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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 1997

[_] 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

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 [X] No [_]

As of February 10, 1998, the registrant had 9,320,182 shares of common stock outstanding.

MYRIAD GENETICS, INC.

INDEX TO FORM 10-Q

MYRIAD GENETICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Dec. 31, 1997 (Unaudited)	June 30, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 17,008,757	$ 15,675,763
Marketable investment securities	26,796,871	31,952,315
Prepaid expenses	272,942	446,260
Trade receivables	312,163	183,166
Non-trade receivables	342,243	294,967
Total current assets	44,732,976	48,552,471
Equipment and leasehold improvements:		
Equipment	14,394,572	13,124,937
Leasehold improvements	2,245,427	2,075,308
	16,639,999	15,200,245
Less accumulated depreciation and amortization	4,497,067	3,189,724
Net equipment and leasehold improvements	12,142,932	12,010,521
Long-term marketable investment securities	15,679,843	15,449,360
Other assets	50,979	50,979
	$ 72,606,730	$ 76,063,331
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,965,052	$ 2,559,035
Accrued liabilities	1,508,927	1,154,254
Deferred revenue	5,075,700	5,699,427
Current portion of notes payable	304,736	342,796
Total current liabilities	9,854,415	9,755,512
Notes payable, less current portion	-	128,844
Stockholders' equity		
Common stock, $0.01 par value, 15,000,000 shares authorized; issued and outstanding 9,297,877 shares December 31, 1997, 9,222,552 shares June 30, 1997	92,979	92,226
Additional paid-in capital	91,976,600	91,605,739
Fair value adjustment on available-for-sale marketable investment securities	2,262	5,382
Deferred compensation	(1,111,713)	(1,376,980)
Accumulated deficit	(28,207,813)	(24,147,392)
Net stockholders' equity	62,752,315	66,178,975
	$ 72,606,730	$ 76,063,331

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	Dec. 31, 1997 (Unaudited)	Dec. 31, 1996 (Unaudited)	Dec. 31, 1997 (Unaudited)	Dec. 31, 1996 (Unaudited)
Revenues:				
Research revenue	$ 4,563,890	$ 2,717,740	$ 10,078,932	$ 4,913,521
Genetic testing revenue	524,918	34,060	934,463	34,060
Total revenues	5,088,808	2,751,800	11,013,395	4,947,581
Expenses:				
Research and development expense	5,005,520	5,045,154	11,206,159	9,139,897
Selling, general and administrative expense	2,869,428	1,997,108	5,006,656	3,757,067
Genetic testing cost of revenue	305,587	24,283	541,585	24,283
Total costs and expenses	8,180,535	7,066,545	16,754,400	12,921,247
Operating loss	(3,091,727)	(4,314,745)	(5,741,005)	(7,973,666)
Other income (expense):				
Interest income	836,555	886,783	1,701,359	1,735,277
Interest expense	(9,449)	(17,739)	(20,897)	(37,391)
Gain/(loss) on sale of fixed assets	-	(7,992)	121	(7,992)
	827,106	861,052	1,680,583	1,689,894
Net loss	($2,264,621)	($3,453,693)	($4,060,422)	($6,283,772)
Net loss per share (Note 3)	($0.24)	($0.39)	($0.44)	($0.72)
Weighted average shares outstanding	9,279,892	8,743,530	9,259,025	8,728,177

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	Dec. 31, 1997 (Unaudited)	Dec. 31, 1996 (Unaudited)	Dec. 31, 1997 (Unaudited)	Dec. 31, 1996 (Unaudited)
Cash flows from operating activities:				
Net loss	($2,264,621)	($3,453,693)	($4,060,422)	($6,283,772)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	804,825	612,413	1,573,941	1,109,180
Increase in trade receivables	(125,687)	-	(128,997)	-
Loss (gain) on sale of equipment	-	7,992	(121)	7,992
Decrease (increase) in non-trade receivables	(12,579)	(106,909)	85,797	(44,830)
Decrease (increase) in prepaid expenses	(115,844)	(239,018)	173,318	(247,045)
Increase (decrease) in accounts payable and accrued expenses	301,124	(149,832)	627,618	312,007
Increase (decrease) in deferred revenue	(349,230)	(205,860)	(623,727)	38,359
Net cash used in operating activities	(1,762,012)	(3,534,907)	(2,352,593)	(5,108,109)
Cash flows from investing activities:				
Capital expenditures	(715,454)	(945,666)	(1,441,865)	(2,560,864)
Proceeds from sale of equipment	-	7,500	901	7,500
Net change in marketable investment securities	(1,122,564)	4,966,190	4,921,840	9,811,717
Net cash provided by (used in) investing activities	(1,838,018)	4,028,024	3,480,876	7,258,353
Cash flows from financing activities:				
Net payments of notes payable	(84,388)	(76,099)	(166,904)	(150,285)
Net proceeds from issuance of common stock	245,948	(1,872)	371,615	24,087
Net cash provided by (used in) financing activities	161,560	(77,971)	204,711	(126,198)
Net increase (decrease) in cash and cash equivalents	(3,438,470)	415,146	1,332,994	2,024,046
Cash and cash equivalents at beginning of period	20,447,227	14,844,580	15,675,763	13,235,680
Cash and cash equivalents at end of period	$ 17,008,757	$ 15,259,726	$ 17,008,757	$ 15,259,726

See accompanying notes to condensed consolidated financial statements.

