

Statement regarding use of non-GAAP financial measures

The Company's financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures. The Company's financial measures under GAAP include substantial one-time charges related to its acquisition of Crescendo Bioscience, Inc. in February 2014 and ongoing amortization expense related to acquired intangible assets that will be recognized over the useful lives of the assets. Management believes that presentation of operating results that excludes these items provides useful supplemental information to investors and facilitates the analysis of the Company's core operating results and comparison of operating results across reporting periods. Management also uses non-GAAP financial measures to establish budgets and to manage the Company's business. A reconciliation of the GAAP financial results to non-GAAP financial results is included in the attached financial statements.

Following is a description of these adjustments:

- Acquisition -- change of control payments: Represents payments to reward Crescendo employees for efforts that led to and facilitated the completion of the Myriad acquisition. The payout was instituted and approved by Crescendo immediately prior to the close of the acquisition, and was paid for out of the acquisition purchase price. Given the proximity of the change of control payout and the closing of the merger, the change of control expense was recorded in Myriad's post-acquisition financial results.
- Acquisition -- accelerated share-based compensation: Represents stock-based compensation expense resulting from the accelerated vesting of Crescendo employee options immediately prior to the acquisition that was recorded in Myriad post-acquisition financial results.
- Acquisition -- amortization of intangible assets: Represents recurring amortization charges resulting from the acquisition of intangible assets including developed technology and database rights.

The Company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Non-GAAP results are reported in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Reconciliations between GAAP and non-GAAP results are presented in the tables of this release.

**Reconciliation of GAAP to Non-GAAP Financial Measures
for the three and Nine Months ended March 31, 2014 and 2013**

(Unaudited data in thousands)

	Three Months Ended		Nine Months Ended	
	Mar. 31, 2014	Mar. 31, 2013	Mar. 31, 2014	Mar. 31, 2013
GAAP Cost of molecular diagnostic testing	\$ 23,648	\$ 16,462	\$ 67,842	\$ 45,960
GAAP Cost of companion diagnostic testing	2,961	3,872	10,379	11,585
Acquisition - change of control payments	(238)	-	(238)	-
Acquisition - accelerated share-based compensation	(185)	-	(185)	-
Acquisition - amortization of intangible assets	-	-	-	-
Non-GAAP COGS	\$ 26,186	\$ 20,334	\$ 77,798	\$ 57,545
Non-GAAP Gross Margin	86%	87%	87%	87%
GAAP Research and Development	\$ 13,397	\$ 13,618	\$ 47,289	\$ 39,125
Acquisition - change of control payments	(1,710)	-	(1,710)	-
Acquisition - accelerated share-based compensation	(2,075)	-	(2,075)	-
Acquisition - amortization of intangible assets	(78)	(78)	(234)	(234)
Non-GAAP R&D	\$ 9,534	\$ 13,540	\$ 43,270	\$ 38,891
GAAP Selling, General and Administrative	\$ 87,631	\$ 64,602	\$ 242,752	\$ 180,294
Acquisition - change of control payments	(3,747)	-	(3,747)	-
Acquisition - accelerated share-based compensation	(4,669)	-	(4,669)	-
Acquisition - amortization of intangible assets	(1,067)	(116)	(1,400)	(349)
Non-GAAP SG&A	\$ 78,148	\$ 64,486	\$ 232,936	\$ 179,945
GAAP Operating Income	\$ 55,287	\$ 57,918	\$ 221,188	\$ 162,086
Acquisition - change of control payments	5,695	-	5,695	-
Acquisition - accelerated share-based compensation	6,929	-	6,929	-
Acquisition - amortization of intangible assets	1,145	194	1,634	583
Non-GAAP Operating Income	\$ 69,056	\$ 58,112	\$ 235,446	\$ 162,669
Non-GAAP Operating Margin	38%	37%	40%	37%
GAAP Net Income	\$ 36,770	\$ 37,892	\$ 142,593	\$ 103,065
Acquisition - change of control payments	5,695	-	5,695	-
Acquisition - accelerated share-based compensation	6,929	-	6,929	-
Acquisition - amortization of intangible assets	1,145	194	1,634	583
Tax benefit associated with non-GAAP adjustments	(4,337)	-	(4,337)	-
Non-GAAP Net Income	\$ 46,202	\$ 38,086	\$ 152,514	\$ 103,648
GAAP Diluted EPS	\$ 0.48	\$ 0.46	\$ 1.82	\$ 1.23
Non-GAAP Diluted EPS	\$ 0.60	\$ 0.46	\$ 1.95	\$ 1.24

Free Cash Flow Reconciliation
(Unaudited data in thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>Mar. 31, 2014</u>	<u>Mar. 31, 2013</u>	<u>Mar. 31, 2014</u>	<u>Mar. 31, 2013</u>
GAAP cash flow from operations	\$ 11,249	\$ 37,396	\$ 149,280	\$ 110,866
Capital expenditures	(1,555)	(1,574)	(9,653)	(8,582)
Free cash flow after acquisition related charges	<u>9,694</u>	<u>35,822</u>	<u>139,627</u>	<u>102,284</u>
Acquisition - change in control payments	5,695	-	5,695	-
Acquisition - accelerated equity compensation	6,929	-	6,929	-
Free cash flow before acquisition related charges	<u>\$ 22,318</u>	<u>\$ 35,822</u>	<u>\$ 152,251</u>	<u>\$ 102,284</u>

Reconciliation of GAAP to Non-GAAP Financial Guidance

The company's future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from guidance set forth below. Some of the factors that could affect the Company's financial results are stated in the safe harbor statement of this press release. More information on potential factors that could affect the Company's financial results are included from time to time in the Company's public report filed with the SEC, including the Company's recent Form 10-K and Form 10-Q.

	<u>Fiscal Year 2014</u>
Diluted net income per share	
GAAP diluted net income per share	\$2.23 - \$2.26
Acquisition - change of control payments	0.04
Acquisition - accelerated share based compensation	0.06
Acquisition - amortization of intangible assets	0.04
Non-GAAP diluted net income per share	<u>\$2.37 - \$2.40</u>