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

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended June 30, 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

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

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, $.01 Par Value Per Share
(Title of Class)

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 [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) on August 22, 1997 was $205,182,071, based on the last sale price as reported by The Nasdaq Stock Market.

As of August 22, 1997, the registrant had 9,255,614 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 for the Annual Meeting of Stockholders to be held on November 13, 1997.

PART I

ITEM 1. BUSINESS

GENERAL

Myriad Genetics, Inc. (''Myriad'' or the ''Company'') is a leader in the discovery and sequencing of genes related to major common diseases. The Company utilizes analyses of extensive family histories and genetic material, as well as a number of proprietary technologies, to identify inherited gene mutations which increase the risk to individuals of developing these diseases. The Company has also developed a proprietary high-throughput assay to identify protein-protein interactions. The Company believes that the application of these technologies may provide new insights into protein function and cellular organization which may lead to the identification of novel therapeutic targets. The discovery of disease-predisposing genes and their biochemical pathways provides the Company with two significant commercial opportunities: (i) the development and marketing of genetic testing and information services, such as its recently launched BRACAnalysis(TM) test, for the identification of individuals who are genetically predisposed to developing a particular disease, and (ii) the development of therapeutic products for the treatment and prevention of major diseases associated with these genes and their biochemical pathways. The Company intends to pursue the development of therapeutic products either in conjunction with its strategic partners such as Schering Corporation ("Schering"), Novartis Corporation ("Novartis"), Bayer Corporation ("Bayer") and Eli Lilly and Company ("Lilly"), or independently.

During its history beginning in 1991, the Company has discovered and sequenced, with its academic collaborators, the following genes associated with major diseases: BRCA1, BRCA2, MMAC1, MTS1, MTS2 and MTS3. In addition, the Company has located a number of genes that interact in the biochemical pathways of its gene discoveries and discovered the chromosomal location of additional genes involved in heart disease, cancer, osteoporosis and obesity.

Myriad has achieved the following major milestones during the fiscal year ended June 30, 1997:

* Launched its first commercial genetic predisposition test, BRACAnalysis(TM), a comprehensive BRCA1 and BRCA2 sequence analysis for susceptibility to breast and ovarian cancer;

* Discovered, with its academic collaborators, the MMAC1 cancer gene. This gene is associated with advanced cancers of the brain, prostate, breast, kidney, and skin;

* Established a strategic alliance with Schering for the discovery of genes related to prostate and other cancers. Under this agreement, the Company may receive up to $60 million in equity investments, research funding and milestone payments, as well as royalties on the sale of future therapeutic products.

* Composition of matter patents issued for mutations of the MTS1 melanoma gene and a mutation of the AGT hypertension gene.

The Company has begun commercialization of its gene discoveries by providing genetic tests for individuals to determine whether or not they have inherited gene mutations which may increase their risk for specific diseases. On October 30, 1996, Myriad introduced BRACAnalysis(TM), an important genetic test for women who have been diagnosed with breast or ovarian cancer and women who are at risk for hereditary breast and ovarian cancer. The Company believes that BRACAnalysis(TM) is the first comprehensive BRCA1 and BRCA2 sequence analysis for susceptibility to breast and ovarian cancer. Women who may benefit from BRACAnalysis(TM) include: women with a diagnosis of breast or ovarian cancer, especially premenopausal breast cancer; women with a family history of breast or ovarian cancer, and women with a blood relative who is known to have a mutation in BRCA1 or BRCA2.

Myriad has developed a highly automated genetic testing platform which the Company believes will enable it, once

it has discovered and sequenced a gene, to develop a test for genetic predisposition relatively quickly and economically. The Company believes that the information gained from tests that confirm genetic predisposition has potential value to individuals and their health care providers in the following areas: (i) proactive health care and lifestyle decisions that may delay or prevent the onset of disease; (ii) early detection of disease; and (iii) selection of the most appropriate treatment. Through its wholly-owned subsidiary, Myriad Genetic Laboratories, Inc. (''Myriad Labs''), the Company has established a genetic predisposition testing laboratory which has received federal certification under the Clinical Laboratory Improvement Amendments of 1988 (''CLIA'') and State of New York approval from the New York Department of Health.

In order to accelerate its gene discovery and therapeutic target identification programs, the Company employs three synergistic sets of technologies: (i) the genetic analysis of large Utah families performed by the Company's scientists and collaborators; (ii) the Company's advanced, proprietary bioinformatic gene mapping, sequencing, and cloning technologies; and (iii) the Company's advanced protein interaction and functional genomics technologies. The Company's collaborators at the University of Utah and IHC Health Services, Inc. ("IHC") have extensively studied large, multi-generational Utah families with histories of high rates of certain diseases. The clinical information from these studies, together with genetic analysis of the more than 35,000 DNA samples collected from family members, provides the Company with an unparalleled opportunity for accelerating several critical steps of the gene discovery process. The Company uses proprietary mapping and DNA sequencing technologies to identify a narrow chromosomal region, to isolate candidate gene sequences and, ultimately, to identify the actual DNA sequence comprising the disease-predisposing gene. Once an important disease-predisposing gene has been identified, the Company uses advanced protein interaction technologies to identify genes that are upstream and downstream in the biochemical pathways from the gene discovered in order to understand the biochemical pathways involved in the disease process. This enables Myriad and its corporate partners to select promising points of therapeutic intervention along the biochemical pathway.

