treatment (personalized medicine), or assess a patient's risk of disease progression and disease recurrence (prognostic medicine). The Company generates revenue by performing molecular diagnostic tests as well as by providing pharmaceutical and clinical services to the pharmaceutical and biotechnology industries and medical research institutions utilizing its multiplexed immunoassay technology. The Company's corporate headquarters are located in Salt Lake City, Utah.

The accompanying consolidated financial statements have been prepared by Myriad Genetics, Inc. (the "Company" or "Myriad") in accordance with U.S. generally accepted accounting principles ("GAAP") for financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). The 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 U.S. GAAP.

Marketable Investment Securities

The Company has classified its marketable investment securities, all of which are debt securities, as available-for-sale securities. These securities are carried at estimated fair value with unrealized holding gains and losses, net of the related tax effect, included in accumulated other comprehensive loss in stockholders' equity until realized. Gains and losses on investment security transactions are reported on the specific-identification method. Dividend and interest income are recognized when earned. The Company's cash equivalents consist of short-term, highly liquid investments that are readily convertible to known amounts of cash.

A decline in the market value of any available-for-sale security below cost that is deemed other than temporary results in a charge to earnings and establishes a new cost basis for the security. Losses are charged against "Other income" when a decline in fair value is determined to be other than temporary. The Company reviews several factors to determine whether a loss is other than temporary. These factors include but are not limited to: (i) the extent to which the fair value is less than cost and the cause for the fair value decline, (ii) the financial condition and near term prospects of the issuer, (iii) the length of time a security is in an unrealized loss position and (iv) the Company's ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. There were no other-than-temporary impairments recognized during the fiscal years ended June 30, 2019, 2018 and 2017.

Inventory

Inventories consist of reagents, plates and testing kits. Inventories are stated at the lower of cost or market on a first-in, first-out basis. In order to assess the ultimate realization of inventories, the Company is required to make judgments as to future demand requirements compared to current or committed inventory levels.

The Company evaluates its inventories for excess quantities and obsolescence. Inventories that are considered obsolete are expensed. The valuation of inventories requires the use of estimates as to the amounts of current inventories that will be sold. These estimates are dependent on management's assessment of current and expected orders from the Company's customers.

Trade Accounts Receivable

Trade accounts receivable represents amounts billed to customers for revenue recognized related to molecular diagnostic tests and pharmaceutical and clinical services. The Company does not have any off-balance-sheet credit exposure related to its customers and does not require collateral.

Property, Plant and Equipment

Equipment and leasehold improvements are stated at cost less accumulated depreciation. 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 items have depreciable lives of five to seven years. Leasehold improvements are depreciated over the shorter of the estimated useful lives or the associated lease terms, which range from three to ten years. Repairs and maintenance costs are charged to expense as incurred.

Intangible Assets and Other Long-Lived Assets

Intangible and other long-lived assets are comprised of acquired licenses, technology and intellectual property and purchased in-process research and development. Acquired intangible assets are recorded at fair value and amortized over the shorter of the contractual life or the estimated useful life. The estimated useful life of acquired in-process research and development was also evaluated in conjunction with the annual impairment analysis of intangible assets. The classification of the acquired in-process research and development as an indefinite lived asset was deemed appropriate as the related research and development was not yet complete nor had it been abandoned.

The Company continually reviews and monitors long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Goodwill

Goodwill is tested for impairment on an annual basis as of April 1 and in the interim by reporting unit if events and circumstances indicate that goodwill may be impaired. The events and circumstances that are considered include business climate and market conditions, legal factors, operating performance indicators and competition. Impairment of goodwill was first assessed using a qualitative approach. If the qualitative assessment suggests that impairment is more likely than not, a two-step impairment analysis is performed. The first step involves a comparison of the fair value of the reporting unit with its carrying amount. If the carrying amount of the reporting unit exceeds its fair value, the second step of the process involves a comparison of the fair value and the carrying amount of the goodwill of that reporting unit. If the carrying amount of the goodwill of the reporting unit exceeds the fair value of that goodwill, an impairment loss would be recognized in an amount equal to the excess of carrying value over fair value. If an event occurs that would cause a revision to the estimates and assumptions used in analyzing the value of the goodwill, the revision could result in a non-cash impairment charge that could have a material impact on the financial results.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("Topic 606"). Under Topic 606, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted this standard as of July 1, 2018, utilizing the full retrospective method of adoption allowed by the standard, in order to provide for comparative results in all periods presented.

The Company performs its obligation under a contract with a customer by processing diagnostic tests and communicating the test results to customers, in exchange for consideration from the customer. The Company has the right to bill its customers upon the completion of performance obligations and thus does not record contract assets. Occasionally customers make payments prior to the Company's performance of its contractual obligations. When this occurs, the Company records a contract liability as deferred revenue. A reconciliation of the beginning and ending balances of deferred revenue is shown in the table below:

	Years Ended June 30,	
	2019	2018
Deferred revenue - beginning balance	$ 2.6	$ 2.6
Revenue recognized	(7.9)	(14.0)
Prepayments	7.5	14.0
Deferred revenue - ending balance	$ 2.2	$ 2.6

Myriad generates revenue by performing molecular diagnostic testing and pharmaceutical and clinical services. Revenue from the sale of molecular diagnostic tests and pharmaceutical and clinical services is recorded at the estimated transaction price. The Company has determined that the communication of test results or the completion of clinical and pharmaceutical services indicates transfer of control for revenue recognition purposes.

In accordance with ASU 2014-09, the Company has elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for its contracts that are one year or less, as the revenue is expected to be recognized within the next year. Furthermore, the Company has elected not to disclose the aggregate amount of the transaction price allocated to remaining performance obligations for its agreements wherein the Company's right to payment is in an amount that directly corresponds with the value of Company's performance to date. However, periodically the Company enters into arrangements with customers to provide diagnostic testing and/or pharmaceutical and clinical services that may have terms longer than one year and include multiple performance obligations. As of June 30, 2019, the aggregate amount of the transaction price of such contracts that is allocated to the remaining performance obligations is $3.2.

Significant judgments are required in determining the transaction price and satisfying performance obligations under the new revenue standard. The Company provides discounts such as financial assistance programs and volume discounts to their patients. In determining the transaction price, Myriad includes an estimate of the expected amount of consideration as revenue. The Company applies this method consistently for similar contracts when estimating the effect of any uncertainty on an amount of variable consideration to which it will be entitled. The estimate of revenue is affected by assumptions in payor behavior such as changes in payor mix, payor collections, current customer contractual requirements, and experience with ultimate collection from third-party payors. An estimate of transaction price does not include any estimated amount of variable consideration that are constrained. The Company applies the expected value method for sales where the Company has a large number of contracts with similar characteristics.

In addition, the Company considers all the information (historical, current, and forecast) that is reasonably available to identify possible consideration amounts. In determining the expected value under the new standard, the Company considers the probability of the variable consideration for each possible scenario. The Company also has significant experience with historical discount patterns and uses this experience to estimate transaction prices. In accordance with Accounting Standards Update No. 2016-02, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients ("ASU 2016-12"), the Company has elected to exclude from the measurement of transaction price, all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer for e.g. sales tax, value added tax etc.

During the three and twelve months ended June 30, 2019, the Company recognized a $7.6 decrease and $2.6 increase respectively, in revenue for tests in which the performance obligation of delivering the tests results was met in prior periods. The changes were primarily driven by changes in the estimated transaction price due to contractual adjustments, obtaining updated information from payors and patients that was unknown at the time the performance obligation was met and settlements with third party payors.

The Company has elected to apply the practical expedient related to costs to obtain or fulfill a contract since the amortization period for such costs will be one year or less. Accordingly, no costs incurred to obtain or fulfill a contract have been capitalized. The Company has also elected to apply the practical expedient for not adjusting revenue recognized for the effects of the time value of money. This practical expedient has been elected because the Company collects very little cash from customers under payment terms and vast majority of payments terms have a payback period of less than one year.

The adoption of Topic 606 affected the Company's consolidated balance sheets and statements of comprehensive income, due to fact that amounts that have historically been classified as bad debt expense are now reflected as a reduction of the transaction price and, therefore, a reduction in revenue. See "*Recently Adopted Standards*" for additional information on the impact of the adoption on prior periods presented.

The following table represents the Company's revenue by type for the years ended June 30, 2019, 2018 and 2017 (in thousands):

	Years Ended June 30,		
(In millions)	**2019**	**2018 (a)**	**2017 (a)**
Molecular diagnostic revenues:			
Hereditary Cancer Testing	$ 479.7	$ 471.4	$ 525.5
GeneSight	112.6	124.9	78.4
Prenatal	104.9	—	—
Vectra	48.3	55.2	45.2
Prolaris	25.5	21.5	11.1
EndoPredict	10.4	8.8	7.7
Other	8.0	8.6	11.5
Total molecular diagnostic revenue	789.4	690.4	679.4
Pharmaceutical and clinical service revenue	61.7	53.3	49.3
Total revenue	$ 851.1	$ 743.7	$ 728.7

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606)

Income Taxes

The Company recognizes income taxes under the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

The provision for income taxes, including the effective tax rate and analysis of potential tax exposure items, if any, requires significant judgment and expertise in federal and state income tax laws, regulations and strategies, including the determination of deferred tax assets and liabilities and any estimated valuation allowances deemed necessary to recognize deferred tax assets at an amount that is more likely than not to be realized. The Company's filings, including the positions taken therein, are subject to audit by various taxing authorities. While the Company believes it has provided adequately for its income tax liabilities in the consolidated financial statements, adverse determinations by these taxing authorities could have a material adverse effect on the consolidated financial condition, results of operations or cash flows.

Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding. Diluted earnings per share is computed based on the weighted-average number of shares of common stock, including the dilutive effect of common stock equivalents, outstanding.

The following is a reconciliation of the denominators of the basic and diluted earnings per share computations:

	Years Ended June 30,		
	2019	2018	2017
Denominator:			
Weighted-average shares outstanding used to compute basic EPS	73.5	69.4	68.3
Effect of dilutive stock options	2.5	2.6	0.5
Weighted-average shares outstanding and dilutive securities used to compute diluted EPS	76.0	72.0	68.8

Certain outstanding options and RSUs were excluded from the computation of diluted earnings per share because the effect would have been anti-dilutive. These potential dilutive common shares, which may be dilutive to future diluted earnings per share, are as follows:

	Years Ended June 30,		
	2019	2018	2017
Anti-dilutive options and RSUs excluded from EPS computation	0.8	—	7.0

Foreign Currency

The functional currency of the Company's international subsidiaries is the local currency. For those subsidiaries, expenses denominated in the functional currency are translated into U.S. dollars using average exchange rates in effect during the period and assets and liabilities are translated using period-end exchange rates. The foreign currency translation adjustments are included in accumulated other comprehensive loss as a separate component of stockholders' equity/(deficit).

The following table shows the cumulative translation adjustments included in accumulated other comprehensive income/(loss):

Ending balance June 30, 2018	$ (4.1)
Period translation adjustments	(3.1)
Ending balance June 30, 2019	(7.2)

Use of Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires Company management to make estimates and assumptions relating to the reported amounts 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 period. Significant items subject to such estimates and assumptions include the carrying amount of fixed assets, valuation allowances for receivables and deferred income tax assets, certain accrued liabilities, share-based compensation, valuation of intangible assets from acquisitions and impairment analysis of goodwill and intangible assets. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Standards Effective in Future Years and Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *"Financial Instruments – Credit Losses (Topic 326)"* which introduces new guidance for the accounting for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. For trade receivables, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. The guidance is effective for fiscal years beginning after December 31, 2019, including interim periods within those years. Early application of the guidance is permitted for all entities for fiscal years beginning after December 15, 2018, including the interim periods within those fiscal years. Application of the amendments is through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently evaluating the impact of this update on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard also requires entities to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. ASU 2016-02 will be effective for the Company beginning in the first quarter of fiscal 2020.

In July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements ("ASU 2018-11"). Under ASU 2018-11, entities have the option of initially applying Topic 842 at the adoption date, rather than at the beginning of the earliest comparative period presented and recognizing the cumulative effect of applying the new standard as an adjustment to beginning retained earnings in the year of adoption while continuing to present all prior periods under previous lease accounting guidance. The Company has elected this transition method and will use July 1, 2019 as the date of initial application of ASU 2018-11.

The new standard provides a number of optional practical expedients in transition. The Company has elected the package of practical expedients to not reassess prior conclusions about lease identification under the new standard, to not reassess lease classification, and to not reassess initial direct costs. The Company has also elected the practical expedient allowing the use of hindsight in determining the lease term and assessing impairment of right-of-use ("ROU") assets based on all facts and circumstances through the effective date of the new standard. The new standard also provides practical expedients for ongoing lease accounting. The Company has elected the recognition exemption for short-term leases for all leases that qualify. Under this exemption, the Company will not recognize ROU assets or lease liabilities for those leases that qualify as a short-term lease (leases with lease terms of 12 months or less), which includes not recognizing ROU assets or lease liabilities for existing short-term leases in transition. The Company also has elected the practical expedient to not separate lease and non-lease components for any of its leases within its existing classes of assets with the exception of its vehicle leases.

The Company expects that this standard will have a material effect on the financial statements. While it continues to assess all of the effects of adoption, the most significant effects will relate to (a) the recognition of ROU assets on the balance sheet ranging from $68 to $75 million and lease liabilities on the balance sheet ranging from $73 to $79 million in relation to existing operating lease agreements; and (b) providing significant new disclosures about leasing activities.

Recently Adopted Standards

The Company adopted Topic 606 as of July 1, 2018, utilizing the full retrospective method of adoption allowed by the standard, in order to provide for comparative results in all periods presented. The adoption of Topic 606 affected the Company's consolidated balance sheets and statements of comprehensive income, due to fact that amounts that have historically been classified as bad debt expense are now reflected as a reduction of the transaction price and, therefore, a reduction in revenue. The Company has elected to apply the practical expedient related to costs to obtain or fulfill a contract since the amortization period for such costs will be one year or less. Accordingly, no costs incurred to obtain or fulfill a contract have been capitalized. The Company has also elected to apply the practical expedient for not adjusting revenue recognized for the effects of the time value of money. This practical expedient has been elected because the Company collects very little cash from customers under payment terms and vast majority of payments terms have a payback period of less than one year.

Impact of Recently Adopted Standards

The Company recast certain prior period amounts to conform with the adoption of Topic 606, as shown in the table below (in thousands):

	FY2018			FY2017		
	As Reported	Adjusted for ASC 606	As Adjusted	As Reported	Adjusted for ASC 606	As Adjusted
Total revenue	$ 772.6	$ (28.9)	$ 743.7	$ 769.9	$ (41.2)	$ 728.7
Selling, general, and administrative expense	467.1	$ (32.1)	435.0	476.4	$ (36.5)	439.9
Income tax provision	(14.0)	$ 1.0	(13.0)	20.6	$ (1.6)	19.0
Net income attributable to Myriad Genetics, Inc. stockholders	131.1	$ 2.2	133.3	20.5	$ (3.1)	17.4
Earnings per share:						
Basic	$ 1.89	$ 0.03	$ 1.92	$ 0.30	$ (0.05)	$ 0.25
Diluted	$ 1.82	$ 0.03	$ 1.85	$ 0.30	$ (0.05)	$ 0.25

	FY2018			FY2017		
	As Reported	Adjusted for ASC 606	As Adjusted	As Reported	Adjusted for ASC 606	As Adjusted
Trade accounts receivable	$ 98.3	$ 1.2	$ 99.5	$ 90.2	$ (1.0)	$ 89.2
Retained earnings	52.9	1.2	54.1	(78.2)	(1.0)	(79.2)

2. BUSINESS ACQUISITIONS

Counsyl

On July 31, 2018, the Company completed the acquisition of Counsyl, Inc. ("Counsyl"), a leading provider of genetic testing and DNA analysis services, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated May 25, 2018. Pursuant to the terms of the Merger Agreement, Myriad Merger Sub, Inc., a newly created wholly-owned subsidiary of the Company, was merged with and into Counsyl, with Counsyl continuing as the surviving corporation and a wholly-owned subsidiary of Myriad. The Company believes the acquisition allows for further entry into the high-growth reproductive testing market, with the ability to become a leader in women's health genetic testing.

The Company acquired Counsyl for total consideration of $405.9, consisting of $278.5 in cash, financed in part by the Amendment to the Facility (see Note 8) and 2,994,251 shares of common stock issued, valued at $127.4. The shares were issued and valued as of July 31, 2018 at a per share market closing price of $42.53.

Of the cash consideration, $5.0 was deposited into an escrow account to fund any post-closing adjustments payable to Myriad based upon differences between the estimated working capital and the actual working capital of Counsyl at closing. The working capital was finalized during the second quarter as described below.

Consideration transferred was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values as of the acquisition date. Management estimated the fair value of tangible and intangible assets and liabilities in accordance with the applicable accounting guidance for business combinations and utilized the services of third-party valuation consultants. The significant assumptions used in the model to estimate the value of the intangible assets included projected cash flows, discount rates, net working capital and long-term growth rate. The initial allocation of the consideration transferred is based on a preliminary valuation and is subject to adjustments. Balances subject to adjustment primarily include the valuations of acquired assets (tangible and intangible), liabilities assumed, as well as tax-related matters. During the measurement period, the Company may record adjustments to the provisional amounts recognized. During the year ended June 30, 2019, $1.1 of this escrow was returned to Myriad as a result of a working capital adjustment which reduced the total consideration and goodwill. There was also a reduction in the intangible assets of $2.9 due to updated assumptions related to contributory asset charges associated with the related acquired asset, a $1.9 decrease in the deferred tax liability, and a $0.7 reduction to equipment due to updated valuations. The offset for the intangible asset, deferred tax liability and equipment changes was a $4.4 increase in goodwill. The allocation of the consideration transferred will be finalized within the measurement period (up to one year from the acquisition date).

	Estimated Fair Value
Current assets	$ 42.5
Intangible assets	290.0
Equipment	18.2
Other assets	0.1
Goodwill	99.3
Current liabilities	(19.6)
Long term liabilities	(0.1)
Deferred tax liability	(9.2)
Total fair value purchase price	$ 421.2
Less: Cash acquired	(15.3)
Total consideration transferred	$ 405.9

Identifiable Intangible Assets

The Company acquired intangible assets that consisted of developed screening processes, which had an estimated fair value of $290.0. The fair values of these developed screening processes and related useful lives were determined using a probability-weighted income approach that discounts expected future cash flows to present value. The estimated net cash flows were discounted using a discount rate of 12.5%, which is based on the estimated internal rate of return for the acquisition and represents the rate that market participants might use to value the intangible assets. The Company will amortize the intangible assets on a straight-line basis over their estimated useful lives of 12 years.

Goodwill

The goodwill represents the excess of consideration transferred over the fair value of assets acquired and liabilities assumed and is attributable to the benefits expected from combining the Company's expertise with Counsyl's technology, customer insights, and ability to effectively integrate genetic screening into clinical practice with OBGYNs. Changes in goodwill since the initial purchase as of June 30, 2019 are shown below:

	Carrying amount
Balance September 30, 2018	$ 94.9
Fair value adjustment to equipment	0.7
Intangible adjustment	2.9
Working capital adjustment	(1.1)
Change in deferred tax liability	1.9
Ending balance June 30, 2019	$ 99.3

This goodwill is not deductible for income tax purposes.