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

(1) Basis of Presentation

The accompanying condensed unaudited consolidated financial statements have been prepared by Myriad Genetics, Inc. (the "Company") in accordance with generally accepted accounting principles for interim financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission. The condensed unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material 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. The financial statements herein should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 1997, included in the Company's Annual Report on Form 10-K for the year ended June 30, 1997. Operating results for the three and six month periods ended December 31, 1997 may not necessarily be indicative of the results to be expected for any other interim period or for the full year.

(2) Common Stock

In October 1997, the Company entered into an arrangement with Swiss Bank Corporation, London Branch ("SBC") under which the Company simultaneously purchased and sold call options on its own Common Stock resulting in a payment of $100,000 to the Company. The capped call option purchased by the Company ("Contract A") gives the Company the right, at option expiration, to (i) purchase 400,000 shares of its own stock at a strike price of $32.25 or (ii) receive a cash settlement in an amount equal to the difference between the strike price and the lesser of the market price at the exercise date or the cap price of $40.50.

The call option sold by the Company ("Contract B") gives SBC the right, at option expiration, to purchase 400,000 shares of newly issued Myriad Common Stock, subject to the effectiveness of a registration statement, at a strike price of $40.50. Alternatively, the Company may elect to cash settle, or net share settle the option. It is management's intent to cash settle contract A, and if the market price exceeds $40.50 at the option expiration date, to settle Contract B through the issuance of Myriad stock. If both contracts are exercised, the Company may receive up to $19,500,000, or $48.75 per share. Both call options will expire in December 1998.

SBC has advised that it has engaged, and may engage, in transactions, including buying and selling shares of the Company's Common Stock, to offset its risk relating to the options. Purchases and sales could affect the market price of the Company's Common Stock.

(3) Earnings per Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share ("SFAS 128"). SFAS 128 became effective for the consolidated financial statements for interim and annual periods ending after December 15, 1997. Accordingly, the Company has adopted SFAS 128 for the quarter ended December 31, 1997.

SFAS 128 establishes a different method of computing earnings (loss) per share than was required under the provisions of Accounting Principles Board Opinion No. 15. Under SFAS 128, entities with publicly held common stock are required to present both basic earnings (loss) per share and diluted earnings (loss) per share. Given the Company's current loss position, basic and diluted loss per share are equal and consistent with net loss per share presented in prior quarters.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Since inception, the Company has devoted substantially all of its resources to maintaining its research and development programs, establishing and operating a genetic testing laboratory, and supporting collaborative research agreements. Revenues received by the Company primarily have been payments pursuant to collaborative research agreements and sales of genetic tests. The Company has been unprofitable since its inception and, for the quarter ended December 31, 1997, the Company had a net loss of $2,264,621 and as of December 31, 1997 had an accumulated deficit of $28,207,813.

In April 1995, the Company commenced a five-year collaborative research and development arrangement with Novartis Corporation ("Novartis"). This collaboration provides the Company with an equity investment, research funding and potential milestone payments of up to $60,000,000. The Company is entitled to receive royalties from sales of therapeutic products sold by Novartis. The Company recognized $1,370,967 in revenue under this agreement for the quarter ended December 31, 1997.

In September 1995, the Company commenced a five-year collaborative research and development arrangement with Bayer Corporation ("Bayer"). This collaboration provides the Company with an equity investment, research funding and potential milestone payments of up to $71,000,000. In November 1997, the Company announced an expansion of its collaborative research and development arrangement with Bayer. The expanded collaboration provides the Company with additional research funding and potential milestone payments of up to $54,000,000 or a total potential of up to $125,000,000. The Company is entitled to receive royalties from sales of therapeutic products sold by Bayer. The Company recognized $2,442,923 in revenue under this agreement for the quarter ended December 31, 1997.

In October 1996, the Company announced the introduction of BRACAnalysis(TM), a comprehensive BRCA1 and BRCA2 gene sequence analysis for susceptibility to breast and ovarian cancer. The Company, through its wholly owned subsidiary Myriad Genetic Laboratories, Inc., began accepting testing samples on a commercial basis on October 30, 1996. Genetic testing revenues of $524,918 were recognized for the quarter ended December 31, 1997.

In April 1997, the Company commenced a three-year collaborative research and development arrangement with Schering Corporation ("Schering"). The three-year term may be extended for two additional one-year periods. This collaboration provides the Company with an equity investment, license fees, research funding and potential milestone payments totalling up to $60,000,000. The Company is entitled to receive royalties from sales of therapeutic products sold by Schering. The Company recognized $750,000 in revenue under this agreement for the quarter ended December 31, 1997.

In October 1997, the Company announced that Schering has licensed the therapeutic rights to the MMAC1 gene. The MMAC1 gene has been associated with advanced cancers of the brain, prostate, breast, kidney, and skin. The licensing of this gene triggered a milestone payment of $2,000,000 from Schering to the Company. The Company may receive additional drug development milestone payments and royalties on therapeutic products based on the MMAC1 gene and its pathway. Myriad has retained the rights to the molecular diagnostic potential of the MMAC1 gene.

In January 1998, the Company announced the introduction of a new genetic test, CardiaRisk(TM), to be performed by its wholly owned subsidiary, Myriad Genetic Laboratories, Inc. CardiaRisk(TM), which identifies a mutation in the AGT gene, will assist physicians both in (i) identifying which hypertensive patients are at a significantly increased risk of developing cardiovascular disease and (ii) identifying which patients are likely to respond to low salt diet therapy and antihypertensive drug therapy.

Additionally, in January 1998 the Company announced the successful use of its ProNet(TM) protein interaction technology in discovering three new genes. The MMSC1 gene appears to interact directly with the MMAC1 brain and prostate cancer gene. The CtIP gene was linked to the pathway of the BRCA1 breast and ovarian cancer gene,

and the MKK3 gene acts as a tumor suppressor in lung cancer. These genes are believed to provide new avenues for developing cancer therapies.