Myriad's business strategy has five primary components: (i) to expand the Company's leadership position in discovering and sequencing genes; (ii) to build the Company's genetic testing and information services business; (iii) based on its gene discoveries, to identify potential therapeutic targets by understanding the biochemical pathways related to common diseases; (iv) to capitalize on strategic alliances with corporate partners to obtain financing for a major portion of the Company's research and to commercialize certain therapeutic products for the treatment and prevention of disease; and (v) longer term, to pursue the independent marketing and development of therapeutic products based on certain gene discoveries.

MYRIAD'S GENOMICS STRATEGY

Myriad believes that the Company's strategy of combining the three major approaches to the discovery and sequencing of genes (positional cloning, high speed DNA sequencing and protein interaction network analysis) greatly increases the probability that the genes found will be of diagnostic and therapeutic importance. The focused and direct application of these three approaches at the appropriate stage of the gene discovery process enables the Company to discover and sequence important disease-related genes relatively quickly and economically. Starting with a disease target such as breast cancer, the Company first utilizes positional cloning, having determined in advance of sequencing that the gene being sought in fact contributes to a substantial percentage of incidence of a particular disease and thus may have significant commercial potential. The Company's positional cloning strategy is based on the presence of a specific disease-related chromosomal fragment shared by many individuals within a multi-generational family. The Company uses positional cloning to reduce the library of candidate genes from tens of thousands to ten or fewer genes on a specific chromosome.

Myriad has developed proprietary high-speed DNA sequencing technologies that enable the Company to efficiently and rapidly obtain sequences from the chromosomal region and sequence the entire gene once it has been identified. Following the identification of the disease-related gene, the Company uses protein interaction technologies to identify other related genes that may yield additional diagnostic or therapeutic opportunities. Myriad identifies genes that interact with the disease-predisposing gene in order to understand the biochemical pathway associated with

the disease. The success of the Company's approach is demonstrated by its discovery and complete sequencing of six major genes (BRCA1, BRCA2, MMAC1, MTS1, MTS2, MTS3) and the identification of a number of genes along their biochemical pathways.

All stages of the gene discovery process use and generate a vast amount of information. Accordingly, the Company has designed a proprietary bioinformatics system which provides significant analytical and data management capabilities which are integral to genetic and molecular analysis. The system is based on integrated, protocol-driven database management software which is utilized to track experiments and collect the data generated. The system incorporates data on DNA samples, genetic markers, maps, DNA clones and DNA sequences which are generated during the gene discovery process. Further, the system directs the genetic analysis, fine structure mapping, generation of candidate genes and mutation screening. It allows the automation of labor intensive steps in the analysis of DNA sequences, and incorporates Myriad's expert system for detecting coding regions in random DNA sequences. Proprietary software methods have also been developed by scientists at the Company which significantly accelerate mutation screening.

The discovery of disease-causing genes leads directly to two important commercial opportunities for the Company: (i) genetic testing products and services such as BRACAnalysis(TM), and (ii) therapeutic products for treatment or prevention of disease.

Studying the Disease in Families. A key competitive advantage of the Company's gene discovery process is the information derived from the genetic analysis of large, multi-generational Utah families. The early Utah population was characterized by many large families with a dozen or more children, hundreds of grandchildren and thousands of descendants. By using the extensive and detailed genealogical records kept by the families themselves, the Company is better able to resolve the ambiguities caused by interactions between environmental factors and multiple predisposition genes. Although in practice combining data from several multi-generational families is more efficient, the Company can often positionally clone a gene related to a disease by studying DNA from a single large extended family. This type of analysis is not possible using small families because the interactions between environmental factors and multiple causal genes may lead to erroneous conclusions regarding the chromosomal location of a gene.

To efficiently identify common disease-predisposing genes, the Company has entered into several exclusive research collaborations. In the field of cancer, the Company is currently working with researchers at the University of Utah's Center for Cancer Genetic Epidemiology whose analysis of familial cancers contributed significantly to the understanding of the hereditary nature of most types of cancer. These researchers have collected over 25,000 DNA samples from extended families with breast cancer, ovarian cancer, colon cancer, prostate cancer, lung cancer, bladder cancer, brain cancer, leukemia, lymphoma, and melanoma. In the cardiovascular and obesity fields, the Company is currently working with researchers at the University of Utah's Cardiovascular Genetics Research Clinic, which has an extensive collection of data from extended families with cardiovascular disease and obesity, with over 10,000 DNA samples collected to date. The Company is working with researchers at IHC which manages 24 hospitals in the intermountain west. Research with IHC collaborators currently involves the study of families with asthma, osteoporosis, or certain central nervous system disorders.