Pro Forma Information (Unaudited)

The unaudited pro-forma results presented below include the effects of the Counsyl acquisition as if it had been consummated as of July 1, 2017, with adjustments to give effect to pro forma events that are directly attributable to the acquisition, which includes adjustments related to the amortization of acquired intangible assets, interest income and expense, and depreciation.

The unaudited pro forma results do not reflect any operating efficiency or potential cost savings that may result from the consolidation of Counsyl with the Company. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operation of the combined company would have been if the acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations and are not necessarily indicative of results that might have been achieved had the acquisition been consummated as of July 1, 2017.

	Years Ended June 30,	
	2019	2018
Revenue	$ 861.3	$ 881.8
Income from operations	17.9	74.3
Net income	13.8	73.0
Net income per share, basic	$ 0.19	$ 1.01
Net income per share, diluted	$ 0.18	$ 0.98

To complete the purchase transaction, we incurred approximately $6.8 of acquisition costs, which are recorded as selling, general and administrative expenses in the period incurred. For the year ended June 30, 2019, Counsyl contributed revenue of approximately $104.9. For the year ended June 30, 2019, operating expenses related to Counsyl were approximately $67.6

3. MARKETABLE INVESTMENT SECURITIES

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale securities by major security type and class of security at June 30, 2019 and 2018 were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
At June 30, 2019:				
Cash and cash equivalents:				
Cash	$ 68.7	$ —	$ —	$ 68.7
Cash equivalents	24.5	—	—	24.5
Total cash and cash equivalents	93.2	—	—	93.2
Available-for-sale:				
Corporate bonds and notes	64.0	0.6	—	64.6
Municipal bonds	15.3	—	—	15.3
Federal agency issues	9.0	—	—	9.0
US government securities	9.7	—	—	9.7
Total	$ 191.2	$ 0.6	$ —	$ 191.8

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
At June 30, 2018:				
Cash and cash equivalents:				
Cash	$ 95.6	$ —	$ —	$ 95.6
Cash equivalents	15.3	—	—	15.3
Total cash and cash equivalents	110.9	—	—	110.9
Available-for-sale:				
Corporate bonds and notes	50.8	—	(0.3)	50.5
Municipal bonds	29.3	—	(0.1)	29.2
Federal agency issues	12.6	—	(0.1)	12.5
US government securities	8.3	—	(0.1)	8.2
Total	$ 211.9	$ —	$ (0.6)	$ 211.3

Cash, cash equivalents, and maturities of debt securities classified as available-for-sale are as follows at June 30, 2019:

	Amortized cost	Estimated fair value
Cash	68.7	68.7
Cash equivalents	24.5	24.5
Available-for-sale:		
Due within one year	46.9	47.0
Due after one year through five years	51.1	51.6
Due after five years	—	—
Total	$ 191.2	$ 191.8

Debt securities in an unrealized loss position as of June 30, 2019 were not impaired at acquisition and the declines in fair value are not attributed to declines in credit quality. Management believes that it is more likely than not that the securities will be held until a recovery of par value. All securities in an unrealized loss position as of June 30, 2019 and 2018 are debt securities. There were no debt securities available-for-sale in a gross unrealized loss position as of June 30, 2019. Debt securities available-for-sale in a gross unrealized loss position as of June 30, 2019 and 2018 are summarized as follows:

	Less than 12 months		More than 12 months		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
At June 30, 2019:						
Debt securities:						
Corporate bonds and notes	2.5	—	12.5	—	15.0	—
Municipal bonds	—	—	5.0	—	5.0	—
Federal agency issues	—	—	5.0	—	5.0	—
US government securities	—	—	—	—	—	—
	$ 2.5	$ —	$ 22.5	$ —	$ 25.0	$ —

	Less than 12 months		More than 12 months		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
At June 30, 2018:						
Debt securities:						
Corporate bonds and notes	35.6	0.2	9.8	0.1	45.4	0.3
Municipal bonds	24.6	0.1	0.5	—	25.1	0
Federal agency issues	3.0	0.1	9.5	0.1	12.5	0.2
US government securities	6.3	—	2.0	—	8.3	—
	$ 69.5	$ 0.4	$ 21.8	$ 0.2	$ 91.3	$ 0.6

Additional information relating to fair value of marketable investment securities can be found in Note 12.

4. PROPERTY, PLANT AND EQUIPMENT, NET

	Years Ended June 30,	
	2019	2018
Land	$ 2.3	$ 2.4
Buildings and improvements	18.8	19.3
Leasehold improvements	31.0	23.0
Equipment	117.1	112.4
	169.20	157.1
Less accumulated depreciation	(111.9)	(113.9)
Property, plant and equipment, net	$ 57.3	$ 43.2

	Years Ended June 30,		
	2019	2018	2017
Depreciation expense	$ 13.7	$ 17.1	$ 15.0

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company has recorded goodwill of $417.2 from the acquisitions of Counsyl, Inc. that was completed on July 31, 2018, Assurex Health, Inc. that was completed on August 31, 2016, Sividon Diagnostics that was completed on May 31, 2016, GmbH, Privatklinik Dr. Robert Schindlbeck GmbH & Co. KG that was completed on February 27, 2015, Crescendo Bioscience, Inc. that was completed on February 28, 2014 and Rules-Based Medicine, Inc. that was completed on May 31, 2011. Of this goodwill, $351.6 relates to the Company's diagnostic segment and $65.6 related to the other segment. The Company assessed goodwill for impairment in accordance with the appropriate guidance (see Note 1) and recorded no impairment of goodwill for the period ended June 30, 2019, 2018 and 2017.

The following summarizes changes to the goodwill balance for the years ended June 30, 2019 and 2018:

	Years Ended June 30,	
	2019	2018
Beginning balance	$ 318.6	$ 316.1
Acquisitions (see note 2)	94.9	—
Adjustments to acquisitions (see note 2)	4.4	1.9
Translation adjustments	(0.7)	0.6
Ending balance	$ 417.2	$ 318.6

Intangible Assets

Intangible assets primarily consist of amortizable assets of purchased licenses and technologies, developed technology, a laboratory database, trademarks, and customer relationships as well as non-amortizable intangible assets of in-process technologies, research and development. Certain of these intangible assets were recorded as part of the Company's purchase of Counsyl on July 31, 2018, Assurex on August, 31, 2016, Sividon on March 31, 2016, Crescendo on February 28, 2014 and Myriad RBM on May 31, 2011. The Company's developed technology and database acquired have estimated remaining useful lives between 3 and 15 years, trademarks acquired have an estimated remaining useful life of approximately 10 years and customer relationships have an estimated remaining useful life of approximately 3 years. The estimated useful life of acquired in-process research and development was also evaluated in conjunction with the annual impairment analysis of intangible assets. The classification of the acquired in-process research and development as an indefinite lived asset was deemed appropriate as the related research and development was not yet complete nor had it been abandoned. The Company concluded there was no impairment of long-lived assets for the years ended June 30, 2019, 2018 and 2017.

The following summarizes the amounts reported as intangible assets:

At June 30, 2019:	Gross Carrying Amount	Accumulated Amortization	Net
Purchased licenses and technologies	$ 815.7	$ (156.6)	$ 659.1
Customer relationships	4.6	(3.8)	0.8
Trademarks	3.0	(1.2)	1.8
Total amortizable intangible assets	823.3	(161.6)	661.7
In-process research and development	23.0	—	23.0
Total unamortized intangible assets	23.0	—	23.0
Total intangible assets	$ 846.3	$ (161.6)	$ 684.7

At June 30, 2018:	Gross Carrying Amount	Accumulated Amortization	Net
Purchased licenses and technologies	$ 526.4	$ (98.0)	$ 428.4
Customer relationships	4.6	(3.3)	1.3
Trademarks	3.0	(1.0)	2.0
Total amortizable intangible assets	534.0	(102.3)	431.7
In-process research and development	23.5	—	23.5
Total unamortized intangible assets	23.5	—	23.5
Total intangible assets	$ 557.5	$ (102.3)	$ 455.2

As of June 30, 2019 the weighted average remaining amortization period for purchased licenses and technologies, trademarks, and customer relationships is approximately 12 years.

The Company recorded amortization during the respective periods for these intangible assets as follows:

	Years Ended June 30,		
	2019	2018	2017
Amortization of intangible assets	$ 59.3	$ 37.3	$ 33.3

Amortization expense of intangible assets is estimated to be $52.0 in 2020, $51.9 in 2021, $45.0 in 2022, $43.7 in 2023 and $43.4 in 2024 and $425.8 thereafter.

6. ACCRUED LIABILITIES

	Years Ended June 30,	
	2019	2018
Employee compensation and benefits	$ 48.8	$ 49.5
Accrued taxes payable	3.0	4.3
Qui tam settlement	9.1	
Other	18.0	14.5
Total accrued liabilities	$ 78.9	$ 68.3

7. LONG-TERM DEBT

On December 23, 2016, the Company entered into a senior secured revolving credit facility (the “Facility”) as borrower, with the lenders from time to time party thereto. On July 31, 2018, the Company entered into Amendment No. 1 (the “Amended Facility”) which effects an “amend and extend” transaction with respect to the Facility by which the maturity date thereof was extended to July 31, 2023 and the maximum aggregate principal commitment was increased from $300.0 to $350.0. This was accounted for as a modification pursuant to guidance in ASC 470-50.

Pursuant to the Amended Facility, Myriad borrowed revolving loans in an aggregate principal amount of $ 300.0 with $1.8 in upfront fees and $0.3 debt issuance costs recorded as a debt discount to be amortized over the term of the Amended Facility. The current balance of the net long-term debt is $233.5. There are no scheduled principal payments of the Amended Facility prior to its maturity date.

The proceeds of the Amended Facility were used to: (i) refinance in full the obligations under the Facility, (ii) finance the acquisition of Counsyl (See Note 2), (iii) pay fees, commissions, transactions costs and expenses incurred in connection with the foregoing, and (iv) for working capital and other general corporate purposes.

The Amended Facility contains customary loan terms, interest rates, representations and warranties, affirmative and negative covenants, in each case, subject to customary limitations, exceptions and exclusions. The Amended Facility also contains certain customary events of default.

Covenants in the Amended Facility impose operating and financial restrictions on the Company. These restrictions may prohibit or place limitations on, among other things, the Company's ability to incur additional indebtedness, create certain types of liens or complete mergers or consolidations, and/or change in control transactions. The Amended Facility may also prohibit or place limitations on the Company's ability to sell assets, pay dividends or provide other distributions to shareholders. The Company must maintain specified leverage and interest ratios measured as of the end of each quarter as a financial covenant in the Amended Facility. The Company was in compliance with all financial covenants at June 30, 2019.

During the years ended June 30, 2019 and 2018 the Company made $115.0 and $143.0 in principal repayments, respectively.

The Amended Facility is secured by a first-lien security interest in substantially all of the assets of Myriad and certain of its domestic subsidiaries and each such domestic subsidiary of Myriad has guaranteed the repayment of the Amended Facility. Amounts outstanding under the Facility were as follows:

	Years Ended June 30,	
	2019	2018
Long-term debt	$ 235.0	$ 10.0
Long-term debt discount	(1.5)	(0.7)
Net long-term debt	$ 233.5	$ 9.3

8. OTHER LONG TERM LIABILITIES

	Years Ended June 30,	
	2019	2018
Pension obligation	$ 6.8	$ 6.0
Other	1.0	0.3
Total other long term liabilities	$ 7.8	$ 6.3

The Company has two non-contributory defined benefit pension plans for its current and former Clinic employees. The Company has closed participation in the plans to exclude those employees hired after 2002. As of June 30, 2019 the fair value of the plan assets were approximately $0.1 resulting in a net pension liability of $6.8.

9. PREFERRED AND COMMON STOCKHOLDER'S EQUITY

The Company is authorized to issue up to 5.0 shares of preferred stock, par value $0.01 per share. There were no preferred shares outstanding at June 30, 2019, 2018 and 2017.

The Company is authorized to issue up to 150.0 shares of common stock, par value $0.01 per share. There were 73.5, 70.6, and 68.4 shares issued and outstanding at June 30, 2019, 2018 and 2017 respectively.

Common shares issued and outstanding

	Years Ended June 30,		
	2019	2018	2017
Common stock issued and outstanding at July 1	70.6	68.4	69.1
Common stock issued upon exercise of options and employee stock plans	4.5	2.2	0.9
Repurchase and retirement of common stock	(1.6)	—	(1.6)
Common stock issued and outstanding at June 30	73.5	70.6	68.4

Stock Repurchase Program

In June 2016, the Company's Board of Directors authorized an eighth share repurchase program of $200.0 of the Company's outstanding common stock. The Company plans to repurchase its common stock from time to time or on an accelerated basis through open market transactions or privately negotiated transactions as determined by the Company's management. The amount and timing of stock repurchases under the program will depend on business and market conditions, stock price, trading restrictions, acquisition activity and other factors. As of June 30, 2019, the Company has $110.7 remaining on its current share repurchase authorization. During the twelve months ended June 30, 2019 the Company used $50.0 to repurchase shares of the Company's stock as part of an accelerated share repurchase.

The Company uses the par value method of accounting for its stock repurchases. As a result of the stock repurchases, the Company reduced common stock and additional paid-in capital and recorded charges to retained earnings/accumulated deficit. The shares retired, aggregate common stock and additional paid-in capital reductions, and related charges to retained earnings/accumulated deficit for the repurchases for periods ended June 30, 2019, 2018 and 2017 were as follows:

	Year ended June 30,		
	2019	2018	2017
Shares purchased and retired	1.6	—	1.6
Common stock and additional paid-in-capital reductions	$ 16.9	$ —	$ 14.6
Charges to retained earnings	$ 33.1	$ —	$ 17.0

10. INCOME TAXES

Income tax expense (benefit) consists of the following:

	Year ended June 30,		
	2019	2018	2017
Current:			
Federal	$ (24.2)	$ 7.7	$ 15.5
State	(0.1)	2.2	2.4
Foreign	0.2	—	—
Total Current	(24.1)	9.9	17.9
Deferred:			
Federal	17.8	(22.7)	1.5
State	1.7	0.7	(1.7)
Foreign	0.4	(1.4)	(1.7)
Change in valuation allowance	(0.2)	0.5	3.0
Total Deferred	19.7	(22.9)	1.1
Total income tax expense (benefit)	$ (4.4)	$ (13.0)	$ 19.0

Income (loss) before income taxes consists of the following:

	Year ended June 30,		
	2019	2018	2017
United States	$ (0.6)	$ 122.3	$ 39.2
Foreign	0.6	(2.2)	(3.0)
Total	$ —	$ 120.1	$ 36.2

The differences between income taxes at the statutory federal income tax rate and income taxes reported in the consolidated statements of operations were as follows:

	Year ended June 30,					
	2019		2018		2017	
Federal income tax expense at the statutory rate	0.0	*21.0%*	33.7	*28.1%*	12.7	*35.0%*
State income taxes, net of federal benefit	2.0	*6422.1%*	2.9	*2.4%*	0.7	*1.9%*
Research and development credits, net of the federal tax on state credits	(3.7)	*-11880.9%*	(2.1)	*-1.7%*	(3.1)	*-8.5%*
Uncertain tax positions, net of federal benefit	2.9	*9312.1%*	2.5	*2.1%*	1.2	*3.3%*
Uncertain tax benefits statute expired, net of federal benefit	(7.1)	*-22798.5%*	—	*0.0%*	—	*0.0%*
Incentive stock option and employee stock purchase plan expense	(3.1)	*-9954.3%*	(1.7)	*-1.4%*	4.0	*10.9%*
Foreign rate differential	0.8	*2568.8%*	(0.8)	*-0.7%*	(0.5)	*-1.5%*
Change in valuation allowance	(0.2)	*-642.2%*	0.6	*0.5%*	3.0	*8.3%*
Tax Cut and Jobs Act Impact	—	*0.0%*	(32.0)	*-26.6%*	—	*0.0%*
Fair value adjustments related to acquisition contingent consideration	0.8	*2568.8%*	(17.0)	*-14.2%*	0.8	*2.1%*
Non-deductible meals and entertainment	1.3	*4174.4%*	0.4	*0.3%*	0.6	*1.6%*
Non-deductible officer compensation	0.6	*1926.6%*	—	*0.0%*	—	*0.0%*
Non-deductible legal settlement	1.9	*6101.0%*	—	*0.0%*	—	*0.0%*
Foreign disregarded election	6.4	*20550.8%*	—	*0.0%*	—	*0.0%*
Changes in revenue recognition/method	(7.3)	*-23440.8%*	—	*0.0%*	—	*0.0%*
Other, net	0.3	*963.4%*	0.5	*0.5%*	(0.4)	*-0.7%*
	(4.4)	*-14107.7%*	(13.0)	*-10.7%*	19.0	*52.4%*

The significant components of the Company's deferred tax assets and liabilities were comprised of the following:

	Year ended June 30,	
	2019	2018
Deferred tax assets:		
Net operating loss carryforwards	$ 85.7	$ 44.6
Property, plant and equipment	—	1.1
Accrued vacation	1.2	1.4
AR allowance	3.3	10.7
Stock compensation expense	16.0	17.0
Research and development credits	25.4	13.0
Uncertain state tax positions	1.3	1.3
Other, net	9.0	0.9
Total gross deferred tax assets	141.9	90.0
Less valuation allowance	(38.9)	(37.8)
Total deferred tax assets	103.0	52.2
Deferred tax liabilities:		
Intangible assets	175.4	109.5
Property, plant and equipment	2.5	—
Deferred revenue	7.7	—
Total deferred tax liabilities	185.6	109.5
Net deferred tax liability	(82.6)	(57.3)

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act makes broad and complex changes to the U.S. tax code that are affecting our fiscal year ending June 30, 2018, including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; (5) creating the base erosion anti-abuse tax (BEAT), a new minimum tax; (6) creating a new limitation on deductible interest expense; (7) revising the rules that limit the deductibility of compensation to certain highly compensated executives, and (8) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

The SEC staff issued SAB 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

In connection with the Company's initial analysis of the impact of the Tax Act and consistent with the requirement to record a provisional estimate when applicable, the Company recorded a discrete net income tax benefit during the quarter ended December 31, 2017 of approximately $32.6 ($0.45 earnings per share increase). This provisional estimate primarily consists of a net benefit for the corporate rate reduction due to the revaluing of net deferred tax liabilities as a result of the reduction in the federal corporate tax rates. The Company's net deferred tax liabilities represent temporary differences between the book bases of assets which are greater than their tax bases. Upon the reversal of those temporary differences, the future tax impact will be based on the lower federal corporate tax rate enacted by the Tax Act. The Company has now completed its accounting of the income tax effects of the Tax Act. The full impact of the Tax Act is discussed more fully below.

In addition to the discrete benefit recorded during the quarter ended December 31, 2017 for the provisional estimated impact on the Company's net deferred tax liabilities, the lower federal corporate tax rate reduced the Company's estimated annual effective tax rate which was applied to year to date operating results in accordance with the interim accounting guidelines. The Company estimates that the reduction in the federal corporate rate will have an ongoing effect to reduce the Company's income tax expense from continuing operations.