The Company intends to enter into additional collaborative relationships to locate and sequence genes associated with other common diseases as well as continuing to fund internal research projects. There can be no assurance that the Company will be able to enter into additional collaborative relationships on terms acceptable to the Company. The Company expects to incur losses for at least the next several years, primarily due to expansion of its research and development programs, increased staffing costs and expansion of its facilities. Additionally, the Company expects to incur substantial sales, marketing and other expenses in connection with building its genetic testing business. The Company expects that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

Results of Operations for the Three Months Ended December 31, 1997 and 1996

Research revenues for the quarter ended December 31, 1997 increased $1,846,150 from the same quarter of 1996. The increase was attributable primarily to the Company's new and expanded corporate research collaboration agreements, consisting of Schering, initiated in April 1997, and Bayer, expanded in November 1997, respectively. The Company recognized $750,000 from Schering and $950,000 from Bayer during the quarter ending December 31, 1997 as a result of the new and expanded agreements. Research revenue from the corporate collaboration agreements is recognized as related costs are incurred. Consequently, as these programs progress and costs increase, revenues increase proportionately.

Genetic testing revenues of $524,918 were recognized in the quarter ended December 31, 1997, an increase of $490,858 over the same quarter of 1996. Genetic testing revenue is comprised of sales of diagnostic tests resulting from the Company's discovery of the BRCA1 and BRCA2 breast and ovarian cancer genes. The tests for genetic predisposition to breast and ovarian cancer were launched by the Company in October 1996 with the first commercial test received in November 1996. Sales and marketing efforts since that time have given rise to the increased revenues in 1997.

Research and development expenses for the quarter ended December 31, 1997 decreased to $5,005,520 from $5,045,154 for the same quarter of 1996. During the quarter ended December 31, 1996, the Company devoted substantial efforts to the development of its breast and ovarian cancer susceptibility test, BRACAnalysis(TM). With the successful launch of BRACAnalysis(TM), efforts during the quarter ended December 31, 1997 were focused on processing the test, resulting in increased charges to genetic testing cost of revenue and decreased research and development charges. Additionally, the Company paid a significant one-time license fee to one of its collaborators in the quarter ended December 31, 1996.

Selling, general and administrative expenses for the quarter ended December 31, 1997 increased $872,320 from the same quarter of 1996. The increase was primarily attributable to costs associated with the ongoing promotion of BRACAnalysis(TM), including the hiring of an outside sales force consisting of 50 sales representatives. The increase is also a result of additional internal sales and marketing personnel, market research activities, educational material development, and facilities-related costs. The Company expects its general and administrative expenses will continue to increase in support of its genetic predisposition testing business and its research and development efforts.

Interest income for the quarter ended December 31, 1997 decreased to $836,555 from $886,783 or 5.6% for the same quarter of 1996. This decrease was primarily due to the decreased funds available for investment, which were spent in the ordinary course of business. The Company has been able to maintain its cash reserves at a relatively constant level as a result of its ongoing collaborative research agreements, entering new collaborative agreements, achieving research milestones, and sales of its genetic tests. As a result, interest income has not changed significantly from the prior year. Interest expense for the quarter ended December 31, 1997, amounting to $9,449, was due entirely to borrowings under the Company's equipment financing facility.

Results of Operations for the Six Months Ended December 31, 1997 and 1996

Research revenues increased to $10,078,932 in the first six months of fiscal year 1998 from $4,913,521 in the first six months of fiscal year 1997. The increase was attributable primarily to the Company's new and expanded

corporate research collaboration agreements, consisting of Schering, initiated in April 1997, and Bayer, expanded in November 1997, respectively, and a milestone payment. The Company recognized $1,500,000 from Schering and $950,000 from Bayer during the six months December 31, 1997 as a result of the new and expanded agreements, as well as a $2,000,000 milestone payment from Schering.

Genetic testing revenues of $934,463 were recognized in the six months ended December 31, 1997, an increase of $900,403 over the same six month period of 1996. Genetic testing revenue is comprised of sales of BRACAnalysis(TM) and related diagnostic tests resulting from the Company's discovery of the BRCA1 and BRCA2 breast and ovarian cancer genes. The tests for genetic predisposition to breast and ovarian cancer were launched by the Company in October 1996 with the first commercial test received by the Company in November 1996. Sales and marketing efforts since that time have given rise to the increased revenues in 1997.

Research and development expenses for the six months ended December 31, 1997 increased to $11,206,159 from $9,139,897 for the prior year. This increase was primarily due to an increase in research activities as a result of the Company's collaborations with Novartis, Bayer, and Schering, as well as those programs funded by the Company. The increased level of research spending includes third party research programs, increased depreciation charges related to purchasing additional equipment, the hiring of additional research personnel and the associated increase in use of laboratory supplies and reagents. The Company also made a payment for a milestone achieved by an academic collaborator during the six month period ended December 31, 1997.

Selling, general and administrative expenses for the six months ended December 31, 1997 increased $1,249,589 from the six month period in the prior year. The increase was primarily attributable to costs associated with the ongoing promotion of BRACAnalysis(TM) as well as additional administrative, sales, marketing and education personnel, market research activities, educational material development, and facilities-related costs. The Company expects its general and administrative expenses will continue to increase in support of its genetic predisposition testing business and its research and development efforts.