Analyzing DNA from Family Members. The DNA from selected members of each extended family is analyzed with a large set of genetic markers, enabling researchers to identify which chromosomal segment is associated with disease in a family. The family members' DNA sample preparations are quality controlled, and then placed on a robotics work station which prepares thousands of polymerase chain reaction ("PCR") amplifications of the genetic markers and, after amplification, combines the reaction products so that all of the genetic markers for a complete genomic search can be analyzed on automated sequencers. For example, all of the genetic markers for ten family members in an extended family can be gathered in a single day, often creating enough information to begin mapping the underlying gene to a specific chromosomal region.

Locating and Narrowing the Chromosome on which the Gene Resides. The genetic markers from the DNA of

family members are stored in the Company's proprietary database system and complex analysis programs search for the chromosome on which the gene resides. As candidate chromosomal regions are found, additional sets of markers in the suggested regions are analyzed and the set of families and family members studied is expanded to narrow the gene's location. Once a gene has been located on a particular chromosome, the Company uses recombinant DNA libraries to select DNA fragments which encompass the region surrounding the gene. The Company has acquired an extensive genomic library for mapping and gene isolation. By using a proprietary procedure developed at Myriad, the chromosomal region is significantly narrowed by tracing patterns of inheritance of new genetic markers which are isolated from the clones encompassing the region.

Identifying the Disease-Predisposing Gene and Characterizing Mutations. The Company uses high-speed gene sequencing to screen all genes in the narrowed region to identify mutations that are present in the DNA sequences of diseased individuals and are absent in the DNA sequences of unaffected individuals. To find the set of candidate genes in the chromosomal region, the Company uses two proprietary approaches developed by Myriad scientists, a DNA sequencing methodology in conjunction with gene detection software, and a high throughput method for identifying expressed sequences. Gene fragments identified in this manner are extended to include the entire gene sequence by the Company's ''directed hybrid selection'' technology. The disease-related gene is identified by detecting sequence variants using automated sequencing and Myriad's proprietary sequence analysis software. This automatic detection greatly increases the speed at which genes can be screened for disease-predisposing mutations.

Once a disease-related gene has been discovered, Myriad scientists examine DNA from affected and unaffected individuals to estimate the frequency of each mutation and its associated disease risk in a variety of populations. Relatives of each individual carrying a disease-related gene are tested for the presence of the specific mutations. The information derived from these tests has enabled the Company to develop a large and growing proprietary database to characterize each mutation by type, severity and age of onset of the associated disease. In certain cases, functional assays are developed to test the predisposing activity of each mutation.

Identifying the Biochemical Pathway. As protein-protein interactions mediate the functions of most cellular processes, identification of such interactions is critical in understanding a protein's function. Accordingly, the Company has developed a proprietary high-throughput version of an assay to identify protein-protein interactions. This system employs the Company's integrated automation platform and significant bioinformatics capabilities to rapidly identify protein partners. The Company believes that the application of this technology may provide new insights into protein function and cellular organization and may suggest functions for known novel proteins. Ultimately, the analysis of large numbers of protein interactions may allow the Company to identify critical interactions that could be targets for therapeutic intervention.

MYRIAD'S GENE DISCOVERY PROGRAMS

Myriad's research programs are focused on the discovery of disease-related genes which predispose individuals to cancer, cardiovascular diseases and other common diseases. The Company's gene discovery and development programs in cancer, cardiovascular diseases and other major diseases are described below.

CANCER

Scientists and physicians understand that many common disorders have a strong hereditary component. These diseases, including cancer, involve genetic changes that affect millions of individuals. Individuals genetically predisposed to cancer have a disease-related mutation in one of the two copies of a gene they inherit from their parents. Thus, one step that can lead to cancer has already occurred in every cell of that individual.

BRCA1 Breast and Ovarian Cancer Gene. The Company and its collaborators reported the discovery of the BRCA1 breast and ovarian cancer predisposing gene in the October 7, 1994 issue of the journal Science. In 1997, it is estimated that approximately 180,000 women in the United States will be diagnosed with breast cancer and an additional 27,000 women will be diagnosed with ovarian cancer. During the same period, an estimated 44,000 women will die from breast cancer (the second highest cancer mortality rate among women) and an estimated 14,000

women will die of ovarian cancer. BRCA1 appears to be responsible for approximately half of the early onset hereditary breast cancer cases in an international study of breast cancer conducted by the Breast Cancer Linkage Consortium. Hereditary breast cancer is believed to account for approximately 5-10% of all cases of breast cancer. A study of women in the United States published in the American Journal of Human Genetics indicates that a woman with a BRCA1 mutation has an 86% risk of developing breast cancer by age 80 as compared to a general population risk of 10%. Additionally, according to a recent study published in Lancet, the risk to a woman with a BRCA1 mutation of developing ovarian cancer by age 70 is approximately 44%, compared to a general population risk of approximately 1%.