As a result of changes made by the Tax Act, Section 162(m) will limit the deduction of compensation, including performance-based compensation, in excess of $1.0 paid to anyone who, for tax years beginning after January 1, 2018, serves as the Chief Executive Officer or Chief Financial Officer, or who is among the three most highly compensated executive officers for any fiscal year. The only exception to this rule is for compensation that is paid pursuant to a binding written contract in effect on November 2, 2017 that would have otherwise been deductible under the prior Section 162(m) rules. Accordingly, any compensation paid in the future pursuant to new compensation arrangements entered into after November 2, 2017, even if performance-based, will count towards the $1.0 fiscal year deduction limit if paid to a covered executive. There was not a material impact during the fiscal year ended June 30, 2018, as the law is effective for tax years beginning after January 1, 2018. The Company evaluated its binding contracts entered into prior to November 2, 2017, and determined there is no material impact for adjustments related to deferred equity compensation currently carried as a deferred tax asset on the Company's balance sheet. For the fiscal year ended June 30, 2019, the Company realized a material impact due to compensation in excess of $1.0, which has been reflected in the effective tax rate.

The Deemed Repatriation Transition Tax (Transition Tax) is a tax on previously untaxed accumulated and current earnings and profits (E&P) of certain of the Company's foreign subsidiaries. To determine the amount of the Transition Tax, the Company must determine, in addition to other factors, the amount of post-1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. The Company has concluded that there was not a material impact during the current or previous fiscal year due to the Transition Tax, as such, no Transition Tax has been recorded.

Other revisions to the taxation of foreign earnings became effective for the Company's fiscal year ending on June 30, 2019. The Company specifically analyzed both the Global Intangible Low-taxed Income (G.I.L.T.I.) and Base Erosion Anti-Abuse Tax (B.E.A.T.) to determine what, if any, material impact there may be. The Company has determined that both the additional provisions of the Tax Act had no effect on the Company's fiscal year ended June 30, 2018, as the provisions did not apply, and no material effect on the Company's fiscal year ending June 30, 2019 due to tax elections made by the Company to treat its foreign subsidiaries as disregarded entities. All other foreign provisions were also deemed immaterial or not applicable to the fiscal years ended June 30, 2018 and June 30, 2019.

Due to sustained positive operating performance and the availability of expected future taxable income, the Company concluded that it is more likely than not that the benefits of the majority of its deferred income tax assets will be realized. However, for certain deferred tax assets, a valuation allowance has been established. For the years ended June 30, 2019 and 2018, the Company's valuation allowance increased by $1.1 and decreased $2.7, respectively. The net increase of the valuation allowance in the year ended June 30, 2019 is primarily due to the acquisition of Counsyl, Inc.

The Company acquired Counsyl, Inc. on July 31, 2018 (see Note 2). As part of the purchase accounting for the acquisition, a net deferred tax liability of approximately $67.6 was recorded, consisting primarily of intangible assets for which the book basis exceeds the tax basis. A corresponding deferred tax asset of $60.7 was recorded, consisting primarily of net operating loss and research credit carryforwards.

At June 30, 2019, the Company had the following net operating loss and research credit carryforwards, with their respective expiration periods. Certain carryforwards are subject to the limitations of Section 382 and 383 of the Internal Revenue Code as indicated.

Carryforwards	Amount	Subject to sections 382, 383	Expires beginning in year	Through
Federal net operating loss	$ 274.6	Yes	2027	2038
Utah net operating loss	209.5	No	2016	2024
California net operating loss	47.0	No	2023	2038
Oklahoma net operating loss	14.1	Yes	2023	2033
Other state net operating loss	7.1	Yes	2023	2039
Foreign net operating losses (various jurisdictions)	33.4	No	Various	Various
Federal research credit	9.3	Yes	2025	2032
Utah research credit	11.0	No	2021	2031
California research credit	5.3	No	2023	2039

All of the Utah net operating loss carryforwards are 'excess tax benefits' as defined by ASC guidance and, if realized in future years, will be recognized as a credit to tax benefit, pursuant to the guidance of ASU 2016-09. The Company's deferred tax asset for the Utah net operating loss 'excess tax benefits' is approximately $8.3 and is offset by a $8.3 valuation allowance at June 30, 2019.

Notwithstanding the Deemed Repatriation Tax mentioned above, and consistent with the indefinite reversal criteria of ASC 740-30-25-17, the Company intends to continue to invest undistributed earnings of its foreign subsidiaries indefinitely. Due to the cumulative losses that have been incurred to date in such foreign operations, the amount of unrecorded deferred liability resulting from the indefinite reversal criteria at June 30, 2018 is $0. For those foreign entities for which an election has been made to be treated as disregarded for U.S. tax purposes, the appropriate U.S. jurisdiction deferred tax assets and liabilities have been recorded.

In July 2006, the FASB issued ASC Topic 740 Subtopic 10 Section 05, which clarifies the accounting for uncertainty in tax positions. Accounting guidance requires that the impact of a tax position be recognized in the financial statements if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company adopted the guidance on July 1, 2007 and recorded $0 cumulative effect. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year ended June 30,		
	2019	2018	2017
Unrecognized tax benefits at the beginning of year	$ 24.9	$ 25.2	$ 24.2
Gross increases - current year tax positions	2.2	0.6	0.7
Gross increases - prior year tax positions	0.5	2.4	0.7
Gross increases - acquisitions	2.3	—	—
Gross decreases - prior year tax positions	(0.1)	(3.3)	—
Gross decreases - settlements	(2.7)	—	—
Gross decreases - statute lapse	(5.4)	—	(0.4)
Unrecognized tax benefits at end of year	$ 21.7	$ 24.9	$ 25.2
Interest and penalties in year-end balance	$ 0.8	$ 1.5	$ (0.9)

Interest and penalties related to uncertain tax positions are included as a component of income tax expense and all other interest and penalties are included as a component of other income (expense).

The Company files U.S., foreign and state income tax returns in jurisdictions with various statutes of limitations. The Company is currently under audit by the State of New Jersey for the fiscal years June 30, 2013 through 2017; the city of New York for the fiscal years June 30, 2014 through 2016; Germany for the fiscal years June 30, 2013 through 2015; and Switzerland for the fiscal years June 30, 2015 through 2016. Annual tax provisions include amounts considered necessary to pay assessments that may result from examination of prior year tax returns; however, the amount ultimately paid upon resolution of issues may differ materially from the amount accrued.

11. SHARE-BASED COMPENSATION

On November 30, 2017, the Company's shareholders approved the adoption of the 2017 Employee, Director and Consultant Equity Incentive Plan (the "2017 Plan"). The 2017 Plan allows the Company, under the direction of the Compensation Committee of the Board of Directors, to make grants of restricted and unrestricted stock awards to employees, consultants and directors. The 2017 Plan allows for issuance of up to 1.6 shares of common stock. In addition, as of June 30, 2019, the Company may grant additional shares of common stock under the 2017 Plan with up to 0.8 options outstanding under its 2003 Plan and 5.4 options and restricted stock units outstanding under its 2010 Plan, that expire or are cancelled without delivery of shares of common stock.

The number of shares, terms, and vesting periods are determined by the Company's Board of Directors or a committee thereof on an option-by-option basis. Options generally vest ratably over service periods of four years. Options granted after December 5, 2012 expire eight years from the date of grant, and options granted prior to that date generally expire ten years from the date of grant. In September 2014, the Company began issuing restricted stock units ("RSUs") in lieu of stock options. RSUs granted to employees generally vest ratably over four years on the anniversary date of the last day of the month in which the RSUs are granted. The number of RSUs awarded to certain executive officers may be reduced if certain additional performance metrics are not met. Options and RSUs granted to the Company's non-employee directors vest in full upon completion of one year of service on the Board following the date of the grant.

Stock Options

A summary of option activity is as follows for the fiscal years ended June 30:

	2019		2018		2017	
	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	6.3	$ —	8.0	$ —	8.2	$ 24.52
Options granted	—		—	$ —	—	$ —
Less:						
Options exercised	(0.8)	$ 24.70	(1.6)	$ 25.34	(0.1)	$ 14.81
Options canceled or expired	0.0	$ 30.42	(0.1)	$ 26.00	(0.1)	$ 26.55
Options outstanding at end of year	5.5		6.3	$ 24.50	8.0	$ 24.67
Options exercisable at end of year	5.5	$ 24.45	6.3	$ 24.50	7.5	$ 24.55
Options vested and expected to vest	5.5	$ 24.45	6.3	$ 24.50	8.0	$ 24.67
Weighted average fair value of options granted during the year	—		—	$ —	—	$ —

The following table summarizes information about stock options outstanding at June 30, 2019:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at June 30, 2019	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable at June 30, 2019	Weighted average exercise price
14.88 - 21.29	1.4	1.96	$ 18.84	1.4	$ 18.50
21.66 - 25.39	0.8	1.77	23.80	0.8	23.80
26.49 - 26.49	1.5	2.21	26.49	1.5	26.49
27.07 - 36.55	1.8	2.82	27.56	1.8	27.56
	5.5	2.28	$ 24.45	5.5	$ 24.45

As of June 30, 2019 there was no unrecognized share-based compensation expense related to stock options.

Restricted Stock Units

A summary of RSU activity is as follows:

	2019		2018	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
RSUs outstanding at the beginning of year	2.2	$ 31.16	2.0	$ 33.02
RSUs granted	1.2	46.62	1.1	32.67
Less:				
RSUs released	(0.8)	32.61	(0.7)	30.33
RSUs canceled	(0.2)	40.70	(0.2)	28.46
RSUs outstanding at end of year	2.4	$ 37.70	2.2	$ 31.16

As of June 30, 2019, there was $47.4 of total unrecognized share-based compensation expense related to RSUs that will be recognized over a weighted-average period of 2.0 years. We expect all unvested awards to vest and recognize forfeitures as they occur.

Share-based compensation expense recognized and included in the consolidated statements of operations for the fiscal years ended June 30, 2019, 2018 and 2017 were as follows:

	Years Ended June 30,		
	2019	2018	2017
Cost of molecular diagnostic testing	$ 0.8	$ 0.7	$ 0.9
Cost of pharmaceutical and clinical services	0.2	0.2	0.3
Research and development expense	5.4	4.3	5.8
Selling, general, and administrative expense	27.1	21.9	22.9
Total share-based compensation expense	$ 33.5	$ 27.1	$ 29.9

The Company has unrecognized share-based compensation cost related to share-based compensation granted under its current plans. The estimated unrecognized share-based compensation cost and related weighted average recognition period, aggregate intrinsic value of options outstanding, aggregate intrinsic value of options that are fully vested and aggregate intrinsic value of RSUs vested and expected to vest is as follows:

	As of June 30, 2019
Unrecognized share-based compensation cost	$ 47.4
Aggregate intrinsic value of options outstanding	$ 19.0
Aggregate intrinsic value of options fully vested	$ 19.0
Aggregate intrinsic value of RSUs outstanding	$ 66.8

The total intrinsic value of options exercised during 2019, 2018 and 2017 was as follows:

	Years Ended June 30,		
	2019	2018	2017
Total intrinsic value of options exercised	$ 0.4	$ 17.0	$ 0.9

Employee Stock Purchase Plan

On December 5, 2012, following shareholder approval, the Company adopted the 2012 Employee Stock Purchase Plan (the "2012 Purchase Plan"), under which 2.0 shares of common stock have been authorized. Shares are issued under the 2012 Purchase Plan twice yearly at the end of each offering period. At June 30, 2019, a total of 0.7 shares of common stock had been purchased under the 2012 Plan. Shares purchased under and compensation expense associated with the 2012 Plan for the years reported are as follows:

	Years Ended June 30,		
	2019	2018	2017
Shares purchased under the plans	0.2	0.1	0.5
Plan compensation expense	$ 1.0	$ 0.1	$ 2.3

From June 1, 2017 through May 31, 2018 there was an amendment to the 2012 Purchase Plan implemented such that the plan was non-compensatory. As of June 30, 2019, there is $0.6 unrecognized share-based compensation expense related to the 2012 Purchase Plan.

The fair value of shares issued under the Plan that was in effect for each period reported was calculated using the Black-Scholes option-pricing model using the following weighted-average assumptions:

	2019	2018	2017
Risk-free interest rate	2.1%	2.1%	0.6%
Expected dividend yield	0%	0%	0%
Expected life (in years)	0.5	0.5	0.5
Expected volatility	55%	45%	72%

12. FAIR VALUE MEASUREMENTS

The fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of contingent consideration related to the Sividon and Assurex acquisitions as well as the long-term debt were categorized as a level 3 liability, as the measurement amount is based primarily on significant inputs not observable in the market. For more information about the Sividon and Assurex acquisitions, see Note 2 "Acquisitions". The fair value hierarchy prioritizes the use of inputs used in valuation techniques into the following three levels:

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

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

Level 3—unobservable inputs.

All of the Company's financial instruments are valued using quoted prices in active markets or based on other observable inputs. For Level 2 securities, the Company uses a third party pricing service which provides documentation on an ongoing basis that includes, among other things, pricing information with respect to reference data, methodology, inputs summarized by asset class, pricing application and corroborative information. For Level 3 contingent consideration, the Company reassesses the fair value of expected contingent consideration and the corresponding liability each reporting period using the Monte Carlo Method, which is consistent with the initial measurement of the expected earn out liability. This fair value measurement is considered a Level 3 measurement because the Company estimates projections during the earn out period utilizing various potential pay-out scenarios. Probabilities were applied to each potential scenario and the resulting values were discounted using a rate that considers weighted average cost of capital as well as a specific risk premium associated with the riskiness of the earn out itself, the related projections, and the overall business. The contingent earn out liabilities are classified as a component of long-term and short-term contingent consideration in the Company's consolidated balance sheets. Changes to the earn out liabilities are reflected in change in the fair value of contingent consideration in our consolidated statements of operations. Changes to the unobservable inputs could have a material impact on the Company's financial statements.

The fair value of our long-term debt, which we consider a Level 3 measurement, is estimated using discounted cash flow analyses, based on the Company's current estimated incremental borrowing rates for similar borrowing arrangements. The fair value of long-term debt is estimated to be $192.7 at June 30, 2019 and $8.5 at June 30, 2018.

The following tables set forth the fair value of the Company's financial assets(liabilities) that are re-measured on a regular basis:

	Level 1	Level 2	Level 3	Total
June 30, 2019				
Money market funds (a)	$ 17.2	$ —	$ —	$ 17.2
Corporate bonds and notes	2.5	64.4	—	66.9
Municipal bonds	—	15.4	—	15.4
Federal agency issues	—	9.0	—	9.0
US government securities	—	9.8	—	9.8
Contingent consideration	—	—	(13.8)	(13.8)
Total	$ 19.7	$ 98.6	$ (13.8)	$ 104.5

(a) Money market funds are primarily comprised of exchange traded funds and accrued interest

	Level 1	Level 2	Level 3	Total
June 30, 2018				
Money market funds (a)	$ 12.5	$ —	$ —	$ 12.5
Corporate bonds and notes	2.8	50.5	—	53.3
Municipal bonds	—	29.2	—	29.2
Federal agency issues	—	12.4	—	12.4
US government securities	—	8.3	—	8.3
Contingent consideration	—	—	(14.5)	(14.5)
Total	$ 15.3	$ 100.4	$ (14.5)	$ 101.2

(a) Money market funds are primarily comprised of exchange traded funds and accrued interest

The following table reconciles the change in the fair value of the contingent consideration during the periods presented:

	Carrying Amount
Balance June 30, 2018	$ 14.5
Payment of contingent consideration	—
Change in fair value recognized in the statement of operations	(1.1)
Translation adjustments recognized in other comprehensive income	0.4
Balance June 30, 2019	$ 13.8

13. COMMITMENTS AND CONTINGENCIES

In July 2019, the Company resolved the complaint filed by a *qui tam* relator in October 2017 in the United States District Court for the District of South Carolina. The complaint was the basis of the Office of Inspector General (OIG) subpoena dated February 2018 regarding Medicare billing practices relating to the Company's hereditary cancer testing from 2014 to 2018. After a 17-month investigation, the Department of Justice declined to intervene in the case. The Company believes it demonstrated that the key allegations made in the complaint were false. In order to avoid a lengthy and distracting litigation with the *qui tam* relator, the company entered into a settlement agreement on July 18, 2019 under which the Company would pay $9.1 million to the *qui tam* relator in order to settle the matter. That agreement is currently pending an approval by the Office of Inspector General. The Company denies any wrongdoing and does not anticipate any material change in billing practices.

In addition, the Company is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its business activities. As of June 30, 2019, management of the Company believes any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, operating results, or cash flows.

The Company leases office and laboratory space under six non-cancelable operating leases, with terms that expire between 2022 and 2027 in Salt Lake City, Utah, a non-cancelable operating lease for Myriad RBM for office and laboratory space that expires in 2020 in Austin, Texas, and a non-cancelable lease for office and laboratory space that expires in 2022 in Cologne, Germany. The Company also leases office and laboratory space under two non-cancellable operating leases that expire in 2025 in South San Francisco, California for Myriad Women's Health and Crescendo. The Company also leases office and laboratory space under three non-cancelable leases that expire between 2019 and 2024 in Mason, Ohio and Toronto, Canada for Assurex. In addition, the Company maintains lease agreements that expire between 2019 and 2024 for administrative offices in Zurich, Switzerland; Paris, France; Milan, Italy; and London, UK . Furthermore, the Company leases information technology equipment under eight non-cancelable leases, with terms that expire in 2020 and 2021. Additionally, in December 2018 we entered into a lease agreement for a building yet to be constructed which shall contain approximately 125,000 square feet of additional office space upon completion at our corporate headquarters. Construction began in July 2019 and we anticipate completion of the building during fiscal 2021.

The following is a summary of the Company's rental expense for the fiscal years reported:

	Years Ended June 30,		
	2019	2018	2017
Rental expense	$ 19.7	$ 15.5	$ 15.2

Future minimum lease payments under the Company's current leases as of June 30, 2019 are as follows:

Fiscal year ending:	
2020	$ 15.1
2021	14.1
2022	13.1
2023	12.2
2024	11.9
Thereafter	19.1
	$ 85.5

14. EMPLOYEE DEFERRED SAVINGS 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 U.S. employees are covered by the plan. The Company makes matching contributions of 50% of each employee's contribution with the employer's contribution not to exceed 4% of the employee's compensation.

The Company's recorded contributions to the plan as follows:

	Years Ended June 30,		
	2019	2018	2017
Deferred savings plan Company contributions	$ 8.3	$ 7.2	$ 6.6

15. SEGMENT AND RELATED INFORMATION

The Company's business units have been aggregated into two reportable segments: (i) diagnostics and (ii) other. The diagnostics segment primarily provides testing and collaborative development of testing that is designed to assess an individual's risk for developing disease later in life, identify a patient's likelihood of responding to drug therapy and guide a patient's dosing to ensure optimal treatment, or assess a patient's risk of disease progression and disease recurrence. The other segment provides testing products and services to the pharmaceutical, biotechnology and medical research industries, research and development, and clinical services for patients, and includes corporate services such as finance, human resources, legal and information technology. Prior periods presented have been recast to conform to the current presentation.

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 income (loss) before interest income and other income and expense.