Interest income for the first six months of fiscal year 1998 decreased to $1,701,359 from $1,735,277 for the first six months of fiscal year 1997. This decrease was primarily due to less funds being available for investment which funds were spent in the ordinary course of business. The Company has been able to maintain its cash reserves at a relatively constant level as a result of its ongoing collaborative research agreements, entering new collaborative agreements, achieving research milestones, and sales of its genetic tests. As a result, interest income has not changed significantly from the prior year. Interest expense for the six months ended December 31, 1997, amounting to $20,897, was due entirely to borrowings under the Company's equipment financing facility. The gain on sale of fixed assets of $121 in the six months ended December 31, 1997 and loss on sale of fixed assets of $7,992 in the six months ended December 31, 1996 are the result of the sale of out-dated equipment.

Liquidity and Capital Resources

Net cash used in operating activities was $1,762,012 during the quarter ended December 31, 1997 as compared to net cash used of $3,534,907 during the same quarter of the prior fiscal year. Trade receivables were established during 1997 as a result of the Company allowing terms for payment for its BRACAnalysis(TM) breast and ovarian cancer predisposition tests. In the prior year, all tests were prepaid by the customer. Non-trade receivables increased $12,579 between September 30, 1997 and December 31, 1997, primarily as a result of certain patent legal fees which the Company has incurred and which will be reimbursed by one of the Company's collaborative partners. Prepaid expenses increased $115,844 during the quarter ended December 31, 1997. The increase is primarily due to annual insurance payments made at year end for 1998 coverage. Accounts payable and accrued expenses increased between September 30, 1997 and December 31, 1997 as a result of increased accruals for unbilled work provided by the Company's research collaborators. Deferred revenue, representing the difference in collaborative payments received and research revenue recognized, decreased $349,230 during the quarter ended December 31, 1997.

The Company's investing activities used cash in the amount of $1,838,018 in the three months ended December 31, 1997 and provided cash of $4,028,024 in the three months ended December 31, 1996. Investing activities were comprised primarily of capital expenditures for research equipment, office furniture, and facility improvements and marketable investment securities. During the quarter ended December 31, 1997, the Company shifted a portion of its

investment in marketable securities from cash and cash equivalents to longer term investments in order to take advantage of more favorable interest rates.

Financing activities provided $161,560 during the quarter ended December 31, 1997. The Company reduced the amount of principal owing on its equipment financing facility by $84,388. This use of cash was more than offset by cash proceeds from the exercise of options and warrants. Financing activities used $77,971 during the quarter ended December 31, 1996 primarily as a result of payments to reduce the principal on its equipment financing facility in the amount of $76,099.

In October 1997, the Company entered into an arrangement with SBC under which the Company simultaneously purchased and sold call options on its own Common Stock resulting in a payment of $100,000 to the Company. The capped call option purchased by the Company ("Contract A") gives the Company the right, at option expiration, to (i) purchase 400,000 shares of its own stock at a strike price of $32.25 or (ii) receive a cash settlement in an amount equal to the difference between the strike price and the lesser of the market price at the exercise date or the cap price of $40.50.

The call option sold by the Company ("Contract B") gives SBC the right, at option expiration, to purchase 400,000 shares of newly issued Myriad Common Stock, subject to the effectiveness of a registration statement, at a strike price of $40.50. Alternatively, the Company may elect to cash settle, or net share settle the option. It is managements intent to cash settle contract A, and if the market price exceeds $40.50 at the option expiration date, to settle Contract B through the issuance of Myriad stock. If both contracts are exercised, the Company may receive up to $19,500,000 or $48.75 per share. Both call options will expire in December 1998.

SBC has advised that it has engaged, and may engage, in transactions, including buying and selling shares of the Company's Common Stock, to offset its risk relating to the options. Purchases and sales could affect the market price of the Company's Common Stock.

The Company anticipates that its existing capital resources, including the net proceeds of its October 1995 initial public offering and interest earned thereon, will be adequate to maintain its current and planned operations for at least the next two years, although no assurance can be given that changes will not occur that would consume available capital resources before such time. The Company's future capital requirements will be substantial and will depend on many factors, including progress of the Company's research and development programs, the results and cost of clinical correlation testing of the Company's genetic tests, the costs of filing, prosecuting and enforcing patent claims, competing technological and market developments, payments received under collaborative agreements, changes in collaborative research relationships, the costs associated with potential commercialization of its gene discoveries, if any, including the development of manufacturing, marketing and sales capabilities, the cost and availability of third-party financing for capital expenditures and administrative and legal expenses. Because of the Company's significant long-term capital requirements, the Company intends to raise funds when conditions are favorable, even if it does not have an immediate need for additional capital at such time.

Impact of the Year 200 Issue

The Company has completed a review of its existing and planned computer software and hardware and has determined that the costs and/or consequences associated with the Year 2000 issue are not expected to have a material effect on the Company's business, operations or future financial results or future financial condition.

Certain Factors That May Affect Future Results of Operations

The Company believes that this report on Form 10-Q contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements. The Company cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: intense competition related to the discovery of disease-related genes and the possibility that others may discover, and

the Company may not be able to gain rights with respect to, genes important to the establishment and operation of a successful genetic testing business; difficulties inherent in developing genetic tests once genes have been discovered; the Company's limited experience in operating a genetic testing laboratory; the Company's limited marketing and sales experience and the risk that tests which the Company has or may develop may not be able to be marketed at acceptable prices or receive commercial acceptance in the markets that the Company is targeting or expects to target; uncertainty as to whether there will exist adequate reimbursement for the Company's services from government, private health care insurers and third-party payors; and uncertainties as to the extent of future government regulation of the Company's business. As a result, the Company's future development efforts involve a high degree of risk. For further information, refer to the more specific risks and uncertainties disclosed throughout this Quarterly Report on Form 10-Q.