BRCA2 Breast Cancer Gene. On December 20, 1995, Myriad and its collaborators announced the discovery of the complete sequence of BRCA2, a second hereditary breast cancer gene which was found to be responsible for the majority of the remaining cases of inherited breast cancer, as reported in the journal Nature Genetics. BRCA2 mutations are thought to account for a large proportion of the remaining early onset hereditary female breast cancers which are not accounted for by BRCA1, as well as most hereditary male breast cancers. Women with BRCA2 mutations have approximately the same risk of breast cancer as BRCA1 mutation carriers; the risk of ovarian cancer is also increased, although not as much as in those with BRCA1 mutations. Myriad has developed a genetic test for this gene which has been combined with the test for BRCA1 to form a comprehensive integrated test for hereditary breast and ovarian cancer.

MMAC1 Mutated Multiple Advanced Cancer Gene. In January 1997, the Company announced the identification of a major gene responsible for glioma, a form of brain cancer that is a leading killer of children with cancer. In March 1997, the Company further announced that the identified gene was also found to be associated with other advanced cancers of the prostate, breast, kidney, and skin. MMAC1 was located through a collaborative effort by scientists at the Company and the University of Texas M.D. Anderson Cancer Center. It is anticipated that the location of MMAC1 will accelerate development of new diagnostic and therapeutic approaches to brain, prostate, breast, kidney, and skin cancers. There can be no assurance, however, that the identification of this gene will lead to the development of diagnostic tests or therapeutic products.

MTS1 Tumor Suppressor Gene. The Company's first major discovery was the involvement of the MTS1 gene in the formation of many types of cancer including melanoma, lymphoma, leukemia and cancers of the lung, breast, brain, bone, bladder, kidney and ovary. The role of MTS1 as a tumor suppressor was discovered by Myriad and was reported in the April 15, 1994 issue of the journal Science. When MTS1 is mutated, its function as a molecular brake during a key step in the cell division process is lost and uncontrollable cell growth may take place. Myriad has shown that MTS1 is deleted or mutated in approximately half of all tumor cell lines tested. Because MTS1 is one of the most commonly mutated or deleted tumor suppressor genes discovered to date, Myriad believes that it is a promising candidate for the development of new anti-cancer therapies. The MTS1 gene may also have value in monitoring disease progression.

Myriad also discovered that abnormal MTS1 genes can be inherited, and that when they are inherited they predispose individuals to melanoma. The Company's discovery of the MTS1 predisposition to melanoma was reported in the September 1994 issue of the journal Nature Genetics. Melanoma is lethal in 86% of cases where it has metastasized (spread to another site in the body); however, when it is diagnosed at an early stage, less than 10% of patients die within 5 years. Since the early 1970's, the incidence of melanoma has increased at about 4% per year and melanoma has become one of the fastest growing cancers in the United States. In 1997 it is estimated that approximately 40,300 Americans will be diagnosed with melanoma. The Company believes that approximately 10% of melanoma cases are hereditary. The Company and its collaborators have substantial expertise in the genetic analysis of melanoma and have begun to identify important disease-predisposing MTS1 mutations. In April 1997, The U.S. Patent and Trademark Office ("USPTO") issued a composition of matter patent on mutations of the MTS1 gene to the Company and the University of Utah Research Foundation.

MTS2 and MTS3 Cell Cycle Genes. Myriad scientists located MTS1 on a narrow region of chromosome 9. Further analysis of this region yielded two other novel genes involved in cell growth and cell cycle control, MTS2

and MTS3. Although other researchers sequenced a portion of MTS2, the Company discovered that MTS2's expression levels increased during DNA replication and cell division. Myriad also discovered MTS2's potential involvement in cancer and is investigating its specific potential role in several types of cancer. Myriad's discovery of the MTS3 gene has led to a new area of research in cell division and its possible role in cancer.

Other Cancer Genes. The Company also has active research programs to identify additional genes believed to be implicated in cancer. Studies by the Company and its collaborators are focused on major cancer sites including prostate cancer, colorectal cancer, lung cancer, brain cancer, leukemia and lymphoma, all of which have a strong hereditary component.

CARDIOVASCULAR DISEASES

Scientists recognize that cardiovascular diseases represent a group of related disorders that are highly familial and result from both genetic and environmental risk factors. Genetic predisposition to cardiovascular diseases involves a number of familial risk factors, including, among others, abnormal levels of triglycerides (fats used for storage and energy), cholesterol, angiotensinogen (a protein involved in the regulation of salt and water retention), and homocysteine (an amino acid involved in blood coagulation), all of which may interact with environmental risk factors, such as physical activity, stress, smoking and diet.