	Diagnostics	Other	Total
Year ended June 30, 2019:			
Revenues	$ 789.4	$ 61.7	$ 851.1
Depreciation and amortization	67.7	5.3	73.0
Segment operating income (loss)	133.3	(125.7)	7.6
Year ended June 30, 2018:			
Revenues	$ 690.4	$ 53.3	$ 743.7
Depreciation and amortization	49.2	5.2	54.4
Segment operating income (loss)	142.6	(20.7)	121.9
Year ended June 30, 2017:			
Revenues	$ 679.4	$ 49.3	$ 728.7
Depreciation and amortization	42.8	5.5	48.3
Segment operating income (loss)	124.7	(80.7)	44.0

	Years Ended June 30,		
	2019	2018	2017
Total operating income for reportable segments	$ 7.6	$ 121.9	$ 44.0
Unallocated amounts:			
Interest income	3.2	1.8	1.2
Interest Expense	(12.0)	(3.2)	(6.0)
Other	1.2	(0.4)	(3.0)
Income from operations before income taxes	0.0	120.1	36.2
Income tax provision	(4.4)	(13.0)	19.0
Net income	4.4	133.1	17.2
Net loss attributable to non-controlling interest	(0.2)	(0.2)	(0.2)
Net income attributable to Myriad Genetics, Inc. stockholders	$ 4.6	$ 133.3	$ 17.4

The following table sets forth a comparison of balance sheet assets by operating segment:

	June 30,	
	2019	2018
Net equipment, leasehold improvements and property:		
Diagnostics	25.7	12.2
Other	31.6	31.0
Total	$ 57.3	$ 43.2
Total Assets:		
Diagnostics	1,215.6	841.5
Other	155.3	122.5
Total	$ 1,370.9	$ 964.0

The following table reconciles assets by geographical region:

	June 30,	
	2019	2018
Net equipment, leasehold improvements and property:		
United States	36.0	20.0
Rest of world	21.3	23.2
Total	$ 57.3	$ 43.2
Total Assets:		
United States	1,265.8	853.4
Rest of world	105.1	110.6
Total	$ 1,370.9	$ 964.0

The following table reconciles assets by operating segment and geographic region to total assets:

	June 30,	
	2019	2018
Total assets by segment and geographical region	$ 1,370.9	$ 964.0
Cash, cash equivalents, and marketable investment securities (1)	191.8	211.3
Total	$ 1,562.7	$ 1,175.3

(1) The Company manages cash, cash equivalents, and marketable investment securities at the consolidated level for all segments

The majority of the Company's revenues were derived from the sale of diagnostic tests in the United States. There were no customers that accounted for greater than 10% of revenue in the years ended June 30, 2019, 2018 and 2017.

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Years Ended June 30,		
	2019	2018	2017
Cash paid during the year for income taxes	$ 6.5	$ 11.7	$ 12.3
Cash paid for interest	11.6	3.0	5.6
Non-cash investing and financing activities:			
Fair value adjustment on marketable investment securities recorded to stockholders' equity	1.2	(0.4)	(0.6)

17. SUPPLEMENTARY QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited financial data by quarter for fiscal 2019.

In millions, except per share amounts	Quarters Ended			
Consolidated Statement of Operations Data:	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Molecular diagnostic testing	$ 196.9	$ 200.5	$ 203.0	$ 189.0
Pharmaceutical and clinical services	18.5	16.1	13.8	13.3
Total Revenue	215.4	216.6	216.8	202.3
Costs and expenses:				
Cost of molecular diagnostic testing	41.6	40.3	44.0	42.3
Cost of pharmaceutical and clinical services	9.0	8.3	8.1	7.4
Research and development expense	20.9	21.5	22.4	21.1
Change in the fair value of contingent consideration	(0.3)	—	1.0	0.4
Selling, general and administrative expense	149.8	140.6	135.2	129.9
Total costs and expenses	221.0	210.7	210.7	201.1
Operating income	(5.6)	5.9	6.1	1.2
Other income (expense):				
Interest income	0.9	0.7	0.9	0.7
Interest expense	(3.2)	(3.2)	(3.4)	(2.2)
Other	0.2	(0.1)	—	1.1
Total other income (expense)	(2.1)	(2.6)	(2.5)	(0.4)
Income before income taxes	(7.7)	3.3	3.6	0.8
Income tax provision	(3.4)	(3.6)	1.0	1.6
Net income	(4.3)	6.9	2.6	(0.8)
Net loss attributable to non-controlling interest	(0.1)	—	—	(0.1)
Net income attributable to Myriad Genetics, Inc. stockholders	$ (4.2)	$ 6.9	$ 2.6	$ (0.7)
Earnings per share:				
Basic	$ (0.06)	$ 0.09	$ 0.04	$ (0.01)
Diluted	$ (0.06)	$ 0.09	$ 0.03	$ (0.01)
Weighted average shares outstanding:				
Basic	73.4	73.3	74.2	73.0
Diluted	74.8	74.9	76.5	73.0

In millions, except per share amounts	Quarters Ended			
Consolidated Statement of Operations Data:	**Jun 30, 2018 (a)**	**Mar 31, 2018 (a)**	**Dec 31, 2017 (a)**	**Sep 30, 2017 (a)**
Molecular diagnostic testing	$ 180.6	$ 169.3	$ 173.1	$ 167.4
Pharmaceutical and clinical services	13.3	13.8	14.8	11.4
Total Revenue	193.9	183.1	187.9	178.8
Costs and expenses:				
Cost of molecular diagnostic testing	38.0	36.8	37.7	36.2
Cost of pharmaceutical and clinical services	7.7	7.3	6.7	6.8
Research and development expense	17.7	18.5	16.8	17.8
Change in contingent consideration	0.2	(1.2)	13.0	(73.2)
Selling, general and administrative expense	112.5	107.9	107.4	107.2
Total costs and expenses	176.1	169.3	181.6	94.8
Operating income	17.8	13.8	6.3	84.0
Other income (expense):				
Interest income	0.5	0.5	0.4	0.4
Interest Expense	(1.1)	(0.5)	(0.7)	(0.9)
Other	0.8	(0.5)	(0.4)	(0.3)
Total other income (expense)	0.2	(0.5)	(0.7)	(0.8)
Income before income taxes	18.0	13.3	5.6	83.2
Income tax provision	3.5	4.3	(25.3)	4.5
Net income	14.5	9.0	30.9	78.7
Net loss attributable to non-controlling interest	—	(0.1)	—	(0.1)
Net income attributable to Myriad Genetics, Inc. stockholders	$ 14.5	$ 9.1	$ 30.9	$ 78.8
Earnings per share:				
Basic	$ 0.21	$ 0.13	$ 0.45	$ 1.15
Diluted	$ 0.20	$ 0.13	$ 0.43	$ 1.12
Weighted average shares outstanding:				
Basic	70.1	69.8	69.3	68.6
Diluted	72.9	72.4	71.9	70.4

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. See Note 1 to the financial statements of this report for additional information.

18. SUBSEQUENT EVENTS

Resolution of Subpoena from the Department of Health and Human Services

In July 2019, the Company resolved the complaint filed by a *qui tam* relator in October 2017 in the United States District Court for the District of South Carolina. The complaint was the basis of the Office of Inspector General (OIG) subpoena dated February 2018 regarding Medicare billing practices relating to the Company's hereditary cancer testing from 2014 to 2018. After a 17-month investigation, the Department of Justice declined to intervene in the case. The Company believes it demonstrated that the key allegations made in the complaint were false. In order to avoid a lengthy and distracting litigation with the *qui tam* relator, the company entered into a settlement agreement on July 18, 2019 under which the Company would pay $9.1 million to the *qui tam* relator in order to settle the matter. That agreement is currently pending an approval by the Office of Inspector General. The Company denies any wrongdoing and does not anticipate any material change in billing practices.

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

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

1. Disclosure Controls and Procedures

We maintain disclosure controls and procedures (Disclosure Controls) within the meaning of Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our Disclosure Controls are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our Disclosure Controls are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our Disclosure Controls, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily applied its judgment in evaluating and implementing possible controls and procedures.

As of the end of the period covered by this Annual Report on Form 10-K, we evaluated the effectiveness of the design and operation of our Disclosure Controls, which was done under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based on the evaluation of our Disclosure Controls, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2019, our Disclosure Controls were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

2. Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

We previously identified and disclosed in our Annual Report on Form 10-K for the year ended June 30, 2018 a material weakness over financial reporting related to insufficient controls to fully and timely take into account changes in the business environment and experience with ultimate collection from third-party payors in determining of sales allowance amounts.

During the first six months of the current fiscal year, we implemented changes to our processes and controls in response to the adoption of Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)" that became effective July 1, 2018. As a result, we believe this material weakness has been sufficiently remediated.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2019 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on that evaluation, management believes that our internal control over financial reporting was effective as of June 30, 2019.

Management has excluded Counsyl from its assessment of internal control over financial reporting as of June 30, 2019, because we acquired Counsyl in a business combination on July 31, 2018. Counsyl is a wholly-owned subsidiary whose total assets and net assets represent 28.8% and approximately 38.7%, respectively, and revenues represent 12.3% with a positive impact on net income as of June 30, 2019.

The effectiveness of Myriad Genetics, Inc.'s internal control over financial reporting as of June 30, 2019, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report as follows:

3. Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Myriad Genetics, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Myriad Genetics, Inc. and subsidiaries' internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Myriad Genetics, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Counsyl, Inc. ("Counsyl"), which is included in the June 30, 2019 consolidated financial statements of the Company and constituted 28.8% and 38.7% of total and net assets, respectively, as of June 30, 2019 and 12.3% of revenues with a positive impact on net income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Counsyl.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries as of June 30, 2019 and 2018, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended June 30, 2019, and the related notes and our report dated August 13, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Salt Lake City, UT
August 13, 2019

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Management and Corporate Governance," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Code of Conduct and Ethics" in our Proxy Statement for the 2019 Annual Meeting of Stockholders to be held on December 5, 2019.

Item 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Executive Compensation," "Management and Corporate Governance – Committees of the Board of Directors and Meetings – Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report" and "Management and Corporate Governance – Board's Role in the Oversight of Risk Management" in our Proxy Statement for the 2019 Annual Meeting of Stockholders to be held on December 5, 2019.

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

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation - Equity Compensation Plan Information" in our Proxy Statement for the 2019 Annual Meeting of Stockholders to be held on December 5, 2019.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Certain Relationships and Related Person Transactions" and "Management and Corporate Governance – Director Independence" in our Proxy Statement for the 2019 Annual Meeting of Stockholders to be held on December 5, 2019.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The response to this item is incorporated by reference from the discussion responsive thereto in the proposal entitled "Independent Public Accountants" in our Proxy Statement for the 2019 Annual Meeting of the Stockholders to be held on December 5, 2019.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are included as part of this Annual Report on Form 10-K.

1. Financial Statements

See "Index to Consolidated Financial Statements" at Item 8 to this Annual Report on Form 10-K.

2. Financial Statement Schedules

Financial statement schedules have not been included because they are not applicable or the information is included in the financial statements or notes thereto.

3. Exhibits

Exhibit Number	Exhibit Description	Filed with this Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File/ Registration Number
3.1	Restated Certificate of Incorporation, as amended		10-K (Exhibit 3.1)	08/15/11	000-26642
3.2	Restated By-Laws		8-K (Exhibit 3.1)	09/24/14	000-26642
4.1	Specimen common stock certificate		10-K (Exhibit 4.1)	08/15/11	000-26642
Lease Agreements					
10.1 .1	Lease Agreement, dated October 12, 1995, between the Registrant and Boyer Research Park Associates V, by its general partner, the Boyer Company		10-Q (Exhibit 10.2)	11/08/96	000-26642
.2	Amendment to Phase I Lease Agreement, dated February 3, 2016, between the Registrant and HCPI/UTAHII, LLC.		10-Q (Exhibit 10.1)	05/04/16	000-26642
10.2 .1	Lease Agreement-Research Park Building Phase II, dated March 6, 1998, between the Registrant and Research Park Associated VI, by its general partner, the Boyer Company, L.C.		10-K (Exhibit 10.44)	09/24/98	000-26642
.2	Amendment to Phase II Lease Agreement, dated February 3, 2016, between Myriad Genetics, Inc. and HCPI/UTAH II, LLC.		10-Q (Exhibit 10.2)	05/04/16	000-26642
10.3 .1	Lease Agreement, dated March 31, 2001, between the Registrant and Boyer Research Park Associates VI, by its general partner, The Boyer Company, L.C.		10-Q (Exhibit 10.1)	05/15/01	000-26642
.2	Amendment to Phase III Lease Agreement, dated February 3, 2016, between Myriad Genetics, Inc. and HCPI/UTAH II, LLC.		10-Q (Exhibit 10.3)	05/04/16	000-26642
10.4 .1	Lease Agreement, effective as of May 31, 2005, dated June 29, 2005, between the Registrant and Boyer Research Park Associates VIII, by its general partner, The Boyer Company, L.C.		8-K (Exhibit 99.1)	07/05/05	000-26642

Exhibit Number		Exhibit Description	Filed with this Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File/ Registration Number
	.2	Letter of Understanding regarding Lease, dated June 29, 2005, between the Registrant and Boyer Research Park Associates VIII, by its general partner, The Boyer Company, L.C.		8-K (Exhibit 99.2)	07/05/05	000-26642
	.3	Amendment to Phase IV Lease Agreement, dated February 16, 2007, between Myriad Genetics, Inc. and Boyer Research Park Associates VIII, L.C..		10-Q (Exhibit 10.4)	05/04/16	000-26642
10.5	.1	Lease Agreement, dated March 11, 2008, between the Registrant and Boyer Research Park Associates IX, by its general partner, The Boyer Company, L.C.		10-K (Exhibit 10.32)	08/28/08	000-26642
	.2	Amendment to Lease Agreement, dated February 12, 2010 between the Registrant and Boyer Research Park Associates IX, L.C..		10-Q (Exhibit 10.4)	05/05/10	000-26642
10.6		Lease Agreement, dated January 31, 2019 between the Registrant and Boyer Research Park Associates X, L.C., by its Manager, The Boyer Company, L.C.	X			
Agreements with Executive Officers and Directors						
10.7	.1	Form of Executive Retention Agreement+@		10-Q (Exhibit 10.1)	05/05/10	000-26642
	.2	Form of Amendment to Form of Executive Retention Agreement+@		10-Q (Exhibit 10.2)	05/05/10	000-26642
	.3	Form of Executive Retention Agreement, as amended+@		10-Q (Exhibit 10.1)	11/04/15	000-26642
	.4	Amendment to Executive Retention Agreement +@		8-K (Exhibit 10.1)	10/02/15	000-26642
10.8		Non-Employee Director Compensation Policy+		10-K (Exhibit 10.15)	08/10/17	000-26642
10.9		Form of director and executive officer indemnification agreement+		10-K (Exhibit 10.34)	08/25/09	000-26642
Equity Compensation Plans						
10.10		2017 Employee, Director and Consultant Equity Incentive Plan+		8-K (Exhibit 10.1)	12/01/17	000-26642
10.11		2012 Employee Stock Purchase Plan+		8-K (Exhibit 10.2)	12/07/12	000-26642
10.12		2013 Executive Incentive Plan, as amended+		8-K (Exhibit 10.2)	12/01/17	000-26642
Credit Agreement						
10.13		Credit Agreement, dated December 23, 2016, among the Registrant and the lenders from time to time party thereto, and as amended July 31, 2018.		10-K (Exhibit 10.16)	08/24/18	000-26642

Exhibit Number	Exhibit Description	Filed with this Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File/ Registration Number
Merger Agreements					
10.14	Agreement and Plan of Merger among the Registrant, Myriad Merger Sub, Inc., Assurex Health, Inc. and Fortis Advisors LLC, dated as of August 3, 2016.		10-Q (Exhibit 10.1)	11/02/16	000-26642
10.15	Agreement and Plan of Merger among the Registrant, Cinnamon Merger Sub, Inc., a wholly owned subsidiary of Myriad, Inc., Counsyl, Inc, and Fortis Advisors, dated as of May 25, 2018.		10-K (Exhibit 10.18)	08/24/18	000-26642
Other					
21.1	List of Subsidiaries of the Registrant	X			
23.1	Consent of Independent Registered Public Accounting Firm (Ernst & Young LLP)	X			
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101	The following materials from Myriad Genetics, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 2019, formatted in XBRL (Xtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements. XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X			

(+) Management contract or compensatory plan arrangement.

(@) The agreements with all executives are identical except for the executive who is a party to the agreement and the date of execution, which are listed at the end of the exhibit

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 13, 2019.

MYRIAD GENETICS, INC.

By: /s/ Mark C. Capone
Mark C. Capone
President and Chief Executive Officer

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

Signatures	Title	Date
By: /s/ Mark C. Capone **Mark C. Capone**	President, Chief Executive Officer and Director (principal executive officer)	August 13, 2019
By: /s/ R. Bryan Riggsbee **R. Bryan Riggsbee**	Chief Financial Officer (principal financial and accounting officer)	August 13, 2019
By: /s/ John T. Henderson **John T. Henderson, M.D.**	Chairman of the Board	August 13, 2019
By: /s/ Walter Gilbert **Walter Gilbert, Ph.D.**	Vice Chairman of the Board	August 13, 2019
By: /s/ Lawrence C. Best **Lawrence C. Best**	Director	August 13, 2019
By: /s/ Heiner Dreismann **Heiner Dreismann, Ph.D.**	Director	August 13, 2019
By: /s/ Dennis Langer **Dennis Langer, M.D., J.D.**	Director	August 13, 2019
By: /s/ S. Louise Phanstiel **S. Louise Phanstiel**	Director	August 13, 2019

Exhibit 10.6

LEASE AGREEMENT

LANDLORD: BOYER RESEARCH PARK ASSOCIATES X, L.C.
TENANT: MYRIAD GENETICS, INC.

RESEARCH PARK BUILDING - PHASE VI

EXHIBITS

EXHIBIT “A”	DESCRIPTION OF REAL PROPERTY
EXHIBIT “B”	PLANS AND SPECIFICATIONS OF BUILDING
EXHIBIT “C”	WORK LETTER-CONSTRUCTION AND/OR FINISH OF IMPROVEMENTS TO LEASED PREMISES
EXHIBIT “D”	ACKNOWLEDGMENT OF COMMENCEMENT DATE & ESTOPPEL CERTIFICATE
EXHIBIT “E”	COST TO CONSTRUCT LEASED PREMISES

LEASE AGREEMENT

RESEARCH PARK BUILDING - PHASE VI

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of this 31 day of January, 2019 by and between **BOYER RESEARCH PARK ASSOCIATES X, L.C.,** a Utah limited liability company (the "Landlord"), and **MYRIAD GENETICS, INC.,** a Delaware corporation (the "Tenant").

For and in consideration of the rental to be paid by Tenant and of the covenants and agreements herein set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Leased Premises (as hereafter defined), at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

I. PREMISES

1.1 Description of Premises. Landlord does hereby demise, lease and let unto Tenant, and Tenant does hereby take and receive from Landlord the following:

(a) All of the floor area in a five story office building (the "Building") to be constructed on the real property (the "Property") described on Exhibit "A" attached hereto and by this reference incorporated herein, which Building shall contain approximately 125,155 gross rentable square feet (the "Leased Premises"). The Building to be constructed is depicted on the conceptual plans and specifications attached hereto as Exhibit "B" (the "Conceptual Plans").

(b) Such non-exclusive rights-of-way, easements and similar rights with respect to the Building and Property as may be reasonably necessary for access to and egress from, the Leased Premises.

(c) The right to use six hundred (600) stalls in the parking garage to be located on the Property (the "Parking Garage") in accordance with, and subject to, Article XX below.

1.2 Work of Improvement. The obligation of Landlord and Tenant to perform the work and supply the necessary materials and labor to prepare the Leased Premises for occupancy is described in detail on Exhibit "C". Landlord and Tenant shall expend all funds and do all acts required of them as described on Exhibit "C" and shall perform or have the work performed promptly and diligently in a first class and workmanlike manner.