PART II - Other Information

Item 1. Legal Proceedings.

On November 17, 1997, OncorMed, Inc. ("OncorMed") filed an action in the United States District Court of the District of Columbia alleging infringement by the Company of patent number 5,654,155 entitled "Consensus Sequence of the Human BRCA1 Gene" issued to OncorMed by the U.S. Patent and Trademark Office ("USPTO"). The action is seeking a permanent injunction and unspecified damages. On December 8, 1997, the Company filed an answer and counterclaim.

On December 2, 1997, the Company filed an action against OncorMed in the United States District Court for the District of Utah alleging infringement of patent number 5,693,473 entitled "Linked Breast and Ovarian Cancer Susceptibility Gene" issued to the Company on December 2, 1997 by the USPTO. The action is seeking a preliminary and permanent injunction and unspecified damages. OncorMed has filed an answer and counterclaim.

On January 20, 1998, the Company filed an action against OncorMed in the United States District Court for the District of Utah alleging infringement of patent number 5,709,999 entitled "Linked Breast and Ovarian Cancer Susceptibility Gene" issued to the Company on January 20, 1998 by the USPTO. The action is seeking a preliminary and permanent injunction and unspecified damages. OncorMed has filed an answer and counterclaim.

On January 20, 1998, OncorMed filed an action against the Company in the United States District Court for the District of Columbia alleging incorrect inventorship of patent numbers 5,093,473 and 5,709,999. The action is seeking to correct inventorship and seeks unspecified damages. The Company moved to dismiss the action on February 9, 1998.

The Company believes that it has valid defenses to the OncorMed actions listed above, and all cases are, and will continue to be vigorously defended. Management is unable to make a meaningful estimate of the amount or range of loss that could result from an unfavorable outcome of any of these cases. Management believes, however, that the ultimate outcome of all of these cases should not have a material effect on the Company's financial position.

Item 2. Changes in Securities.

(c) Sales of Unregistered Securities

During the three months ended December 31, 1997, the Company issued a total of 15,000 shares of Common Stock to an employee of the Company pursuant to the exercise of stock options at a weighted average price of $.028 per share. During the same period, the Company issued a total of 3,559 shares of Common Stock to various holders of warrants issued to Spencer Trask Securities Incorporated, the placement agent for the Company's 1993 private placement of Series A Convertible Preferred Stock, at a weighted average exercise price of $7.00 per share.

In October 1997, the Company sold to SBC a call option entitling SBC to purchase from the Company at a strike price of $40.50 per share, an aggregate of 400,000 shares of the Company's Common Stock. In exchange, the Company purchased from SBC a capped call option giving the Company the right to purchase from SBC up to a total of 400,000 shares of Myriad Common Stock at a strike price of $32.25 on a specified date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

No person acted as an underwriter with respect to the transactions set forth above. In each of the foregoing instances, the Company relied on Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") or Rule 701 promulgated under the Securities Act for the exemption from the registration requirements of the Securities Act, since no public offerings were involved.

(d) Use of Proceeds

The Company filed its initial Form SR with the Securities and Exchange Commission on January 15, 1996 reporting for the period from October 5, 1995 (the effective date of the Company's registration statement for its initial public offering) through January 5, 1996. The Company filed through July 1997 amendments to its Form

SR covering each subsequent six month period on a timely basis. Since November 1997, the Company has included information concerning use of proceeds in its Forms 10-Q, the most recent of which was filed November 14, 1997 for the quarter ended September 30, 1997 ("September 30, 1997 Form 10-Q"). The following schedule reflects as of December 31, 1997 an estimate of the amount of net offering proceeds received by the Company from its initial public offering used for each of the purposes listed below (and reflects only the changes to the information provided by the Company in its September 30, 1997 Form 10-Q).

	Direct or indirect payments to anyone other than directors, officers, persons owning ten percent or more of any class of equity securities of the Company, and affiliates of the Company (of which there were no such payments).
Construction of plant, building and facilities	$1,397,554
Purchase and installation of machinery and equipment	$11,054,027
Cash and investments	$7,341,205
Genetic discovery research expenses	$7,743,876
Diagnostic test development and operation expenses	$13,209,666
General and administrative expenses	$8,516,864

Item 3. Defaults Upon Senior Securities.

None.

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

On November 13, 1997, the Company held its Annual Meeting of Shareholders (the "Annual Meeting"). A quorum of 5,065,996 shares of Common Stock of the Company (of a total 9,265,101 outstanding shares, or approximately 55%) was represented at the Annual Meeting in person or by proxy, which was held to vote on the following proposals:

1. To elect three members to the Board of Directors. Nominees for Directors were Michael J. Berendt, Ph.D., Alan J. Main, Ph.D., and Dale A. Stringfellow, Ph.D.

2. To consider and act upon a proposal to amend the Company's 1992 Employee, Director and Consultant Stock Option Plan to increase, from 1,500,000 to 2,000,000, the aggregate number of shares of Common Stock authorized for issuance thereunder.

3. To consider and act upon a proposal to ratify the appointment of KPMG Peat Marwick LLP as the Company's independent public accountants for the fiscal year ending June 30, 1998.

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

Proposal 1:

	FOR	WITHHELD
Michael J. Berendt, Ph.D.	5,052,533	13,463
Alan J. Main, Ph.D.	4,965,976	100,020
Dale A. Stringfellow, Ph.D.	5,052,973	13,023

Peter D. Meldrum and Mark H. Skolnick, Ph.D. continue to serve as Directors for terms which expire in 1998 and Walter Gilbert, Ph.D., Arthur H. Hayes, Jr., M.D. and John J. Horan continue to serve as Directors for terms which expire in 1999 and until their successors are duly elected and qualified.