AGT Hypertension Gene. Hypertension (high blood pressure) is a complex disorder which is believed to have a number of causes, including: excess weight, atherogenesis (formation of fat deposits on the interior walls of arteries), and salt sensitivity. Approximately 50 million people in the United States are hypertensive. Hypertension has a significant genetic component and is a major risk factor for cardiovascular disease, kidney failure and stroke. The angiotensinogen (''AGT'') gene is believed to be involved in salt-dependent hypertension. Certain mutations in the AGT gene are believed to cause individuals to retain excessive amounts of salt, thus increasing their risk for hypertension. The USPTO has issued a composition of matter patent on a mutation of the AGT gene and a patent on a method for detecting a predisposition to hypertension based on the AGT gene to the University of Utah and the Institute National de la Sante et de la Recherche Medicale (''INSERM'') in December 1994 and December 1996. The Company has an agreement with the University of Utah and INSERM, pursuant to which it has a co-exclusive license to develop diagnostic products from the genetic mutations of AGT associated with hypertension, and an exclusive license to develop therapeutic products from such genetic mutations of AGT.

CHD1 and CHD2 Heart Disease Genes. Heart disease is the leading cause of death in the United States and is believed to have a significant genetic component. Approximately 1.5 million acute myocardial infarctions (heart attacks) result in 800,000 hospitalizations and more than 500,000 deaths each year in the United States. The Cardiovascular Genetics Research Clinic at the University of Utah has assembled a database of approximately 120,000 families comprising over 1,000,000 individuals and has identified a large number of families with a strong history of cardiovascular disease.

Myriad has determined the location of two significant cardiovascular disease genes, CHD1 and CHD2, each within a narrow region of a chromosome. The Company believes that the CHD1 and CHD2 genes are important predisposing genes for heart disease, since approximately 15% of families studied with early coronary heart disease have the condition associated with these genes. The Company believes that a genetic test for familial cardiovascular disease would be of value to predisposed individuals, who could benefit from regular monitoring. The discovery of the CHD1 and CHD2 genes may facilitate early diagnosis and improved therapeutic products.

OTHER MAJOR DISEASES

HOB1 and HOB2 Obesity Genes. There are approximately 34 million adult Americans who are classified as obese. The mechanisms of fat storage and energy balance have a substantial hereditary component, and the Company believes that a gene or combination of genes is likely to be responsible for a significant percentage of obesity. It has not been established that the human counterparts of the rare obesity genes recently discovered in mice play a significant role in common human obesity. Myriad believes that its collaborator's collection of DNA from members of extended families with obesity give it a competitive advantage in the search for human obesity genes. Myriad's

scientists have determined the chromosomal locations of two significant obesity genes, HOB1 and HOB2. The Company believes that the HOB1 and HOB2 genes are important in human obesity and may be responsible for a majority of hereditary obesity.

OS1 Osteoporosis Gene. Osteoporosis is a disorder of decreasing bone mass affecting approximately one quarter of women over age 60, nearly half of all women over 75, and approximately 25 million individuals in the United States. Osteoporosis is the most significant underlying cause of skeletal fractures among late middle-aged and elderly women. Early detection of a predisposition to osteoporosis is important because nutritional and therapeutic intervention can delay the onset and reduce the severity of the disease. Myriad had determined the location of a significant gene involved in osteoporosis, OS1, and has narrowed the OS1 gene to a small region of a chromosome. The Company believes that the OS1 gene plays an important role in the pathogenesis of osteoporosis.

Asthma Genes. It is estimated that between 10 and 15 million people in the United States have asthma and there is strong evidence supporting the existence of a genetic component to asthma. Deaths from severe asthma attacks have been increasing in the United States and now number approximately 6,000 per year. Detailed case reviews suggest that many deaths from asthma could have been prevented by earlier and more intensive medical care. There is currently no laboratory test which can establish a diagnosis of asthma. Myriad and its collaborators have begun systematic collection of data from asthma families with a history of asthma and have also begun chromosomal location analysis.

Depression and Bipolar Disease Genes. There are approximately 13 million people in the United States that are affected by major depression and an additional approximately 4 million in the United States with bipolar disorders or manic depression. In June 1996, the Company entered into a research collaboration with IHC to link IHC's medical data and patient records of individuals with disorders of the central nervous system with the Company's proprietary database of families.

Attention Deficit-Hyperactivity Disorder Genes ("ADHD"). ADHD is often cited as the most common behavioral problem among school-aged children. Estimates of the number of children and adolescents in the United States with ADHD range from 1.4 to 2.2 million or approximately 3-5% of the population. The disease generally has its onset before the age of seven years with symptoms of inattention, impulsivity and hyperactivity which persist for longer than six months. The Company is currently studying families with ADHD s to identify candidate groups for analysis.

Addictive Behavior Genes. Addictive behaviors are led in prevalence by alcoholism, which has been described as the third largest health problem in the United States behind heart disease and cancer. Alcoholism affects 13.8 million people, costs $98.6 billion and is implicated in 100,000 deaths annually. A recent study in Archives of General Psychiatry indicates that men with a family history of alcohol dependence are more than twice as likely to develop dependence on alcohol themselves, compared to men with no family history. The Company is currently studying families with addictive behavior problems to identify candidate groups for analysis.