1.3 Construction of Shell Building. Landlord shall, at its own cost and expense, construct and complete the Building and cause all of the construction which is to be performed by it in completing the Building and performing its work (including the Tenant Finish work) as set forth on Exhibit "C", to be substantially completed as evidenced by a Certificate of Occupancy, and the Leased Premises ready for Tenant's occupancy as soon as reasonably possible, but in no event later than eighteen months from Landlord's receipt of a building permit (the "Target Date"). In the event that Landlord's construction obligation has not been fulfilled upon the expiration of the "Target Date", Tenant shall have the right to exercise any right or remedy available to it under this Lease, including the right to terminate this Lease and the right to charge Landlord and cause Landlord to pay any increased costs associated with Tenant's current leases due to holding over in such space or moving to temporary space; provided that under no circumstances shall Landlord be liable to Tenant resulting from delay in the occurrence of the Target Date caused by circumstances beyond Landlord's direct control.

1.4 Construction of Leased Premises. Upon completion of Tenant Finish Plans as contemplated by Exhibit "C," Landlord shall complete the budget in the form attached hereto as Exhibit "E" for Tenant's approval prior to the commencement of construction of the Tenant Finish. Landlord shall itemize each part of the construction and its associated estimated cost. Tenant shall be obligated for all costs shown on Exhibit "E" subject to reimbursement from the Tenant Improvement Allowance (as defined below). Upon acceptance by Tenant of the budget, Landlord shall construct in accordance with Exhibit "C" all items pertaining to the Tenant Finish, including the obligation to pay for all cost changes not initiated by Tenant.

1.5 Lease Contingency; Landlord's Right to Terminate. Landlord is in the process of entering into a ground lease (as amended, restated, supplanted or otherwise modified from time to time, the "Ground Lease") with the fee owner of the Property (the "Ground Lessor"). In the event that Landlord determines the Ground Lease contains provisions which are inconsistent with the right and obligations of either Landlord or Tenant under this Lease, Landlord shall propose a form of amendment of this Lease to Tenant. Tenant shall not unreasonably withhold its consent to the proposed amendment so long as such amendment does not materially adversely affect Tenant's rights or obligations hereunder. Additionally, Landlord shall have the right to terminate this Lease upon written notice to Tenant in the event any one of the conditions listed below is not satisfied. In the event of such termination by Landlord, neither Landlord nor Tenant shall have any further rights or obligations under this Lease, except for such rights and obligations that expressly survive termination or expiration of this Lease.

(a) Landlord and Ground Lessor have executed a favorable Ground Lease by January 31, 2019.

(b) Landlord has received architectural control approval for the Building from the University of Utah by February 28, 2019.

(c) Landlord has received a building height variance from Salt Lake City in such form as is acceptable to Landlord by March 31, 2019.

1.6 Tenant Improvement Allowance. Landlord shall provide a tenant improvement allowance in the maximum amount of $6,606,184 (the "Tenant Improvement Allowance") to be applied against the cost to be paid by Tenant as set forth on Exhibit "E" attached to this Lease. In no event shall the Tenant Improvement Allowance be used to reimburse Tenant for any special decorator items, equipment, furniture, or furnishings (the "FF&E").

II. TERM

2.1 Length of Term. The term of this Lease shall be for a period of fifteen (15) years plus the partial calendar month, if any, occurring after the Commencement Date (as hereinafter defined) if the Commencement Date occurs other than on the first day of a calendar month.

2.2 Commencement Date; Obligation to Pay Rent. The term of this Lease and Tenant's obligation to pay rent hereunder shall commence on the first to occur of the following dates (the "Commencement Date"):

(a) The date Tenant occupies the Premises and conducts business; or

(b) The date that is fifteen (15) days after the Landlord, or Landlord's supervising contractor, notifies Tenant in writing that Landlord's construction obligations respecting the Leased Premises have been fulfilled and that the Leased Premises are ready for occupancy. Such notice shall be accompanied by an occupancy permit and a certificate from the Architect (as defined in Exhibit "C") stating that remaining punch list items can be completed within fifteen (15) days and will not materially interfere with Tenant's business. Prior to the Commencement Date, it is contemplated that Tenant shall be able to perform its construction obligation as per Exhibit "C", Part II.H.

2.3 Option to Extend. Landlord grants Tenant the right to extend this Lease for two additional periods of five years each by giving Landlord nine (9) months prior written notice. All terms and conditions of the Lease during the extension terms shall remain the same, with the exception the new Basic Annual Rent for each renewal period shall be Fair Market Rental (as defined herein).

For purposes of this Section 2.3, Fair Market Rental shall mean the rental rate for premises then being leased in other comparable first class multi-story office buildings in University of Utah Research Park and said rate shall take into account all relevant facts and circumstances including but not limited to the term, prevailing rents, tenant improvement contributions and other concessions and shall take into account any brokerage commissions payable in connection with such leases.

2.4 Acknowledgment of Commencement Date. Landlord and Tenant shall execute a written acknowledgment of the commencement Date in the form attached hereto as Exhibit "D".

III. BASIC RENTAL PAYMENTS

3.1 Basic Annual Rent. Tenant agrees to pay to Landlord as basic annual rent (the "Basic Annual Rent") at such place as Landlord may designate, without prior demand therefore and without any deduction or set off whatsoever, the sum of Four Million One Hundred Forty-Two Thousand Six Hundred Thirty dollars and 70/100 ($4,142,630). Said Basic Annual Rent shall be due and payable in twelve (12) equal monthly installments to be paid in advance on or before the first day of each calendar month during the term of the Lease. Commencing on the first anniversary of the Commencement Date and on each anniversary of the Commencement Date thereafter (each, an "Adjustment Date"), Basic Annual Rent shall escalate at the Applicable Escalation Rate (as defined below) on a cumulative basis. In the event the Commencement Date occurs on a day other than the first day of a calendar month, then rent shall be paid on the Commencement Date for the initial fractional calendar month prorated on a per-diem basis (based upon a thirty (30) day month). For purposes hereof, the Applicable Escalation Rate shall mean, at the applicable Adjustment Date, the lessor of (a) 3.0% per year and (b) the change in the All Urban

Index (as defined below) from the Base Price Index (as defined below); provided that in no event that the Applicable Escalation Rate be less than 1.5% per year. For purposes of this Lease the term "All Urban Index" shall mean the Consumer Price Index for All Urban Consumers U.S. City Average-All Items (1982-1984 equals 100 base) as published by the United States Bureau of Labor Statistics or any successor agency or any other index hereinafter employed by the Bureau of Labor Statistics in lieu of said index, as of the date that is one (1) month prior to the applicable Adjustment Date. The price index for the month that is thirteen (13) months prior to the applicable Adjustment Date shall be considered the "Basic Price Index."

3.2 Additional Monetary Obligations. Tenant shall also pay as rental (in addition to the Basic Annual Rent) all other sums of money as shall become due and payable by Tenant to Landlord under this Lease. Landlord shall have the same remedies in the case of a default in the payment of said other sums of money as are available to Landlord in the case of a default in the payment of one or more installments of Basic Annual Rent.

IV. ADDITIONAL RENT

4.1 Net Rent. It is the intent of both parties that the Basic Annual Rent herein specified shall be absolutely net to the Landlord throughout the term of this Lease, and that all costs, expenses and obligations relating to Tenant's pro-rata share of the Building, Property and the Leased Premises which may arise or become due during the term shall be paid by Tenant in the manner hereafter provided.

For purposes of this Part IV and the Lease in general, the following words and phrases shall have the meanings set forth below:

(a) "Additional Rent" shall mean the sum of Tenant's Proportionate Share of Basic Costs and Parking Garage Costs, plus all other amounts due and payable by Tenant under this Lease other than Basic Annual Rent.

(b) "Basic Costs" shall mean all actual costs and expenses incurred by Landlord in connection with the ownership, operation, management and maintenance of the Building, the Property, and related improvements located thereon (the "Improvements"), including, but not limited to, all expenses incurred by Landlord as a result of Landlord's compliance with any and all of its obligations under this Lease other than the performance by Landlord of its work under Sections 1.2, 1.3 and 1.4 of this Lease. In explanation of the foregoing, and not in limitation thereof, Basic Costs shall include:

(i) all real and personal property taxes, impact fees, local improvement rates, and other ad valorem assessments (whether general or special, known or unknown, foreseen or unforeseen) and any tax or assessment levied or charged in lieu thereof, whether assessed against Landlord and/or Tenant and whether collected from Landlord and/or Tenant, including, without limitation, any privilege or excise tax;

(ii) the cost of all insurance maintained by Landlord on or with respect to the Building, the Improvements, or the Property, including, without limitation, casualty insurance, liability insurance, rental interruption, workers compensation, any insurance required to be maintained by Landlord's lender, and any deductible applicable to any claims made by Landlord under such insurance;

(iii) snow removal, trash removal, cost of services of independent contractors, cost of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with day-to-day operation, maintenance, repair, and replacement of the Parking Garage, and to the extent required under the Lease, the Building, the Improvements, or the Property, its equipment and the adjacent walk and landscaped area (including, but not limited to janitorial, scavenger, gardening, security, parking, elevator, painting, plumbing, electrical, mechanical, carpentry, window washing, structural and roof repairs and reserves, signing and advertising);

(iv) costs of all gas, water, sewer, electricity and other utilities used in the maintenance, operation or use of the Building (except to the extent billed to Tenant directly as permitted hereunder), the Improvements, the Property, cost of equipment or devices used to conserve or monitor energy consumption, supplies, licenses, permits and inspection fees;

(v) auditing, accounting and legal fees directly associated with Tenant or the Parking Garage;

(vi) property management fees not to exceed one percent (1%) of Basic Annual Rent;

(vii) the cost of capital improvements requested by Tenant which decrease Basic Costs, provided, however, the amount included as Basic Costs shall be limited to the actual verified amount of the decrease in Basic Costs as a direct result of such capital improvements;

(viii) payments required to be made in connection with the maintenance or operation of any easement or right of way or other instrument of title applicable to the Property, including, without limitation, the Ground Lease; and

(ix) reserves, which Landlord may collect in the amount of one percent (1%) of Basic Costs.

(c) "Estimated Costs" shall mean Landlord's estimate of (i) Tenant's Proportionate Share of Parking Garage Costs and (ii) Tenant's Proportionate Share of Basic Costs, excluding the costs of electricity provided to the Leased Premises, which Tenant shall pay directly.

(d) "Parking Garage Costs" shall mean all actual costs and expenses incurred by Landlord in connection with the ownership, operation, management and maintenance of the Parking Garage, including, but not limited to, all of the items comprising Basic Costs under Section 4.l(c) above to the extent incurred by Landlord specially in connection with the Parking Garage, except that the property management fees with respect to the Parking Garage shall be two percent (2%) of Parking Garage Costs, but excluding costs arising solely due to latent defects in the initial construction of the Parking Garage.

(e) "Tenant's Proportionate Share" shall mean (i), with respect to Basic Costs, the percentage derived from the fraction, the numerator of which is the gross rentable square footage of the Lease Premises, the denominator of which is the gross rentable square footage of the Building, which percentage under this Lease is 100%, and (ii), with respect to Parking Garage Costs, the percentage derived from the fraction, the numerator of which is the number of parking stalls allocated for Tenant's non-exclusive use under this Lease, the denominator of which is the total number of parking stalls within the Parking Garage.

4.2 Payment of Additional Rent. Additional Rent shall be paid as follows:

(a) Prior to the beginning of a calendar year, Landlord shall deliver to Tenant a statement showing the Estimated Costs for such calendar year. If Landlord fails to deliver such statement prior to January 1 of the applicable year, until the delivery of such statement, Tenant's Estimated Costs shall be deemed to be the same amount of the Estimated Costs for the prior year; provided, however, if Landlord subsequently furnishes to Tenant a statement of such Estimated Costs, to the extent such Estimated Costs are greater than or less than the Estimated Costs paid on a year to date basis, Tenant shall either receive a credit or make a payment, in the amount of such difference on the next date on which Tenant makes a Basic Annual Rent payment hereunder.

(b) Concurrent with each monthly payment of Basic Annual Rent due pursuant to Section 3.1 above, Tenant shall pay to Landlord, without offset or deduction, one-twelfth (1/12th) of the Estimated Costs, plus all other amounts due and owing by Tenant under this Lease which are not included as part of Estimated Costs (e.g., late payment charges).

4.3 Report of Basic Costs and Parking Garage Costs and Statement of Estimated Costs. Within one hundred twenty (120) days after each calendar year occurring during the Term, Landlord shall furnish Tenant with a written reconciliation statement (the "Landlord's Statement") comparing the actual Basic Costs and actual Parking Garage Costs payable during the previous calendar year against the amounts actually paid by Tenant during the previous calendar year pursuant to Section 4.2 above. If the annual reconciliation statement of costs indicates that the Estimated Costs paid by Tenant for any year exceeded the actual Basic Costs and the actual Parking Garage Costs, Landlord, at its election, shall within thirty (30) days of Tenant's receipt of such reconciliation statement, either (a) pay the amount of such excess to Tenant, or (b) apply such excess against the next installment of Basic Annual Rental or Additional Rent due hereunder. If the annual reconciliation statement of costs indicates that Estimated Costs paid by Tenant for any year are less than the actual Basic Costs and the actual Parking Garage Costs for such calendar year, Tenant shall pay to Landlord any such deficiency within thirty (30) days of Tenant's receipt of such reconciliation statement.

4.4 Resolution of Disagreement. Every statement given by Landlord pursuant to Section 4.3 shall be conclusive and binding upon Tenant unless within one hundred twenty (120) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof. During the period of 120 days after receipt of Landlord's Statement, at Tenant's sole cost and expense, a certified public accountant or Tenant's in house accountants (as applicable, "Tenant's CPA"), which shall not be compensated on a contingency basis, may, for the purpose of verifying Basic Costs and Parking Garage Costs, inspect the records of the material reflected in Landlord's Statement, including such materials and statements for previous years, as applicable, at a reasonable time mutually-agreeable to Landlord and Tenant. The audit shall be concluded within thirty (30) days of the commencement of such audit and Tenant shall provide Landlord with the results of such audit within sixty (60) days of the conclusion of such audit. The parties recognize the confidential nature of Landlord's books and records and hence agree that before Landlord shall afford Tenant's CPA reasonable access to Landlord's books and records, including the copying of said material in order to complete a thorough analysis of the expenses, Tenant and Tenant's CPA shall enter into a confidentiality agreement in form and substance reasonably satisfactory to Landlord, whereby Tenant and Tenant's CPA shall agree, as a condition precedent to their review of such books and records, not to disclose any of the information disclosed in connection with such review to any third party (subject to standard nondisclosure exceptions, including without limitation, disclosures ordered by a court or otherwise required to comply with applicable law). Failure of Tenant to challenge any item in Landlord's Statement within one hundred twenty (120) days after Tenant's receipt of Landlord's Statement shall be construed as a waiver of Tenant's right to challenge such item for such year and such determination shall be conclusive for both Landlord and Tenant. In the event Tenant's audit of Landlord's Statement discloses discrepancies, Tenant shall disclose the results of such audit to Landlord. Landlord shall have a period of thirty (30) days to review Tenant's audit reports and determine if Landlord disputes such reports. If Landlord disputes the results of Tenant's audit reports, Landlord shall give written notice of such disputes within such thirty (30) day period. Landlord and Tenant shall work in good faith to resolve any disagreements resulting from Tenant's audit. If Landlord and Tenant cannot resolve such disputes within thirty (30) days of the date Landlord gives notice to Tenant of Landlord's dispute, either party may refer the decision of the issues raised, if any, to a reputable, nationally-recognized independent firm of certified public accountants (or other organization whose core competency is deemed to be within this specialty area) selected by Landlord and approved by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed. The selected firm shall be deemed to be acting as an expert and not as an arbitrator, and a determination signed by the selected expert shall be final and binding on both Landlord and Tenant. Landlord shall afford such accountants/specialists reasonable access to Landlord's books and records to the extent such accountants/specialists deem necessary in order to reach their decision. In connection therewith, Tenant and such accountants/specialists shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby such parties shall agree not to disclose any of the information disclosed in connection with such review to any third party (subject to standard nondisclosure exceptions, including without limitation, disclosures ordered by a court or otherwise required to comply with applicable law). Notwithstanding the foregoing, in the event such certified public accountant/specialists shall determine that Landlord's Statement for the subject year or any previous years, if applicable, has overcharged Tenant for Basic Costs and Parking Garage Costs (and such determination is not successfully challenged by Landlord), then (a) Landlord shall refund or credit to Tenant the amount of the overcharge, and (b) if Tenant has been overcharged by more than five percent (5%) of the amount that was actually was due, Landlord shall reimburse Tenant for the reasonable, out-of-pocket cost incurred by Tenant in connection with such audit.

4.5 Limitations. Nothing contained in this Part IV shall be construed at any time so as to reduce the monthly installments of Basic Annual Rent payable hereunder below the amount set forth in Section 3.1 of this Lease.

V. SECURITY DEPOSIT

(Waived)

VI. USE

6.1 Use of Leased Premises. The Leased Premises shall be used and occupied by Tenant for commercial laboratory, pharmaceutical research and development, and general office purposes only and for no other purpose whatsoever without the prior written consent of Landlord.

6.2 Prohibition of Certain Activities or Uses. The Tenant shall not do or permit anything to be done in or about, or bring or keep anything in the Leased Premises which is prohibited by this Lease or will, in any way or to any extent:

(a) Adversely affect any fire, liability or other insurance policy carried with respect to the Building, the Leased Premises or any of the contents of the Building (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

(b) Conflict with or violate any law, statute, ordinance, rule, regulation or requirement of any governmental unit, agency or authority (whether existing or enacted as promulgated in the future, known or unknown, foreseen or unforeseen).

(c) Adversely overload the floors or otherwise damage the structural soundness of the Leased Premises or Building, or any part thereof (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved).

6.3 Affirmative Obligations with Respect to Use.

(a) Tenant will comply with all governmental laws, ordinances, regulations, and requirements, now in force or which hereafter may be in force, of any lawful governmental body or authorities having jurisdiction over the Leased Premises, will keep the Leased Premises and every part thereof in a clean, neat, and orderly condition, free of objectionable noise, odors, or nuisances, will in all respects and at all times fully comply with all applicable health and policy regulations, and will not suffer, permit, or commit any waste.

(b) At all times during the term hereof, Tenant shall, at Tenant's sole cost and expense, comply with all statutes, ordinances, laws, orders, rules, regulations and requirements of all applicable federal, state, county, municipal and other agencies or authorities, now in effect or which may hereafter become effective, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alterations of the Leased Premises (including, without limitation, all applicable requirements of the Americans with Disabilities Act of 1990 and all other applicable laws relating to people with disabilities, and all rules and regulations which may be promulgated hereunder from time to time and whether relating to barrier removal, providing auxiliary aids and services or otherwise) and upon request of Landlord shall deliver evidence thereof to Landlord.

(c) The Leased Premises, this Lease and all of Tenant's rights and obligations hereunder are subject to the terms and conditions of the Ground Lease. Tenant shall not take any action, or make any omission which is the responsibility of Tenant under this Lease, which violates the provisions of the Ground Lease.

6.4 Suitability. The Leased Premises, Building and Improvements (and each and every part thereof) shall be deemed to be in satisfactory condition unless, within one (1) year after the Commencement Date, Tenant shall give Landlord written notice specifying, in reasonable detail, the respects in which the Leased Premises, Building or Improvements are not in satisfactory condition. Landlord further provides warranties as provided in Exhibit "C", Part II.D and F.