Proposal 2:

For	2,182,321
Against	430,654
Abstain	14,796
Broker Non-Vote	2,438,225

Proposal 3:

For	4,818,127
Against	9,315
Abstain	238,554

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description
10.1	Amendment and Supplement to Collaborative Research and License Agreement dated November 19, 1997 between Bayer Corporation and the Company. The Company has excluded from this Exhibit 10.1 portions of the Amendment and Supplement to Collaborative Research and License Agreement for which the Company has requested confidential treatment from the Securities and Exchange Commission. The portions of the Amendment and Supplement to Collaborative Research and License Agreement for which confidential treatment has been requested are marked "[ ]" and such confidential portions have been filed separately with the Securities and Exchange Commission.
10.2	Myriad Genetics, Inc. 1992 Employee, Director and Consultant Stock Option Plan (as amended and restated September 11, 1997, filed as Exhibit 10.1 to the Company's Registration Statement on Form S-8, File No. 333-40961, effective November 25, 1997), and incorporated herein by reference.
11.1	Statement Regarding Computation of Net Loss Per Share
27.1	Financial Date Schedule

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended December 31, 1997.

SIGNATURES

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

MYRIAD GENETICS, INC.

Date: February 12, 1998

By: /s/ Peter D. Meldrum

Peter D. Meldrum
President and Chief Executive Officer

Date: February 12, 1998

/s/ Jay M. Moyes

Jay M. Moyes
Vice President of Finance
(principal financial and accounting officer)

MYRIAD GENETICS, INC.

EXHIBIT INDEX

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27.1	Financial Data Schedule

Exhibit 10.1

Amendment and Supplement to Collaborative Research and License Agreement

This Amendment and Supplement dated as of the 19 of November, 1997, made between Bayer Corporation ("Bayer") an Indiana corporation, having an office at 400 Morgan Lane, West Haven, Connecticut 06516-4175, and Myriad Genetics, Inc. ("Myriad") a Delaware corporation having an office at 320 Wakara Way, Salt Lake City, Utah 84108.

WHEREAS, the parties have entered into a Collaborative Research and License Agreement dated as of September 11, 1995 (the "1995 Agreement"); and

WHEREAS, the parties mutually agree to an amendment and supplement of the 1995 Agreement to add the Depression Field and the Dementia Field (as hereinafter defined) and to provide for additional funding and an additional period of time in which to conduct the Research Program relative to the Depression Field; and additional funding for the Dementia Field.

Now, therefore, in consideration of the premises and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereby agree as follows:

1. The following amendments are made to Section I of the 1995 Agreement:

(i) Section 1.11 is revised to read as follows:

"Field" means all human therapeutic and prophylactic uses, including but not limited to, [ ] and [ ] (including [ ]) for any clinical indication of the genes Discovered under the Research Program involved in or associated with obesity, asthma, depression (including unipolar major depressive disorder, and bipolar disorder), dementia and osteoporosis, but excluding any Discontinued Gene Targets.

(ii) The introductory paragraph of Section 1.16 is revised to read as follows:

"Human Therapeutic Product" means any product for prophylactic or therapeutic use in the prevention or treatment of any clinical indications in humans, whether or not for the treatment or prevention of asthma, obesity, depression, (including unipolar major depressive disorder, and bipolar disorder), dementia, or osteoporosis, which is, or comprises:

The remainder of Section 1.16 remains unchanged.

(iii) Section 1.22, subparagraph (b) is revised as follows:

(b) any Myriad, University of Utah or other Myriad collaboration databases of information concerning family pedigrees and clinical data on such families;

(iv) Section 1.32 is revised as follows:

"Research Term" means the period beginning on the Effective Date and ending on the date on which the Research Program terminates or expires as set forth in Section 2.3 below. The Research Term shall consist of the "Original Research Term" and the "Additional Research Term" as defined in Section 2.3.1 below and shall include, for all or any portion of the Research Program which is extended pursuant to Section 2.3.2, the period that the Research Term is extended with respect thereto.

(v) Section 1.33 is revised as follows:

"Subfield" means the Asthma Field, the Obesity Field, the Depression Field, the Dementia Field, or the Osteoporosis Field.

(vi) A new Section 1.36 is added as follows:

1.36 "Depression Field" means that portion of the Field relating to the genes Discovered under the Research Program involved with or associated with depression, including unipolar major depressive disorder, and bipolar disorder.

(vii) A new Section 1.37 is added as follows:

1.37 "Original Research Field" means that portion of the Field consisting of the Asthma Field, the Obesity Field and the Osteoporosis Field.

(viii) New Sections 1.38, 1.39, 1.40, 1.41 and 1.42 are added as follows:

1.38 "Dementia Field" means that portion of the Field relating to genes Discovered under the Research Program involved in or associated with dementia utilizing the ProNet Technology.

1.39 "Interactive Protein" shall mean a human protein or portion of a human protein which has been identified by means of the ProNet/(TM)/ Technology as a protein which directly, or indirectly through a series of interactions, interacts with a protein or portion of a protein in the Dementia Field which was used as a bait in Myriad's high-throughput yeast two hybrid screen.

1.39(a) "Interactions" means contact between proteins that is sufficiently stable to allow the yeast two hybrid system to function resulting in the identification of Interactive Proteins.

1.40 "Pathway" shall mean a series comprising up to ten (10) genes that interact with one another as defined by the ProNet

Technology and interact directly with an Interactive Protein as defined by the ProNet Technology and includes the related Interactions.