MYRIAD'S PRODUCT DEVELOPMENT PROGRAMS

The Company has identified two commercial opportunities arising from the discovery of genes which predispose individuals to common diseases: (i) the development and marketing of genetic testing and information services for the identification of individuals who are genetically predisposed to developing a particular disease, such as its recently launched BRACAnalysis(TM) test, and (ii) the development of therapeutic products for the treatment and prevention of major diseases. The Company intends to pursue the development of therapeutic products either in collaboration with its corporate partners or independently.

BRACANALYSIS(TM) GENETIC PREDISPOSITION TEST

On October 30, 1996, the Company introduced BRACAnalysis(TM), a comprehensive BRCA1 and BRCA2 sequence analysis for susceptibility to breast and ovarian cancer. The introduction followed the successful premarket

evaluation of the test in 14 leading U.S. Cancer centers. BRACAnalysis(TM) provides women and their family members who are at risk for hereditary breast and ovarian cancer with important information that the Company believes will help them and their physicians make better informed lifestyle, dietary, surveillance and treatment decisions.

BRACAnalysis(TM) is a fully automated testing platform that can deliver a direct full sequence analysis of BRCA1 and BRCA2 to women who seek knowledge of their predisposition to breast and ovarian cancer. The Company believes that women who may benefit from BRACAnalysis(TM) include: women with a diagnosis of breast or ovarian cancer, especially premenopausal breast cancer, women with a family history of breast or ovarian cancer; and women with a blood relative who is known to have a mutation in BRCA1 or BRCA2. Because genetic predisposition testing raises important medical, psychological and social issues for patients and their families, Myriad Labs recommends that individuals meet beforehand with a genetic counselor or other trained health care professional to discuss the potential benefits and limitations of genetic predisposition analysis. Physicians are required to confirm that an informed consent was obtained from each patient prior to testing.

In order to have the test performed, an individual visits his or her physician or health care provider and a blood sample is obtained, placed in a bar coded test tube and forwarded to Myriad Labs for processing. Upon receipt by Myriad Labs, each sample is logged for sample tracking and is then handled by advanced robotic systems to process the sample and perform the genetic test. BRACAnalysis(TM) identifies mutations in the BRCA1 and BRCA2 genes through a process that involves the performance of over 80 separate PCR amplifications and the sequencing of more than 35,000 DNA base pairs from the individual's blood sample. For the majority of women, BRACAnalysis(TM) includes a full sequence analysis of the protein-coding regions of both the BRCA1 and BRCA2 genes. However, in individuals who have a relative with a known BRCA1 or BRCA2 mutation, the Company can perform a mutation-specific test known as single-amplicon analysis.

In preparation for the commercial introduction of BRACAnalysis(TM), the Company hired a sales force with regional responsibilities for sales, promotion and education of physicians nationwide. The Company currently employs a sales force of ten individuals and expects to significantly expand its sales force over the next three years. Marketing and educational efforts initially have been directed to approximately 50 comprehensive cancer centers, 500 community cancer centers, 9,000 oncologists and 40 of the largest managed care organizations as primary customers for BRACAnalysis(TM). Myriad also conducts educational symposiums for physicians in conjunction with the major medical conferences across the country. The Company has distributed over 100,000 educational packets to physicians, health care providers and genetic counselors. Educational efforts are also underway to secondary customer segments which include obstetricians, gynecologists and primary care physicians. The Company believes that broad market acceptance can be achieved only with substantial education about the benefits and limitations of BRACAnalysis(TM), as well as efforts to resolve concerns about their appropriate and ethical use.

The Company has engaged a reimbursement consulting company to assist it in a number of reimbursement activities for BRACAnalysis(TM), including: (i) working with the Company to secure reimbursement approval from insurance and managed care organizations for reimbursement for BRACAnalysis(TM); (ii) providing reimbursement assistance through an 800 number hotline for patients who wish to file claim forms with their insurance companies or managed care providers; and (iii) administering a free of charge financial assistance program for uninsured patients who meet financial means criteria for BRACAnalysis(TM). While reimbursement policies for BRACAnalysis(TM) are still under discussion with a number of insurance companies and managed care providers, several major insurance companies and HMOs have provided reimbursement for BRACAnalysis(TM) testing to their members.

Although the BRACAnalysis(TM) test has been successfully tested at 14 leading cancer centers across the country, there can be no assurance that this test or other similar tests developed by the Company in the future will achieve overall market acceptance. The degree of market acceptance will depend on a number of factors, including the availability of third-party reimbursement and demonstration to the medical community of the value, efficacy and cost-effectiveness of the test to patients, payors and health care providers.