6.5 Taxes. Tenant shall pay all taxes, assessments, charges, and fees which during the term hereof may be imposed, assessed or levied by any governmental or public authority against or upon Tenant's use of the Leased Premises or any personal property or fixture kept or installed therein by Tenant and on the value of leasehold improvements to the extent that the same exceed Building allowances.

VII. UTILITIES AND SERVICES

7.1 Obligations of Tenant. During the term of this Lease the Landlord and Tenant agree that following Landlord's construction and installation of the base Mechanical, Electrical and Elevator systems in the Building per the Approved Building Plans (as defined in Exhibit "C"), Tenant shall manage the periodic maintenance and pay for all expenses related thereto for the term of the Lease. Tenant further agrees to manage the janitorial service, security system, snow removal service, landscaping and grounds keeping services and elevator service within the Building and pay for the expense thereof through the term of the Lease. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges, electric light bulbs (but not fluorescent bulbs used in fixtures originally installed in the Leased Premises) and all other materials and services not expressly required to be provided and paid for by Landlord pursuant to the provisions of this Section 7.1.

7.3 Additional Limitations. If and where heat generating machines devices are used in the Leased Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right with Tenant's concurrence to install additional or supplementary air conditioning units for the Leased premises, and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly after demand by Landlord.

7.4 Limitation on Landlord's Liability. Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of the failure of any of the foregoing utilities or services to the Leased Premises. In no event shall Landlord be liable for loss or injury to persons or property, however, arising or occurring in connection with or attributable to any failure of such utilities or services even if within the control of Landlord, except in the event of Landlord's negligence or willful misconduct.

VIII. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS

8.1 Maintenance and Repairs by Landlord. Landlord shall maintain in good order, condition and repair the Parking Garage and the structural components of the Leased Premises, including without limitation roof, exterior walls and foundations, as well as all repairs covered under construction warranties provided if Landlord is required to make structural repairs by reason of Tenant's negligent acts or omissions, Tenant shall pay Landlord's costs for making such repairs.

8.2 Maintenance and Repairs by Tenant. Tenant, at Tenant's sole cost and expense and without prior demand being made, shall maintain the Leased Premises, including, without limitation, the HVAC system, in good order, condition and repair, and will be responsible for the painting, carpeting or other interior design work of the Leased Premises beyond the initial construction phase as specified in Section 1.4 and Exhibits "C" and "E" of the Lease and shall maintain all equipment and fixtures installed by Tenant. If repainting or recarpeting is required and authorized by Tenant, the cost for such are the sole obligation of Tenant and shall be paid for by Tenant immediately following the performance of said work and a presentation of an invoice for payment.

8.3 Alterations. Tenant shall not make or cause to be made any alterations, additions or improvements or install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, or shades or awnings, or make any other changes to the Leased Premises (collectively, "Alterations") without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld. The foregoing notwithstanding, if the proposed Alterations are, in Landlord's judgment, likely to violate the Ground Lease, affect the structure of the Building or the electrical, plumbing, life safety or HVAC systems, or otherwise adversely impact the value of the Building, such consent may be withheld at the sole and absolute discretion of Landlord. Tenant shall present to the Landlord plans and specifications for any proposed Alterations at the time approval is sought. In the event Landlord consents to the making of any Alterations to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any Alterations shall be done in a good and workmanlike manner and diligently prosecuted to completion such that, except as absolutely necessary during the course of such work, the Leased Premises shall at all times be a complete operating unit. In performing such work, Tenant shall at all times comply with all provisions of this Lease, including, without limitation, Section 14.2 of this Lease. Any such Alterations shall be performed and done strictly in accordance with all laws and ordinances relating thereto and the Ground Lease. In performing the work or any such Alterations, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any Alterations to or of the Leased Premises, including, but not limited to, wallcovering, paneling, and built-in cabinet work, but excepting movable furniture and equipment, shall, if elected by

Landlord, become a part of the realty and shall be surrendered with the Leased Premises, otherwise Tenant shall be required to restore any Alteration. Notwithstanding the foregoing to the contrary, Landlord's written approval shall not be required for Alterations if (a) such Alteration is purely cosmetic and nonstructural in nature and does not affect or involve the roof, exterior or electrical, gas, plumbing, fire, life safety, HVAC or other systems or facilities of the Building (that is, painting, wall covering and carpet only), and (b) the cost of such Alterations are less than $100,000.

8.4 Landlord's Access to Leased Premises. Landlord shall have the right to place, maintain, and repair all utility equipment of any kind in, upon, and under the Leased Premises as may be necessary for the servicing of the Leased Premises and other portion of the Building. Landlord shall upon providing adequate notice to Tenant (except in the case of an emergency), also have the right to enter the Leased Premises at all times to inspect or to exhibit the same to prospective purchasers, mortgagees, tenants, and lessees, and to make such repairs, additions, alterations, or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material upon said Leased Premises that may be required therefore without the same constituting an actual or constructive eviction of Tenant in whole or in part and the rents reserved herein shall in no wise abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise, and Tenant shall have no claim for damages unless due to Landlord negligence. During the three (3) months prior to expiration of this Lease or of any renewal term, Landlord may place upon the Leased Premises "For Lease" or "For Sale" signs which Tenant shall permit to remain thereon.

IX. ASSIGNMENT

9.1 Definitions. As used in this Lease:

(a) "Pledge" means to pledge, encumber, mortgage, assign (whether as collateral or absolutely) or otherwise grant a lien or security interest in this Lease or any portion of the Leased Premises as security for, or to otherwise assure, performance of any obligation of Tenant or any other person.

(b) "Sublease" means to lease or enter into any other form of agreement with any other person, whether written or oral, which allows that person or any other person to occupy or possess any part of the Leased Premises for any period of time or for any purpose.

(c) "Transfer" means to sell, assign, transfer, exchange or otherwise dispose of or alienate any interest of Tenant in this Lease, whether voluntary or involuntary or by operation of law including, without limitation: (i) any such Transfer by death, incompetency, foreclosure sale, deed in lieu of foreclosure, levy or attachment; (ii) if Tenant is not a human being, any direct or indirect Transfer of fifty percent (50%) or more of any one of the voting, capital or profits interests in Tenant; and (iii) if Tenant is not a human being, any Transfer of this Lease from Tenant by merger, consolidation, transfer of assets, or liquidation or any similar transaction under any law pertaining to corporations, partnerships, limited liability companies or other forms of organizations.

9.2 Transfers, Subleases and Pledges Prohibited. Except with the prior written consent of Landlord in each instance, Tenant shall not Transfer or Pledge this Lease, or Sublease or Pledge all or any part of the Leased Premises. Consent of Landlord to any of the actions described in the previous sentence shall be deemed granted and delivered only if obtained strictly in accordance with and pursuant to the procedure set forth in Section 9.3 of this Lease and is memorialized in a writing signed by Landlord that refers on its face to Section 9.3 of this Lease. Any other purported Transfer, Sublease or Pledge shall be null and void, and shall constitute a default under this Lease which, at the option and election of Landlord exercisable in writing at its sole discretion, shall result in the immediate termination of this Lease; provided, if Landlord does not terminate this Lease, it may exercise any other remedies available to it under this Lease or at law or equity. Consent by Landlord to any Transfer, Sublease or Pledge shall not operate as a waiver of the necessity for consent to any subsequent Transfer, Sublease or Pledge, and the terms of Landlord's written consent shall be binding upon any person holding by, under, or through Tenant. Landlord's consent to a Transfer, Sublease or Pledge shall not relieve Tenant from any of its obligations under this Lease, all of which shall continue in full force and effect notwithstanding any assumption or agreement of the person to whom the Transfer, Sublease or Pledge pertains.

9.3 Consent of Landlord Required:

(a) If Tenant proposes to make any Transfer, Sublease or Pledge it shall immediately notify Landlord in writing of the details of the proposed Transfer, Sublease or Pledge, and shall also immediately furnish to Landlord sufficient written information and documentation required by Landlord to allow Landlord to assess the business to be conducted in the Leased Premises by the person to whom the Transfer, Sublease or Pledge is proposed to be made, the financial condition of such person and the nature of the transaction in which the Transfer, Sublease or Pledge is to occur. If Landlord determines that the information furnished does not provide sufficient information, Landlord may demand that Tenant provide such additional information as Landlord may require in order to evaluate the proposed Transfer, Assignment or Pledge.

(b) Landlord shall have the absolute right to reject any proposed Transfer, Sublease or Pledge under any of the following circumstances:

(i) If, as a result of the Transfer, Sublease or Pledge, Landlord or the Leased Premises would be subject to compliance with any law, ordinance, regulation or similar governmental requirement to which Landlord or the Leased Premises were not previously subject, or as to which Landlord or the Leased Premises has a variance, exemption or similar right not to comply including, without limitation, that certain act commonly lmown as the "Americans with Disabilities Act of 1990", and any related rules or regulations, or similar state or local laws relating to persons with disabilities.

(ii) A Transfer, Sublease or Pledge to any other person which at that time has an enforceable lease for any other space in the Building or any prospective tenant with whom Landlord has, in the prior twelve (12) months negotiated with to lease space in the Building.

(iii) A sublease of less than all of the Leased Premises where the configuration or location of the subleased premises might reasonably be determined by Landlord to have any adverse effect on the ability of Landlord to lease remainder of the Leased Premises if Landlord were to terminate this Lease but agree to be bound by the Sublease.

(iv) The person to whom the Transfer, Sublease or Pledge is to be made will not agree in writing to be bound by the terms and conditions of this Lease; provided that the Lease shall not be enforceable against a person to whom the Lease or Leased Premises is to be Pledged until after the foreclosure or other realization upon its lien or security interest.

(v) The financial condition of the person to whom the Transfer, Sublease or Pledge is to be made is not satisfactory to Landlord.

(c) Except as set forth in Section 9.3(b), Landlord's consent shall not be unreasonably withheld, provided that: (i) Tenant promptly provides to Landlord all information requested by Landlord pursuant to Section 9.3(a) and Landlord determines that such information is sufficient to allow Landlord to accurately evaluate the financial condition of the person to whom the Transfer, Sublease or Pledge is to be made; and (ii) Tenant and the person to whom the Transfer, Sublease or Pledge is to be made agree in writing to all of the rights of Landlord set forth in Section 9.4.

9.4 Landlord's Right in Event of Assignment or Sublease.

(a) Following any Transfer or any Sublease, Landlord may collect rent and other charges and amounts due under this Lease from the person to whom the Transfer was made or under the sublease from any person who entered into the Sublease, and Landlord shall apply all such amounts collected to the rent and other charges to be paid by Tenant under this Lease. If Landlord consents in writing to any Pledge of this Lease or any portion of the Leased Premises, and the person to whom the Pledge was made forecloses or otherwise realizes upon any interest in this Lease or in any portion of the Leased Premises, Landlord may collect rent and other charges and amounts due under this Lease from such person, and Landlord shall apply the amount collected to the rent and other charges and amounts to be paid by Tenant under this Lease. Such collection, however, shall not constitute consent or waiver of the necessity of written consent to such Transfer, Sublease or Pledge, nor shall such collection constitute the recognition of such person or any other person as the "Tenant" under this Lease. No Transfer, Sublease or Pledge, including a Permitted Transfer (defined below), shall constitute or result in a release of Tenant from the further performance of all of the covenants and obligations pursuant to this Lease, including the obligation to pay rent and other charges and other amounts due under this Lease, all of which Tenant shall continue to be liable for.

(b) In the event that any rent or additional consideration payable after a Transfer exceed the rents and additional consideration payable under this Lease, Landlord and Tenant shall share equally in the amount of any excess payments or consideration. In the event that the rent and additional consideration payable under a Sublease exceed the rents and other consideration payable under this Lease (prorated to the space being subleased pursuant to the Sublease), Landlord and Tenant shall share equally in the amount of any excess payments or consideration.

(c) In the event that Tenant shall request that Landlord consent to a Transfer, Sublease or Pledge, Tenant and/or the person to whom the Transfer, Sublease or Pledge was made shall pay to Landlord reasonable legal fees and costs, not to exceed $5,000.00, incurred in connection with processing of documents necessary to effect the Transfer, Sublease or Pledge.

9.5 Permitted Transfer or Sublease. Notwithstanding anything in this Lease to the contrary, Tenant shall have the right, without the prior consent of Landlord, to assign this Lease or sublet the whole or any part of the Leased Premises (a "Permitted Transfer") to a corporation or entity (a "Related Entity") which: (i) is Tenant's parent organization, or (ii) is a wholly-owned subsidiary of Tenant or Tenant's parent organization, or (iii) is an organization of which Tenant or Tenant's parent owns in excess of fifty percent (50%) of the outstanding capital stock or has in excess of fifty percent (50%) ownership or control interest, or (iv) is the result of a consolidation, merger or reorganization with Tenant and/or Tenant's parent organization, or (v) is the transferee of substantially all of Tenant's assets; provided, in the case of a Permitted Transfer, immediately after such Transfer, the successor Tenant must have a Tangible Net Worth (defined below) that is not less than $10,000,000.00. As used in this Lease, " Tangible Net Worth" means the sum of all of Tenant's assets, less liabilities and intangible assets, as determined by the use of generally accepted accounting principles.

In connection with a Permitted Transfer, Tenant shall (i) give Landlord fifteen (15) days prior written notice of such Permitted Transfer, (ii) deliver to Landlord copies of (x) an assignment and assumption of this Lease (in the case of a Transfer of the Lease), which shall be in form and substances satisfactory to Landlord in its reasonable discretion, and (y) the Sublease, which shall be subject and subordinate to this Lease, and (iii) deliver such additional evidence as Landlord may reasonable request to evidence that such Transfer is a Permitted Transfer.

X. INDEMNITY

10.1 Indemnification.

(a) Tenant's Indemnity. Subject to the provisions of Section 11.5 below and to the fullest extent permitted by law, Tenant shall protect, defend, indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments, and any and all costs and expenses (including, without limitation, attorneys' fees and costs of litigation), resulting from or incurred by Landlord or any affiliate of Landlord on account of any of the following: (a) the use of the Leased Premises by Tenant or by its agents, contractors, employees, servants, invitees, licensees or concessionaires (the "Tenant Related Parties"), (b) the conduct of its business or profession, or any other activity permitted or suffered by Tenant or the Tenant Related Parties within the Leased Premises; or (c) any breach by Tenant of this Lease. Tenant shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto. Notwithstanding the foregoing, Landlord shall have the right, at its option, to participate in the defense of any such suit without relieving Tenant of any obligation hereunder.

(b) Landlord's Indemnity.

10.2. Notice. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Leased Premises or in the Building of which the Leased Premises are a part or of defects therein or in any fixtures or equipment.

10.3 Environmental Indemnification. In addition to and without limiting the scope of any other indemnities provided under this Lease, Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord from and against any and all demands, losses, costs, expenses, damages, bodily injury, wrongful death, property damage, claims, cross-claims, charges, actions, lawsuits, liabilities, obligations, penalties, investigation costs, removal costs, response costs, remediation costs, natural resources damages, governmental administrative actions, and reasonable attorneys' and consultants' fees and expenses arising out of, directly or indirectly, in whole or in part, or relating to (i) the release of Hazardous Materials (as defined in Section 10.4 below) by Tenant or the Tenant Related Parties, (ii) the violation of any Hazardous Materials laws by Tenant or the Tenant Related Parties, or (iii) the use, storage, generation or disposal of Hazardous Materials in, on, about, or from the Property by Tenant or the Tenant Related Parties (the items listed in clauses (i) through and including (iii) being referred to herein individually as a "Tenant Release" and collectively as the "Tenant Releases").

10.4 Definition of Hazardous Materials. The term "Hazardous Materials" shall mean any substance:

(a) which is flammable, explosive, radioactive, toxic, corrosive, infectious, carcinogenic, mutagenic, or otherwise hazardous and which is or becomes regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States, the state in which the Property is located or any political subdivision thereof;

(b) which contains asbestos, organic compounds known as polychlorinated biphenyls; chemicals known to cause cancer or reproductive toxicity or petroleum, including crude oil or any fraction thereof; or which is or becomes defined as a pollutant, contaminant, hazardous waste, hazardous substance, hazardous material or toxic substance under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901-6992k; the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-9657; the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C. §§ 5101-5127; the Clean Water Act, 33 U.S.C. §§ 1251-1387; the Clean Air Act, 42 U.S.C. §§ 7401-7671q; the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692; the Safe Drinking Water Act, 42 U.S.C. §§ 300f to 300j-26; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001-11050; and title 19, chapter 6 of the Utah Code, as any of the same have been or from time to time may be amended; and any similar federal, state and local laws, statutes, ordinances, codes, rules, regulations, orders or decrees relating to environmental conditions, industrial hygiene or Hazardous Materials on the Property, including all interpretations, policies, guidelines and/or directives of the various governmental authorities responsible for administering any of the foregoing, now in effect or hereafter adopted, published and/or promulgated ("Environmental Laws");

(c) the presence of which on the Property requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law; or

(d) the presence of which on the Property causes or threatens to cause a nuisance on the Property or to adjacent properties or poses or threatens to pose a hazard to the health and safety of persons on or about the Property.

10.5 Use of Hazardous Materials. Tenant shall not, and shall not permit any Tenant Related Parties to use, store, generate, release, or dispose of Hazardous Materials in, on, about, or from the Property except those typically used in an office building and otherwise in full compliance with Environmental Laws. Landlord shall not use, store, generate, release, or dispose of Hazardous Materials in, on, about, or from the Property except those typically used in an office building and otherwise in full compliance with Environmental Laws.

10.6 Release of Hazardous Materials. If Tenant discovers that any spill, leak, or release of any quantity of any Hazardous Materials has 'occurred on, in or under the Property, Tenant shall promptly notify Landlord. In the event such release is a Tenant Release, Tenant shall (or shall cause others to) promptly and fully investigate, cleanup, remediate and remove all such Hazardous Materials as may remain and so much of any portion of the environment as shall have become contaminated, all in accordance with applicable government requirements, and shall replace any removed portion of the environment (such as soil) with uncontaminated material of the same character as existed prior to contamination. In the event such release is caused by Landlord or its contractor's, agents or employees, Landlord shall (or shall cause others to) promptly and fully investigate, cleanup, remediate and remove all such Hazardous Materials as may remain and so much of any portion of the environment as shall have become contaminated, all in accordance with applicable government requirements, and shall replace any removed portion of the environment (such as soil) with uncontaminated material of the same character as existed prior to contamination. Within twenty (20) days after any such spill, leak, or release, the party responsible for the remediation of such release shall give the other party a detailed written description of the event and of such responsible party's investigation and remediation efforts to date. Within twenty (20) days after receipt, such responsible party shall provide the other party with a copy of any report or analytical results relating to any such spill, leak, or release. In the event of a release of Hazardous Material in, on, or under the Property by the Tenant Related Parties, Tenant shall not be entitled to an abatement of Rent during any period of abatement.

10.7 Release of Landlord. Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant or Tenant Related Parties that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Tenant shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and Improvements at its own risk, and hereby releases Landlord, to the fullest extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

XI. INSURANCE

11.1 Insurance on Tenant's Personal Property and Fixtures. At all times during Term, Tenant shall keep in force at its sole cost and expense with insurance companies acceptable to Landlord, hazard insurance on an **"all-risk type"** or equivalent policy form, and shall include fire, theft, extended coverages, vandalism, and malicious mischief. Coverage shall be equal to 100% of the Replacement Cost value of Tenant's contents, fixtures, furnishings, equipment, and all improvements or additions made by Tenant to the Leased Premises. Such policy shall name Landlord as Additional Insured and shall provide that coverage for the Additional Insured is primary and not contributory with other insurance. The policy shall provide that such policy not be cancelled or materially changed without first giving Landlord thirty (30) days written notice.