1.41 "ProNet Database" shall mean Myriad's proprietary compilation of protein-protein interaction data for the human genome which is generally accessible to Myriad's ProNet collaborators.

1.42 "ProNet(TM) Technology" shall mean the proprietary tools (robotics, plastics, software, etc.), proprietary methods (protocols, processes, etc.) and proprietary reagents (vectors, strains, buffers and solutions, etc.) used by Myriad to carry out the yeast two hybrid protein-protein interaction studies.

1.43 "Selection Period" shall mean a period during which the expression profile of an Interactive Protein is studied to gain an understanding of its potential function.

2. Section 2.1.3 is revised as follows:

"Staffing and Resources." For the Original Research Term, Myriad will provide for use in the Research Program at least [ ] full-time equivalent employees (FTEs) per year. For the Additional Research Term, Myriad will provide [ ] FTEs for years 1, 4 and 5 for the Depression Field and [ ] FTEs for year 1 and [ ] FTEs for years 2 & 3 for the Dementia Field. Appendix I attached hereto sets forth the average staffing levels to be provided by Myriad for the Original Research Term (as defined in Section 2.3.1) and the Additional Research Term (as defined in Section 2.3.1). Should the Research Program terminate for any reason prior to completion of the Original Research Term or the Additional Research Term, as the case may be, Myriad will not be in default if it shall have provided less than [ ] full time equivalent employees per

year for the Original Research Term or less than [ ] full time equivalent employees per year for research in the Depression Field or Dementia Field through the date of termination.

The remainder of Section 2.1.3 remains unchanged, except that the words "Research Term" in the third sentence of such section shall be replaced with the words "Original Research Term".

3. The following sentence shall be added at the end of Section 2.1.4:

The parties shall mutually agree upon a schedule for completing the Annual Research Plan related to the Depression Field and the Dementia Field, with the goal of efficient incorporation of such planning process into the ongoing work of the RSC.

4. The following sentence shall be added at the end of Section 2.1.5.

Myriad and its Affiliates will not, except under the Research Program, perform sponsored research for any other company or other institution with respect to genes within the Dementia Field, however nothing herein will prevent Myriad from entering into non-exclusive licenses for access to its ProNet Database or the licensing of rights with respect to intellectual property therein.

5. The final sentence of Section 2.2.1 is replaced with the following sentence:

If the Annual Research Plans for any Subfield in the Original Research Field allocate less than [ ] to the Research Program for such Subfield for more than one year, then Myriad may, at its option, elect to cause all genes in such Subfield to be Discontinued Target Genes under Section 2.28 hereof.

6. Section 2.3.1 is revised as follows:

2.3.1 The Research Term with respect to that portion of the Research Program related to the Original Research Field ("the Original Research Term") shall commence on the Effective Date and terminate five (5) years after the Effective Date unless extended as provided below or unless earlier terminated by either party pursuant to the termination provisions below. [ ]. The Research Term with respect to that portion of the Research Program related to the Depression Field (the "Additional Research Term") shall commence as of the effective date of this Amendment and shall terminate on September 10, 2002, unless extended as provided below or unless earlier terminated by either party pursuant to the termination provisions below. The term for the Dementia Field shall commence as of the effective date of this Amendment and terminate on December 31, 2000 unless extended by the agreement of both parties. Bayer shall have the exclusive option, in its discretion, to extend the term for the Dementia Field in one year increments provided that Bayer funds the Dementia Field for each such extension at funding levels to be negotiated in good faith by Bayer and Myriad, but in no event less than [ ] per year during any extension. For purposes of Section 2.3.2 below, (i) "Research Term" shall mean the Original Research Term or the Additional Research Term, as the case may be, and (ii) "Field" shall mean the Original Research Field or the Depression Field, or the Dementia Field as the case may be, such that the provisions of Section 2.3.2, governing the extension of the Research Program, shall apply separately to the Original Research Term and the Additional Research Term. By way of example, the extension of the Original Research Term for an additional year beyond September 10, 2000 will require Bayer to provide at least [ ] of funding for ongoing research in the Original Research Field, while Bayer shall continue to provide a total of [ ] per year for research in the Depression Field and the Dementia Field during the Additional Research

Term.

7. Add a new Section 16 as follows:

16. OPTION PERIOD FOR INTERACTIVE PROTEINS

16.1 Option for Interactive Proteins. Bayer, with Myriad's consultation, shall identify the initial baits for use in Myriad's high-throughput yeast two hybrid screen and select the subset of Interactive Proteins for the successive yeast two hybrid analysis. Upon the identification of an initial Interactive Protein (P\\o\\), the Selection Period will begin for that Interactive Protein. During the Selection Period, Bayer and Myriad will further evaluate the Interactive Protein which has been identified. Upon the earlier of either: (a) the identification of a second Interactive Protein (P\\1\\) which interacts with the initial Interactive Protein \\Po\\; or (b) the expiration of a period of [ ] from the identification of the initial Interactive Protein P\\o\\ in the event identification of a second Interactive Protein P\\1\\ is not underway within [ ] of identification of the initial Interactive Protein P\\o\\, Bayer shall have a period of [ ] (the "Exercise Period") to exercise an option for a period of [ ] ("Option Period") to obtain an exclusive world-wide License (as defined in Section 7.1 of the 1995 Agreement) including but not limited to interactive proteins, Interactions, genes encoding them, the use of these genes in research and drug screening, and transgenic cell lines and animals containing these genes, Human Therapeutic Products which are comprised or derived of any Interactive Protein within the Pathway. Prior to the end of the Option Period, Bayer may exercise its right to acquire an exclusive world-wide License to the Interactive Protein upon the payment by Bayer to Myriad of [ ]. In addition, Bayer may extend the Option Period for any specific Interactive Protein for an additional [ ] upon the payment of [ ] Option Extension Fee per Interactive Protein. The License will contain a milestone payment of [ ] at Decision Point No.1 which is defined as the point at which a compound is considered to be characterized pursuant to the 1995 Agreement and is accepted by Bayer as a candidate for clinical development and in addition, the milestone payment obligations numbered 3 through 6 as

set forth in Section 3.2 (Milestone Payments), as well as the royalty rates and other terms and conditions contained in said Section 3.2 and Article 7 of the 1995 Agreement.