AGT GENETIC PREDISPOSITION TEST

The Company is also in the process of developing the AGT genetic predisposition test and a fully automated testing platform that can identify specific mutations of the AGT gene to assess an individual's risk of salt-dependent hypertension. The Company believes that the AGT test may also be useful to determine which individuals diagnosed with hypertension may benefit from low-sodium diet therapy. Together with the National Institutes of Health ("NIH"), the Company is currently engaged in a study of the AGT genotypes of approximately 2,000 individuals with hypertension to determine whether an individual's ability to lower blood pressure by following a low-sodium diet is correlated with the presence of certain AGT mutations. Demonstration of these correlations could validate the use of the AGT genetic test to assist health care providers in selecting the most effective therapy. Scientists at the Company have completed the development of the AGT genetic test for salt-dependent hypertension and are prepared to introduce the test if a correlation is established in the studies.

MTS1 GENETIC PREDISPOSITION TEST

The Company and its collaborators have begun to identify important disease-predisposing MTS1 mutations. Similar to the BRACAnalysis(TM) test and the proposed AGT test, the Company believes that an MTS1 test will assist individuals in determining if they are at risk for hereditary melanoma, a potentially lethal disorder which is curable if detected early. Melanoma has become one of the fastest growing cancers in the United States. The Company is in the early stages of development of the MTS1 test and there can be no assurance that the Company will successfully develop or commercialize this product.

MYRIAD'S COMMERCIALIZATION STRATEGY

Myriad's commercialization strategy is to develop and market genetic testing and information services for the identification of individuals who have a high genetic risk of developing a particular disease based on predisposing genes discovered or licensed by the Company. The development of therapeutic treatments for such diseases represents a longer term opportunity for the Company to pursue in collaboration with strategic partners or independently. The Company has established a commercial genetics laboratory to provide genetic predisposition testing and has received CLIA laboratory certification from the Department of Health and Human Services. Myriad began marketing the first such genetic predisposition test, BRACAnalysis(TM), on October 30, 1996. The Company believes that the genetic information business represents an attractive opportunity for the following reasons:

* The discovery of a gene enables the Company to develop and introduce a commercial test for genetic predisposition in a shorter period than the time required for therapeutic product development;

* The cost of developing a genetic test is significantly less than the cost of developing a therapeutic product;

* The identification and patenting of genes may create significant barriers to other companies attempting to enter the field;

* The market for genetic predisposition testing for cancer, heart disease and other common diseases potentially includes a very large segment of the population, since the Company believes that many individuals can benefit from information regarding their susceptibility to these diseases;

* The Company's broad technology platform should permit it to identify a number of disease-predisposing genes and to develop the related genetic predisposition tests; and

* The Company's gene discoveries provide longer-term opportunities for the Company to develop and commercialize therapeutic products.

The Company believes that the information gained from genetic tests that confirm inherited disease susceptibility has potential value in the following areas: (i) proactive health care and lifestyle decisions that may delay or prevent the onset of disease; (ii) early detection of disease which may improve outcomes; and (iii) selection

of the most appropriate treatment once an individual develops a disease.

Genetic Predisposition Testing and Information Business

Through Myriad Labs, the Company has established a central genetic testing laboratory to provide genetic information services to health care providers based on the genes discovered or licensed by the Company. The Company is developing a clinical database of information on mutations of each gene discovered, including the frequencies of occurrence in different population groups and the clinical effect of these mutations. This database will permit Myriad Labs to provide health care professionals with detailed genetic information regarding the risk profile associated with an individual's genetic test results. Myriad Labs will also provide educational and support services to physicians and health care professionals as part of its genetic information business.

There are numerous difficulties and challenges associated with developing genetic tests based on gene discoveries, as well as uncertainties in interpreting the results. A defective gene may malfunction in many ways, and the numerous mutations of the gene may make tests for the mutations difficult. In addition, even when a genetic test identifies the existence of a mutation in a particular individual, the interpretation of the genetic test results is limited to the identification of a statistical probability that the tested individual will develop the disease for which the test has been completed. There can be no assurance that the Company will be successful in developing genetic tests in addition to BRACAnalysis(TM) or that BRACAnalysis(TM) or any such tests will be able to be marketed at acceptable prices or will receive commercial acceptance in the markets that the Company expects to target.

By targeting its gene discovery efforts to the genetic predisposition components of major common diseases such as cancer and cardiovascular disease, the Company believes it will be able to assist health care providers in determining an individual's predisposition to such illnesses. The Company believes that genetic predisposition testing will be of great medical value to large segments of the population. Both affected individuals and those who are not currently affected but have a high risk of developing the disease in the future can benefit from the genetic test information which will enable them to make more informed decisions concerning selection of the most appropriate therapy, increased monitoring and preventive measures.

In the longer term, the Company believes that as more genes are added to its portfolio through discoveries by the Company and licenses of genes discovered by others, the Company may be positioned to offer an array of genetic tests which cover a number of major diseases. The availability of a broad genetic testing profile could lead to expanded markets encompassing substantial additional segments of the population who could benefit from knowing their risk of developing a variety of major diseases.