11.2 Property Coverage. At all times during the Term, Landlord shall obtain and maintain in force an "all-risk type" or equivalent policy form, and shall include fire, theft, extended coverages, vandalism, and malicious mischief on the Building during the Term and any extension thereof. Landlord may obtain, at Landlord's discretion, coverage for flood and earthquake if commercially available at reasonable rates. Such insurance shall also include coverage against loss of rental income.

11.3 Intentionally Deleted.

11.4 Liability Insurance. During the Term and at its sole cost and expense, Tenant shall keep in full force and effect with insurance companies acceptable to Landlord a policy of Commercial General Liability Insurance with limits of not less than $2,000,000 each Occurrence and $5,000,000 General Aggregate. The policy shall apply to the Leased Premises and all operations of Tenant's business. Such policy shall name Landlord as Additional Insured and shall provide that coverage for the Additional Insured is primary and not contributory with other insurance. The policy shall provide that such policy not be cancelled or materially changed without first giving Landlord thirty (30) days written notice. Tenant shall at all times during the Term provide Landlord with evidence of current insurance coverage. All public liability, property damage, and other liability policies shall be written as primary policies, not contributing with coverage which Landlord may carry. All such policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its servants, agents, and employees by reason of the negligence of Tenant. All such insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons or injury or damage to property contained in Article X.

11.5 Waiver of Subrogation. Landlord and Tenant hereby waive all rights to recover against each other, against any other tenant or occupant of the Building, and against each other's officers, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors or of any other tenant or occupant of the Building, for any loss or damage arising from any cause covered by any insurance carried by the waiving party, to the extent that such loss or damage is actually covered.

11.6 Lender. Any mortgage lender interest in any part of the Building or Improvements may, at Landlord's option, be afforded coverage under any policy required to be secured by Tenant hereunder, by use of a mortgagee's endorsement to the policy concerned.

XII. DESTRUCTION

If the Leased Premises shall be partially damaged by any casualty insured against under any insurance policy maintained by Landlord, Landlord shall, upon receipt of the insurance proceeds, repair the Leased Premises and until repair is complete the Basic Annual Rent and Additional Rent shall be abated proportionately as to that portion of the Leased Premises rendered untenantable. Notwithstanding the foregoing, if: (a) the Leased Premises by reason of such occurrence are rendered wholly untenantable, or (b) the Leased Premises should be damaged as a result of a risk which is not covered by insurance, or (c) the Leased Premises should be damaged in whole or in part during the last six (6) months of the term or of any renewal hereof, or (d) the Leased Premises or the Building (whether the Leased Premises are damaged or not) should be damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof, then and in any such events, Landlord may either elect to repair the damage or may cancel this Lease by notice of cancellation within Ninety (90) days after such event and thereupon this Lease shall expire, and Tenant shall vacate and surrender the Leased Premises to Landlord. Tenant's liability for rent upon the termination of this Lease shall cease as of the day following Landlord's giving notice of cancellation. In the event Landlord elects to repair any damage, any abatement of rent shall end five (5) days after notice by Landlord to Tenant that the Leased Premises have been repaired. If the damage is caused by the negligence of Tenant or its employees, agents, invitees, or concessionaires, there shall be no abatement of rent. Unless this Lease is terminated by Landlord, Tenant shall repair and refixture the interior of the Leased Premises to the extent of the Tenant Finish in a manner and in at least a condition equal to that existing prior to the destruction or casualty.

XIII.CONDEMNATION

13.1 Total Condemnation. If the whole of the Leased Premises shall be acquired or taken by condemnation proceeding, then this Lease shall cease and terminate as of the date of title vesting in such proceeding.

13.2 Partial Condemnation. If any part of the Leased Premises shall be taken as aforesaid, and such partial taking shall render that portion not so taken unsuitable for the business of Tenant, then this Lease shall cease and terminate as aforesaid. If such partial taking is not extensive enough to render the Leased Premises unsuitable for the business of Tenant, then this Lease shall continue in effect except that the Basic Annual Rent and Additional Rent shall be reduced in the same proportion that the portion of the Leased Premises (including basement, if any) taken bears to the total area initially demised and Landlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the Building in which the Leased Premises are located, provided that Landlord shall not be required to expend for such work an amount in excess of the amount received by Landlord as damages for the part of the Leased Premises so taken. "Amount received by Landlord" shall mean that part of the award in condemnation which is free and clear to Landlord of any collection by mortgage lenders for the value of Landlord's diminished leasehold interest in the Property and diminished ownership interest in the Building and Improvements.

13.3 Landlord's Option to Terminate. If more than twenty percent (20%) of the Building shall be taken as aforesaid, Landlord may, by written notice to Tenant, terminate this Lease. If this Lease is terminated as provided in this Section, rent shall be paid up to the day that possession is so taken by public authority and Landlord shall make an equitable refund of any rent paid by Tenant in advance.

13.4 Award. Tenant shall not be entitled to and expressly waives all claim to any condemnation award for any taking, whether whole or partial and whether for diminution in value of the leasehold or to the fee, although Tenant shall have the right, to the extent that the same shall not reduce Landlord's award, to claim from the condemnor, but not from the Landlord, such compensation as may be recoverable by Tenant in its own right for damages to Tenant Finish, Tenant's business and fixtures or equipment.

13.5 Definition. As used in this Part XIII the term "condemnation proceeding" means any action or proceeding in which any interest in the Leased Premises is taken for any public or quasi-public purpose by any lawful authority through exercise of eminent domain or right of condemnation or by purchase or otherwise in lieu thereof.

XIV.LANDLORD'S RIGHTS TO CURE

14.1 General Right. In the event of Landlord's breach, default, or noncompliance hereunder, Tenant shall, before exercising any right or remedy available to it, give Landlord written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of a lender which has furnished any of the financing referred to in Part XV hereof, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by certified mail, return receipt requested, transmit a copy thereof to such lender. For the thirty (30) days following the giving of the notice(s) required by the foregoing portion of this Section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within thirty (30) days), Landlord shall have the right to cure the breach, default, or noncompliance involved. If Landlord has failed to cure a default within said period, any such lender shall have an additional thirty (30) days within which to cure the same or, if such default cannot be cured within that period, such additional time as may be necessary if within such thirty (30) day period said lender has commenced and is diligently pursuing the actions or remedies necessary to cure the breach default, or noncompliance involved (including, but not limited to, commencement and prosecution of proceedings to foreclose or otherwise exercise its rights under its mortgage or other security instrument, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant so long as such actions or remedies are being diligently pursued by said lender.

14.2 Mechanic's Lien. Should any mechanic's or other lien be filed against the Leased Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after notice by Landlord. If Tenant fails to comply with its obligations in the immediately preceding sentence within such ten (10) day period, Landlord may perform such obligations at Tenant's expense, in which case all of Landlord's costs and expenses in discharging shall be immediately due and payable by Tenant and shall bear interest at the rate set forth in Section 16.3 hereof. Tenant shall cause any person or entity directly or indirectly supplying work or materials to Tenant to acknowledge and agree, and Landlord hereby notifies any such contractor, that: (a) no agency relationship, whether express or implied, exists between Landlord and any contractor retained by Tenant; (b) all construction contracted for by Tenant is being done for the exclusive benefit of Tenant; and (c) Landlord neither has required nor obligated Tenant to make the improvements done by the contractor.

XV. FINANCING; SUBORDINATION

15.1 Subordination. Tenant acknowledges that it might be necessary for Landlord or its successors or assigns to secure mortgage loan financing or refinancing affecting the Leased Premises. Tenant also acknowledges that the lender interested in any given loan may desire that Tenant's interest under this Lease be either superior or subordinate to the mortgage then held or to be taken by said Lender. Accordingly, Tenant agrees that at the request of Landlord at any time and from time to time Tenant shall execute and deliver to Landlord an instrument, in form reasonably acceptable to Landlord and Tenant, whereby Tenant subordinates its interest under this Lease and in the Leased Premises to such of the following encumbrances as may be specified by Landlord: Any mortgage or trust deed and customary related instruments are herein collectively referred to merely as a "Mortgage" and securing a loan obtained by Landlord or its successors or assigns for the purpose of enabling acquisition of the Building and/or construction of additional improvements to provide permanent financing for the Building, or for the purpose of refinancing any such construction, acquisition, standing or permanent loan. Provided, however, that any such instrument or subordination executed by Tenant shall provide that so long as Tenant continues to perform all of its obligations under this Lease its tenancy shall remain in full force and effect notwithstanding Landlord's default in connection with the Mortgage concerned or any resulting foreclosure or sale or transfer in lieu of such proceedings. Tenant shall not subordinate its interests hereunder or in the Leased Premises to any lien or encumbrance other than the Mortgages described in and specified pursuant to this Section 15.1 without the prior written consent of Landlord and of the lender interested under each mortgage then affecting the Leased Premises. Any such unauthorized subordination by Tenant shall be void and of no force or effect whatsoever.

15.2 Attornment. Any sale, assignment, or transfer of Landlord's interest under this Lease or in the Leased Premises including any such disposition resulting from Landlord's default under a mortgage, shall be subject to this Lease and also Tenant shall attorn to Landlord's successor and assigns and shall recognize such successor or assigns as Landlord under this Lease, regardless of any rule of law to the contrary or absence of privities of contract.

15.3 Financial Information. As a condition to Landlord's acceptance of this Lease, Tenant shall provide financial information sufficient to verify to Landlord the financial condition of Tenant. Tenant hereby represents and warrants that none of such information contains or will contain any untrue statement of material fact, nor will such information omit any material fact necessary to make the statements contained therein not misleading or unreliable. Any financial information provided by Tenant shall be held in confidence and distributed only to Landlord's investors or lenders for the Leased Premises.

XVI.EVENTS OF DEFAULT; REMEDIES OF LANDLORD

16.1 Default by Tenant. Upon the occurrence of any of the following events, Landlord shall have the remedies set forth in Section 16.2:

(a) Tenant fails to pay any installment of Basic Annual Rent or Additional Rent or any other sum due hereunder within five (5) business days after such Rent is due; provided, however, that the first (1st) such failure in any twelve (12) month period shall not constitute a Default hereunder if Tenant makes such payment within five (5) business days after written notice from Landlord of such failure, but Tenant shall not be entitled to more than one (1) such written notice during any twelve (12) month period.

(b) Tenant fails to perform any other term, condition, or covenant to be performed by it pursuant to this Lease within ten (10) business days after written notice that such performance is due shall have been given to Tenant by Landlord or; provided, if cure of any nonmonetary default would reasonably require more than ten (10) days to complete, if Tenant fails to commence performance within the ten (10) business day period or, after timely commencing, fails to diligently pursue such cure to completion but in no event to exceed sixty (60) days.

(c) Tenant or any guarantor of this Lease shall become bankrupt or insolvent or file any debtor proceedings or have taken against such party in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Tenant petitions for or enters into a voluntary arrangement under applicable bankruptcy law; or suffers this Lease to be taken under a writ of execution.

16.2 Remedies. In the event of any default by Tenant hereunder, Landlord may at any time, without waiving or limiting any other right or remedy available to it, terminate Tenant's rights under this Lease by written notice, reenter and take possession of the Leased Premises by any lawful means (with or without terminating this Lease), or pursue any other remedy allowed by law. Tenant agrees to pay to Landlord the cost of recovering possession of the Leased Premises, all costs of reletting, and all other costs and damages arising out of Tenant's default, including attorneys' fees. Notwithstanding any reentry, the liability of Tenant for the rent reserved herein shall not be extinguished for the balance of the Term, and Tenant agrees to compensate Landlord upon demand for any deficiency arising from reletting the Leased Premises at a lesser rent than applies under this Lease.

16.3 Past Due Sums. If Tenant fails to pay, when the same is due and payable, any Basic Annual Rent, Additional Rent, or other sum required to be paid by it hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a rate equal to ten percent (10%) per annum (the "Default Interest Rate"). In addition thereto, Tenant shall pay a sum of one percent (1%) of such unpaid amounts of Basic Annual Rent, Additional Rent, or other sum to be paid by it hereunder as a service fee. Notwithstanding the foregoing, however, Landlord's right concerning such interest and service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

XVII.PROVISIONS APPLICABLE AT TERMINATION OF LEASE

17.1 Surrender of Premises. At the expiration of this Lease, except for changes made by Tenant that were approved by Landlord, Tenant shall surrender the Leased Premises in the same condition, less reasonable wear and tear, as they were in upon delivery of possession thereto under this Lease and shall deliver all keys to Landlord. Before surrendering the Leased Premises, Tenant shall remove all of its personal property including, but not limited to, those items showing on Exhibit "G" and trade fixtures and such property or the removal thereof shall in no way damage the Leased Premises, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof. If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same shall be deemed abandoned and shall become the property of Landlord.

17.2 Holding Over. Any holding over after the expiration of the term hereof or of any renewal term shall be construed to be a tenancy from month to month at such rates as Landlord may designate and on the terms herein specified so far as possible. Landlord may not in any event raise the rent above 120% of the last month's rent.

XVIII.ATTORNEYS' FEES

In the event that at any time during the term of this Lease either Landlord or the Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses of such action including reasonable attorneys' fees, incurred therein by the successful party.

XIX.ESTOPPEL CERTIFICATE

19.1 Landlord's Right to Estoppel Certificate. Tenant shall, within fifteen (15) days after Landlord's request, execute and deliver to Landlord a written declaration, in form and substance similar to Exhibit "D", in recordable form: (1) ratifying this Lease; (2) expressing the Commencement Date and termination date hereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (4) that, to the knowledge of Tenant, if true, all conditions under this Lease to be performed by Landlord have been satisfied; (5) that, to the knowledge of Tenant, there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those claimed by Tenant; (6) the amount of advance rental, if any, (or none if such is the case) paid by Tenant; (7) the date to which rental has been paid; (8) the amount of security deposited with Landlord; and (9) such other information as Landlord may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration.

19.2 Effect of Failure to Provide Estoppel Certificate. Tenant's failure to furnish any Estoppel Certificate within fifteen (15) days after request therefore shall be deemed a default hereunder and moreover, it shall be conclusively presumed that: (a) this Lease is in full force and effect without modification in accordance with the terms set forth in the request; (b) that there are no unusual breaches or defaults on the part of the Landlord; and (c) no more than one (1) month's rent has been paid in advance.

XX. PARKING

Parking in the Parking Garage shall generally be provided on a non-reserved, first-come first-served basis. Tenant and its Occupants (as defined below) shall have the right to use up to six hundred (600) parking spaces within the Parking Garage on a non-exclusive, first come, first serve basis. Landlord shall have the right to designate a reasonable number of parking stalls for visitors of the Building and Tenant agrees to not permit its employees to use such parking. Landlord shall further have the right to designate the number of parking stalls required by law as "Handicapped Parking" or other similar designation. (For clarity, the 600 parking stalls that Tenant has the right to use will include a reasonable number of the parking stalls reserved for visitors and "Handicapped Parking" or other similar designation.) Automobiles of Tenant and all employees, agents, servants, patients, customers, and other invitees associated with Tenant ("Occupants") shall be parked only within the Parking Garage. Landlord or its agents shall, without any liability to Tenant or its Occupants, have the right to cause to be removed any automobile that may be wrongfully parked in a prohibited or reserved parking area, and Tenant agrees to indemnify, defend, and hold Landlord harmless from and against any and all claims, losses, demands, damages and liabilities asserted or arising with respect to or in connection with any such removal of an automobile. Tenant shall from time to time, upon request of Landlord, supply Landlord with a list of license plate numbers of all automobiles owned by Tenant or its day-to-day Occupants.

XXI.SIGNS, AWNINGS, AND CANOPIES

Tenant shall not place or suffer to be placed or maintained on any exterior door, wall, or window of the Leased Premises, or elsewhere in the Building, any sign, awning, marquee, decoration, lettering, attachment, or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering, or advertising matter on the glass of any window or door of the Leased Premises without obtaining the proper authorization from Salt Lake County prior to installing. Tenant will otherwise be free to install signage of its choice.

XXII.MISCELLANEOUS PROVISIONS

22.1 No Partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venture of Tenant in the conduct of its business or otherwise.

22.2 Force Majeure. Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

22.3 No Waiver. Failure of Landlord or Tenant to insist upon the strict performance of any provision or to exercise any option hereunder shall not be deemed a waiver of such breach by Landlord or Tenant. No provision of this Lease shall be deemed to have been waived unless such waiver is in writing signed by Landlord or Tenant, as the case may be.

22.4 Notice. Any notice, demand, request, or other instrument which may be or is required to be given under this Lease shall be (i) given by facsimile, (ii) delivered in person or (iii) sent by United States certified or registered mail, postage prepaid and shall be addressed (a) if to Landlord, at the place specified for payment of rent, and (b) if to Tenant, either at the Leased Premises or at any other current address for Tenant which is known to Landlord. Either party may designate such other address as shall be given by written notice or by facsimile transmission.

Landlord: BOYER RESEARCH PARK ASSOCIATES X, L.C.
C/O THE BOYER COMPANY, L.C.
101 SOUTH 200 EAST, SUITE 200
SALT LAKE CITY, UTAH 84101
(801) 521-4781/FAX (801) 521-4793
ATTENTION: B. GREG GARDNER

Tenant: MYRIAD GENETICS, INC.
320 WAKARA WAY
SALT LAKE CITY, UTAH 84108
(801) 582-3400/FAX (801) 584-3640
ATTENTION: CFO

with copy to:
MYRIAD GENETICS, INC.
320 WAKARA WAY
SALT LAKE CITY, UTAH 84108
(801) 582-3400/FAX (801) 584-3640
ATTENTION: General Counsel

22.5 Captions; Attachments; Defined Terms.

(a) The captions to the section of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease.

(b) Exhibits referred to in this Lease, and any addendums and schedules attached to this Lease shall be deemed to be incorporated in this Lease as though part thereof.

22.6 Recording. Tenant may record this Lease or a memorandum thereof with the written consent of Landlord, which consent shall not be unreasonably withheld. Landlord, at its option and at any time, may file this Lease for record with the Recorder of the County in which the Building is located.

22.7 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

22.8 Broker's Commissions. Tenant and Landlord represent and warrant to each other that there are no claims for brokerage commissions or finder's fees in connection with this Lease and agree to indemnify each other against and hold them harmless from all liabilities arising from such claim, including any attorneys' fees connected therewith.

22.9 Tenant Defined: Use of Pronouns. The word "Tenant" shall be deemed and taken to mean each and every person or party executing this document as a Tenant herein. If there is more than one person or organization set forth on the signature line as the Tenant, their liability hereunder shall be joint and several. If there is more than one Tenant, any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation, or a group of two or more individuals or corporation. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

22.10 Provisions Binding, Etc. Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, heirs, successors, and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition. In the event of a sale or assignment (except for purposes of security or collateral) by Landlord of all of (i) the Building, (ii) the Leased Premises, or (iii) this Lease, to an unrelated third party (the "Buyer") reasonably acceptable to Tenant, Landlord shall, from and after the date of such sale or assignment, be entirely relieved of all of its obligations under this Lease, provided that (i) such Buyer fully assumes all of the obligations of Landlord under this Lease, and (ii) Tenant's rights and benefits under this Lease continue in full force and effect following the date of such sale or assignment.