16.1.1 If Bayer has not exercised its option prior to the end of the Exercise Period, Myriad shall retain all rights to the Interactive Protein(s) and may place the Interactive Protein(s) into the ProNet Database. Thereafter, Bayer will have the right to seek a license from Myriad at any time, provided that Myriad has not licensed the rights to the Interactive Protein(s) to another party.

16.1.2 If Bayer has not exercised its right to acquire a License prior to the end of the Option Period, Myriad shall retain all rights to all Interactive Proteins and may place all Interactive Protein(s) into the ProNet Database. Thereafter, Bayer will have the right to seek a License from Myriad at any time, provided that Myriad has not licensed the rights to the Interactive Protein(s) to another party.

16.2 Successive Interactive Proteins. The identification of each successive Interactive Protein will begin a new Selection Period for each successive Interactive Protein. For example, the identification of a second Interactive Protein P\\1\\ which interacts with the initial Interactive Protein P\\O\\ will begin the Selection Period for Interactive Protein P\\1\\. The identification of a third Interactive Protein (P\\2\\) which interacts with the second Interactive Protein P\\1\\ will begin a new Selection Period for Interactive Protein P\\2\\.

16.3 Number of Option Rights. During the term of this Agreement, Bayer can exercise its option on a maximum of [ ] Interactive Proteins and their Pathways identified through the use of the ProNet Technology.

8. Funding: In accordance will Appendix II Bayer will pay Myriad [ ] in 1998 in addition to the funding in the original contract, to be used by Myriad in carrying out research in the Depression and Dementia Fields. In 1999 and 2000, Myriad will perform research into the

Depression Field [ ] using the funds in the original contract, and Bayer will pay an additional [ ] in each of these years, to be used by Myriad in carrying out research in the Dementia Field. In the years 2001 and 2002 Bayer will pay Myriad [ ] each year, to be used by Myriad in carrying out research in the Depression Field. During 1998, such funding shall be payable in advance in equal installments of [ ] commencing on January 1, 1998 and continuing on April 1, 1998, July 1, 1998 and October 1, 1998. Thereafter, during 1999, 2000, 2001 and 2002, such funding shall be payable in advance in equal installments of [ ] commencing on January 1, 1999 and continuing on each April 1, July 1, and October 1 thereafter during the Additional Research Term. On or about January 1, 1998, Bayer will make an additional one time payment of [ ] to Myriad to be used exclusively in carrying out the Research Program in the Depression Field. All funding paid to Myriad under this Amendment and Supplement shall be used by Myriad solely to fund the costs (including overhead) incurred by it in carrying out the Depression Field portion and the Dementia Field portion of the Research Program. Milestone payments and payment of Royalties under this Amendment and Supplement shall be as provided in Sections 3.2 and 7.4, respectively, of the 1995 Agreement.

9. Myriad and Bayer hereby agree to expand the Research Committee to include up to six (6) members appointed by Bayer and six (6) members appointed by Myriad. In accordance with Section 2.2.2 of the 1995 Agreement, Bayer hereby appoints the following members to the Research Steering Committee [ ].

10. The provisions of Section 4.3 of the 1995 Agreement shall apply to the disclosures by the parties with respect to this Amendment and Supplement.

11. All other provisions of the 1995 Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment and Supplement to be executed by their duly authorized representatives.

BAYER CORPORATION

By: /s/ R. Christopher Seaton

R. Christopher Seaton

Title: Vice President

Date: November 19, 1997

MYRIAD GENETICS, INC.

By: /s/ Peter D. Meldrum

Peter D. Meldrum

Title:

President and CEO

Date: November 19, 1997

November 18, 1997

APPENDIX I

FTE allocations

[ ]

Allocation of FTE's flexible and controlled by joint research committee

APPENDIX II

Overview - CNS collaboration payments

[ ]

Payments highlighted are our pre-existing obligations under current contract.

BAYER - MYRIAD JOINT RESEARCH PROGRAM IN CNS

DEPRESSION - [ ]

[ ]

DEMENTIA - [ ]

Goals

[ ]

Research Outline

MYRIAD

Library Construction

[ ]

ProNet Analysis

[ ]

Analysis of Selected Genes

[ ]

Exhibit 11.1

Myriad Genetics, Inc.
Statement Regarding Computation of Net Loss Per Share

	Three Months Ended		Six Months Ended	
	Dec. 31, 1997	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1996
Net loss	($2,264,621)	($3,453,693)	($4,060,422)	($6,283,772)
Weighted average common shares outstanding	9,279,892	8,743,530	9,259,025	8,728,177
Shares used in computation	9,279,892	8,743,530	9,259,025	8,728,177
Net loss per share	($0.24)	($0.39)	($0.44)	($0.72)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND CONDENSED CONSOLIDATED BALANCE SHEETS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS
JUN-30-1998
JUL-01-1997
DEC-31-1998
17,008,757
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44,732,976
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72,606,730
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541,585
16,754,400
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(4,060,422)
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(4,060,422)
(.44)
(.44)