22.11 Entire Agreement, Etc. This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. All Exhibits, riders, or addenda mentioned in this Lease are incorporated herein by reference. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Leased Premises and becomes effective as a lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in the rider or addenda is inconsistent with a provision in the body of this Lease, the provision contained in said rider or addenda shall control. The captions and Section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section or paragraph.

22.12 Governing Law. The interpretation of this Lease shall be governed by the laws of the State of Utah. The parties hereto expressly and irrevocably agree that either party may bring any action or claim to enforce the provisions of this Lease in the State of Utah, County of Salt Lake, and each party irrevocably consents to personal jurisdiction in the State of Utah for the purposes of any such action or claim. Each party further irrevocably consents to service of process in accordance with the provisions of the laws of the State of Utah. Nothing herein shall be deemed to preclude or prevent the parties hereto from bringing any action or claim to enforce the provisions of this Lease in any other appropriate place or forum.

22.13 Landlord shall provide to Tenant written assurances from Ground Lessor that Tenant, in the event Landlord's rights under the Ground Lease are terminated, shall have the right to attorn to the Ground Lessor, and the Ground Lessor will accept such attornment and not disturb the occupancy or rights of the Tenant pursuant to this Lease as long as Tenant is not in default under this Lease, and upon termination of the Ground Lease, Tenant shall have the same rights and obligations as though this Lease had been entered into directly with the Tenant. The Ground Lessor and Tenant shall execute any nondisturbance and attornment agreement that may be reasonably requested by Tenant to memorialize and effectuate the provisions of this Section. This written nondisturbance and attornment agreement may be included in the text of the Ground Lease if Tenant is a named beneficiary of the provision.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Lease on the day first set forth above.

LANDLORD: BOYER RESEARCH PARK ASSOCIATES X, L.C., a Utah limited liability company, by its Manager

THE BOYER COMPANY, L.C., a Utah limited liability company

By: /s/ H. R. Boyer
Name: H. R. Boyer, Manager

TENANT: MYRIAD GENETICS, INC., a Delaware corporation

By: /s/ Mark C. Capone
Name: Mark C. Capone, President and CEO

EXHIBIT " A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT " B "

PLANS AND SPECIFICATIONS OF BUILDING

EXHIBIT "B'' TO BE PROVIDED FOLLOWING COMPLETION OF ARCHITECTURAL PLANS AND SPECIFICATIONS.

EXHIBIT "C"

WORK LETTER

CONSTRUCTION AND/OR FINISHING OF IMPROVEMENTS TO LEASED PREMISES

In accordance with the provisions of the body of the Lease to which this Exhibit "C" is attached, the improvements to the Leased Premises shall be constructed and/or finished (as the case may be) in the manner described, and upon all of the terms and conditions contained in the following portion of this Exhibit "C".

I. CONSTRUCTION OF THE BUILDING:

A. Landlord agrees to erect at its sole cost and expense, the Building on the Property described in Exhibit "A" in accordance with plans and specifications to be prepared by Landlord and approved by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed so long as the Approved Building Plans (i) provide for a completely finished building, of a type and quality that is consistent with newly constructed first-class office buildings in the Salt Lake City, Utah area, (ii) provide for the Building to have five floors and contain approximately 125,155 gross rentable square feet, (iii) include site plans showing all driveways, sidewalks, and parking areas that provide approximately 600 parking stalls, landscaping and other site improvements, and (iv) are consistent with the Conceptual Plans attached to the Lease as Exhibit "B". Tenant shall within seven (7) days after preliminary plans for the Building (the "Preliminary Plans") are submitted to Tenant, either approve the Preliminary Plans in writing or submit to Landlord a written itemization of all objections which Tenant may have to such plans. If Tenant approves the Preliminary Plans, such plans shall be deemed final. If Tenant submits to Landlord a written itemization of objections to the Preliminary Plans, Landlord and Tenant shall negotiate in good faith to resolve Tenant's objections to their mutual satisfaction. If Landlord and Tenant are able to resolve all of Tenant's objections to their mutual satisfaction, then Landlord and Tenant shall each approve the Preliminary Plans as modified to incorporate the resolution of Tenant's objections. The final and approved Preliminary Plans are referred to herein as the "Approved Building Plans". The work to be performed by Landlord pursuant to the Approved Building Plans is sometimes referred to herein as "Landlord's Work". Notwithstanding anything to the contrary herein, the Approved Plans shall be prepared and approved within a time period necessary for Landlord to complete Landlord's Work prior to the Target Date defined in the Lease.

B. Landlord may require changes in the Approved Building Plans only if Landlord and Tenant sign a change order. The cost of any change orders that are necessary to comply with applicable building codes and other laws shall be borne by Landlord, unless such change orders are necessitated only because of (1) other change orders requested by Tenant; (2) the Tenant Finish Plans; (3) changes to the Tenant Finish Plans; or (4) Tenant's early occupancy to the Building prior to substantial completion of Landlord's Work. Any change order shall be effective only when set forth on a written change order executed by Landlord, Tenant, and the General Contractor (as defined below). By approving a change order, Tenant and Landlord shall agree to a delay in the Target Date, as specified in such change order, if any.

C. Tenant shall furnish Landlord with a written list of Tenant's authorized construction representatives for purposes of this Exhibit "C". Only such construction representatives are authorized to sign any change order, receipt, or other document on behalf of Tenant, and without the signature of any one of such authorized construction representatives, no such document shall be binding upon Tenant. Tenant may, from time to time, change or add to the list of authorized construction representatives by giving Landlord written notice of the addition or change. Landlord's authorized representative for purposes of this Exhibit "C" shall be B. Greg Gardner, and until changed by written notice from Landlord to Tenant, only B. Greg Gardner shall be authorized to sign change orders, receipts, or other documents on behalf of Landlord.

D. Landlord's Work shall be performed by a general contractor selected by Landlord ("General Contractor").

E. Landlord will cause General Contractor to provide, at General Contractor's expense, an Owner's Protective Liability (OPL) Policy acceptable to Tenant. The Owner's Protective Liability Policy shall name Myriad Genetics, Inc. as the Named Insured. The policy will be provided by an insurance company rated A, Class XV or better by Best's Key Rating Guide system. The policy will maintain a limit of liability of not less than five million dollars ($5,000,000.00). Such insurance policy must be in force prior to the commencement of construction operation of any kind. The General Contractor will also insure the Building at General Contractor's expense during the course of construction in an amount equal to or greater than the value of the construction. Insurance coverage shall be provided by an insurance company rated A, Class XV or better by Best's Key Rating Guide system. Insurance coverage shall be provided on a coverage form equal to or more comprehensive than Insurance Services Office (U.S.A.) Special form. Such insurance policy must be in force prior to construction operations of any kind.

II. <u>TENANT FINISH PLANS:</u>

A. Landlord shall build-out and finish the Leased Premises according to Tenant's Finish Plans (as defined below) at Tenant's cost and expense. The Building and the Leased Premises shall be constructed in a good and workmanlike manner, with any change orders thereto approved by Landlord and Tenant with respect to the Leased Premises pursuant to Paragraph C below, and in compliance with all applicable laws and ordinances. The build-out and interior finish work within the Leased Premises shall be in accordance with plans and specifications ("Tenant Finish Plans") prepared by Landlord's architect, MHTN Architects ("Architect"). The Tenant Finish Plans shall be prepared in accordance with the time periods set forth to meet the Target Date defined in the Lease. The Target Date shall be extended by any period of Tenant's delay in providing decisions that need to be made in connection with the preparation of the Final Plans. The work to be performed by Landlord pursuant to the Final Plans is sometimes referred to herein as the "Landlord's Work".

B. Landlord shall cause the Architect to prepare the Tenant Finish Plans for the interior improvement of the Building and the Leased Premises as necessary to render the Leased Premises in first-class condition and suitable for the conduct of Tenant's business (such improvements set forth in the Tenant Finish Plans being referred to herein as the "Tenant Finish"). Landlord shall require the Architect to meet periodically with Tenant in connection with the preparation of the Tenant Finish Plans and, upon Landlord's approval thereof (which approval shall not be unreasonably withheld), to incorporate Tenant's requested features and specifications into the Tenant Finish Plans. Landlord shall submit, subject to any delays caused by Tenant, a complete draft of the Tenant Finish Plans to Tenant by October 1, 2019. Tenant shall within seven (7) days after the Tenant Finish Plans are submitted to Tenant, either approve the plans in writing or submit to Landlord a written itemization of all objections which Tenant may have to the plans. If Tenant approves the Tenant Finish Plans, such plans shall be deemed final. If Tenant submits to Landlord a written itemization of objections to the Tenant Finish Plans, Landlord and Tenant shall negotiate in good faith to resolve Tenant's objections to their mutual satisfaction. If Landlord and Tenant are able to resolve all of Tenant's objections to their mutual satisfaction, then Landlord and Tenant shall each approve the Tenant Finish Plans as modified to incorporate the resolution of Tenant's objections and the plans as so modified shall be deemed final.

C. Changes to Plans. After the Tenant Finish Plans are deemed final, the plans shall not be subject to further change except as provided under this Paragraph. If either Landlord or Tenant desires any change to the Tenant Finish Plans after they are deemed final, it shall submit to the other for approval (which approval shall not be unreasonably withheld) a proposed change order, in writing, setting forth the change. Thereupon the other party shall either approve the proposed change order or notify the party submitting the proposed change order of its reason for withholding such approval, within two (2) business days after receipt of the proposed change order for approval. Without limiting the reasons for which approval of any proposed change order may be reasonably withheld, approval shall be deemed to have been reasonably withheld if the proposed change (1) would result in additional construction maintenance repair or replacement costs which could not be fully borne by the party proposing the change, (2) would result in a violation of any applicable law, regulation, ordinance, code or the Ground Lease, or (3) in the case of a change proposed by Landlord would materially reduce the usable area of the Building or would materially adversely affect the aesthetics of the Leased Premises or the usability thereof for the conduct of Tenant's business. Upon approval of any proposed change order pursuant to this Paragraph, Landlord shall cause the Tenant Finish Plans and related construction contracts to be modified or amended as necessary to reflect such change order.

D. Landlord's Construction Responsibilities. Landlord shall be fully responsible for the installation and construction of Tenant Finish, including, without limitation, the following: (1) the obtaining of all building and sign permits, licenses and other approvals required to construct the Tenant Finish; (2) the management and supervision of all architects, contractors, subcontractors and material providers participating in the construction of the Tenant Finish; (3) all necessary coordination with governmental entities having jurisdiction over the Lease Premises and utility companies; (4) enforcement of construction contracts; (5) security with respect to the Leased Premises during the construction period; (6) quality control and inspection of work; (7) construction clean up and refuse disposal; (8) construction timetables and deadlines as necessary to comply with the Lease; (9) compliance with applicable laws, regulations,

ordinances and codes; and (10) all other matters relating to the construction of the Tenant Finish, except as otherwise expressly provided in the Lease. Landlord represents and covenants that upon the completion of the Tenant Finish, the Leased Premises shall conform to the Tenant Finish Plans and shall be in compliance with all applicable laws, regulations, ordinances, and codes, including, without limitation, applicable building codes and environmental laws. Tenant shall be entitled at any time during the construction period to inspect the construction of the Tenant Finish, provided that such inspection does not unreasonably interfere with the construction of the Tenant Finish. No failure of Tenant to conduct such inspections or to discover or assert any defect in connection therewith shall constitute a waiver by Tenant of, or preclude Tenant from thereafter asserting, any rights it may have with respect to any representation, warranty or covenant made by Landlord with respect to the Leased Premises or the Tenant Finish.

E. Construction Contracts. Landlord shall act as general contractor with respect to, or install and construct using its own personnel, all or portions of the Tenant Finish, provided, however, Landlord shall contract with and use licensed, qualified and reputable companies or persons for the performance of all such work to the extent Landlord is not licensed and fully qualified to perform the same. Landlord shall be entitled to select all contractors and material providers to perform work with respect to the Tenant Finish which Landlord does not elect to perform directly and to negotiate the terms and conditions of the contracts with such contractors and material providers. Notwithstanding the foregoing, Tenant may choose its own contractor to perform the Tenant Finish pursuant to this Part II.

F. Warranty. Unless Tenant substitutes the contractor pursuant to Paragraph E above, Landlord warrants to Tenant for one (1) year after the Commencement Date of the Lease, that Tenant Finish shall be completed by Landlord in a good and workmanlike manner, free from faulty materials, in accordance with all applicable legal requirements, and sound engineering standards, and in accordance with the Tenant Finish Plans. Such warranty includes, without limitation, the repair or replacement (including labor), for one (1) year at Landlord's sole cost, of all materials, fixtures and equipment which are defective or which are defectively installed by Landlord or its agents in connection with Landlord's performance of the Tenant Finish. In addition, Landlord shall obtain manufacturer's warranties, including, without limitation, for air conditioner, compressors, and the roof of the Building.

G. Commencement Date Agreement. When the Commencement Date has been determined, Landlord and Tenant shall execute Exhibit "D" to the Lease expressly confirming the Commencement Date and the expiration date of the term of this Lease and confirming, to the best knowledge of Tenant and Landlord, that substantial completion of Landlord's Work and the Tenant Finish has occurred.

H. Tenant's Construction Obligations. Tenant shall be fully responsible for the installation of all of Tenant's trade fixtures, equipment, furnishings or decorations, except to the extent such installation is contemplated or provided for in the Tenant Finish Plans. Landlord shall provide Tenant reasonable access to the Leased Premises for such purposes.

EXHIBIT "D"

ACKNOWLEDGMENT OF COMMENCEMENT DATE
AND TENANT ESTOPPEL CERTIFICATE

TO:

DATE:

RE:

Gentlemen:

The undersigned, as Tenant, has been advised that the Lease has been or will be assigned to you as a result of your financing of the above-referenced property, and as an inducement therefor hereby confirms the following:

1. That it has accepted possession and is in full occupancy of the Premises, that the Lease is in full force and effect, that Tenant has received no notice of any default of any of its obligations under the Lease, and that the Lease Commencement Date is

2. That, to Tenant's knowledge, the improvements and space required to be furnished according to the Lease have been completed and paid for in all respects, and that Landlord has fulfilled all of its duties under the terms, covenants and obligations of the Lease and is not currently in default thereunder.

3. That the Lease has not been modified, altered, or amended, and represents the entire agreement of the parties, except as follows:

4. That, to Tenant's knowledge, there are no offsets, counterclaims or credits against rentals, nor have rentals been prepaid or forgiven, except as provided by the terms of the Lease.

5. That said rental payments commenced or will commence to accrue on _____, and the Lease term expires _____. The amount of the security deposit and all other deposits paid to Landlord is $0.00

6. That Tenant has no actual notice of a prior assignment, hypothecation or pledge of rents of the Lease, except:

7. That this letter shall inure to your benefit and to the benefit of your successors and assigns, and shall be binding upon Tenant and Tenant's heirs, personal representatives, successors and assigns. This letter shall not be deemed to alter or modify any of the terms, covenants or obligations of the Lease.

The above statements are made with the understanding that you will rely on them in connection with the purchase of the above-referenced property.

Very truly yours,

_____

Date of Signature: _____ By: _____

EXHIBIT "E"

COST TO CONSTRUCT LEASED PREMISES

TENANT: Myriad Genetics, Inc.

DATE: [DATE]

SQUARE FOOTAGE: 125,155

ITEM		**COST ESTIMATE**
1.	Building Permit	$
2.	Mechanical	
3.	Electrical	
4.	Walls	
5.	Doors, Frames, Hardware	
6.	Painting	
7.	Floorcovering	
8.	Base	
9.	Ceiling	
10.	Glass	
11.	Exterior Blinds	
12.	Millwork/Plumbing	
13.	Clean Up	
14.	Contingency	
15.	Supervision	
16.	Architect	
17.	Engineer	
18.	Other	
	Shelving	
	Wallcovering	
	Stain of Woodwork	

TENANT CONSTRUCTION
COST OBLIGATION $

Exhibit 21.1

LIST OF SUBSIDIARIES OF MYRIAD GENETICS, INC.

Company Name	Jurisdiction of Incorporation
Myriad Genetic Laboratories, Inc.[1]	Delaware
Assurex Health, Inc.[1]	Delaware
Myriad RBM, Inc.[1]	Delaware
Crescendo Bioscience, Inc.[1]	Delaware
Myriad GmbH [3]	Germany
Myriad Services GmbH[2]	Germany
Myriad Genetics Espana SL[1]	Spain
Myriad Genetics SAS[2]	France
Myriad Genetics S.r.l.[1]	Italy
Myriad Genetics GmbH [2]	Switzerland
Myriad Genetics LTD[2]	Great Britain
Myriad Genetics Canada Corp [2]	Canada
Myriad Genetics B.V.[1]	Netherlands
Myriad Genetics Australia PTY LTD[2]	Australia
Privatklinik Dr. Robert Schindlbeck GmbH & Co. KG[3]	Germany
Myriad International GmbH[3]	Germany
MVZ Fur Molekulardiagnostik GmbH[4]	Germany
AssureRx Canada, Ltd[5]	Canada

1 – A wholly-owned subsidiary of Myriad Genetics, Inc., a Delaware corporation.
2 – A wholly-owned subsidiary of Myriad Genetics B.V.
3 – A wholly-owned subsidiary of Myriad Services GmbH
4 – A wholly-owned subsidiary of Privatklinik Dr. Robert Schindlbeck Gmbh & Co. KG
5 – A majority owned subsidiary of Assurex Health, Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Myriad Genetics, Inc.:

1) Registration Statement on Form S-3 (File No. 333-226492) pertaining to the Myriad Genetics, Inc. shelf registration for the sale of common stock,

2) Registration Statement on Form S-8 (File No. 333-222913, File No. 333-229574) pertaining to the Myriad Genetics, Inc. 2017 Employee, Director and Consultant Equity Incentive Plan,

3) Registration Statement on Form S-8 (File No. 333-185325) pertaining to the Myriad Genetics, Inc. 2012 Employee Stock Purchase Plan,

4) Registration Statements on Form S-8 (File No.'s 333-171994, 333-179281, 333-185325, 333-193767, 333-209354 and 333-215959) pertaining to the Myriad Genetics, Inc. 2010 Employee, Director and Consultant Equity Incentive Plan, as amended, and

5) Registration Statements on Form S-8 (File No.'s 333-115409, 333-120398, 333-131653, 333-140830, 333-150792, 333-157130 and 333-164670) pertaining to the Myriad Genetics, Inc. 2003 Employee, Director and Consultant Stock Option Plan, as amended;

of our reports dated August 13, 2019, with respect to the consolidated financial statements and schedule of Myriad Genetics, Inc. and the effectiveness of internal control over financial reporting of Myriad Genetics, Inc. included in this Annual Report (Form 10-K) of Myriad Genetics, Inc. for the year ended June 30, 2019.

/s/ Ernst & Young LLP

Salt Lake City, UT
August 13, 2019

Exhibit 31.1

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, Mark C. Capone, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2019

/s/ Mark C. Capone
Mark C. Capone
President and Chief Executive Officer

Exhibit 31.2

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, R. Bryan Riggsbee, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2019

/s/ R. Bryan Riggsbee
R. Bryan Riggsbee
Chief Financial Officer

Exhibit 32

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

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

The Annual Report on Form 10-K for the year ended June 30, 2019 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2019

/s/ Mark C. Capone

Mark C. Capone
President and Chief Executive Officer

Date: August 13, 2019

/s/ R. Bryan Riggsbee

R. Bryan Riggsbee
Chief Financial Officer