Therapeutic Opportunities

Genes control all physiological processes through the expression of proteins. Genetic disease manifests itself when a gene produces a protein that causes a harmful effect or fails to produce a protein necessary for good health. For example, a mutated gene may express a protein that causes certain cells to proliferate without control, causing cancer. The Company believes that the technologies it has developed to identify genes and their biochemical pathways will enable it to identify important proteins for therapeutic intervention. Preventing or treating disease involves, either (i) intervening, through the use of a drug, in the complex series of cellular processes (which may include a series of receptor, enzyme, hormone and other protein interactions in the biochemical pathway) that block the activity of a harmful protein or replace the function of a beneficial protein; (ii) blocking, replacing, modifying or regulating the gene responsible for a beneficial or harmful protein, or (iii) replacing a beneficial protein.

STRATEGIC ALLIANCES

The Company seeks to obtain financing for a portion of its research and development activities through strategic alliances with corporate partners and endeavors to leverage its research efforts through collaborative agreements with academic institutions. Myriad has formed strategic alliances with four major pharmaceutical companies to date. The Company is collaborating with (i) Schering to discover genes involved in prostate and other cancers, (ii) Novartis to discover genes involved in certain types of cardiovascular disease, (iii) Bayer to discover

genes involved in obesity, osteoporosis and asthma, and (iv) Lilly on the discovery of the BRCA1 breast and ovarian cancer gene. The Company is actively pursuing potential strategic alliances with other partners in areas where it believes they may enhance the Company's ability to develop and exploit its technology. The material terms of the Company's current strategic alliances and collaborative agreements are described below.

Schering-Plough Corporation

In April 1997, the Company entered into a Collaborative Research and License Agreement and Stock Purchase Agreement with Schering. Under the agreements, Schering made a $4 million equity investment in the Company, a $4 million one-time license payment to the Company, and agreed to provide $9 million of funding over a three-year period to support the Company's research and development programs to identify and sequence certain genes involved in the field of prostate and other cancers. The three-year term of the agreement may be extended for two additional one-year periods with annual research and development funding of up to $4 million each additional year. In addition, the Company may receive future milestone payments up to $35 million and future royalty payments on therapeutic product sales. The Company granted Schering an exclusive, worldwide license to develop, manufacture and sell therapeutic products derived from genes described above.

Under the Schering agreements, the Company will retain the exclusive, worldwide rights to all diagnostic products, genetic testing services, and therapeutic products outside of the field, based on the genes discovered under the research collaboration. The Company will retain the exclusive, worldwide rights to any therapeutic or diagnostic product for animal health care. In addition, Schering has certain registration rights with respect to the stock it purchased under the agreements.

Bayer Corporation

In September 1995, Myriad entered into a Collaborative Research and License Agreement and Stock Purchase Agreement with Bayer. Under the agreements, Bayer made a $10 million equity investment in the Company and agreed to provide $25 million of funding over a five-year period to support the Company's research and development programs to identify and sequence genes involved in the field of obesity, osteoporosis and asthma. In addition, the Company may receive future milestone payments up to $36 million and future royalty payments on therapeutic product sales. The Company granted Bayer an exclusive, worldwide license to develop, manufacture, and sell therapeutic products derived from genes described above. Bayer may terminate the research agreement after the second anniversary if the research steering committee, which is comprised of an equal number of representatives from the Company and Bayer, determines that the research program is likely to fail to achieve its objectives in all areas and the parties do not agree on alternative disease targets for the research program.

Under the Bayer agreements, the Company will retain the exclusive, worldwide rights to all diagnostic products, genetic testing services, and therapeutic products outside of the field, based on the genes discovered under the research collaboration. The Company will retain the exclusive, worldwide rights to any therapeutic or diagnostic product for animal health care. In addition, Bayer has certain registration rights with respect to the stock it purchased under the agreements as well as certain Board representation rights.

Novartis Corporation

In April 1995, Myriad entered into a Collaborative Research and License Agreement and Stock Purchase Agreement with Novartis. Under the agreements, Novartis made a $7 million equity investment in the Company and agreed to provide $25 million of funding over a five-year period to support the Company's research and development programs to identify and sequence certain genes involved in the field of cardiovascular disease. In addition, the Company may receive future milestone payments up to $28 million and future royalty payments on therapeutic product sales. The Company granted Novartis an exclusive, worldwide license to develop, manufacture, and sell therapeutic products derived from genes described above. Novartis may terminate the research agreement after the second anniversary if the Company fails in a material respect to achieve any of the research objectives established by the research steering committee, which is comprised of an equal number of representatives from the Company and Novartis.

Under the Novartis agreements, the Company will retain the exclusive, worldwide rights to all diagnostic products, genetic testing services, and therapeutic products outside of the field, based on the genes discovered under the research collaboration. The Company will retain the exclusive, worldwide right to any therapeutic or diagnostic product for animal health care. In addition, Novartis has certain registration rights with respect to the stock it purchased under the agreements as well as certain Board representation rights.

Eli Lilly and Company

In August 1992, the Company entered into a Research Collaboration and License Agreement with Lilly and its former subsidiary, Hybritech Incorporated (''Hybritech''), pursuant to which Lilly and Hybritech made an equity investment in the Company and provided funding over a three-year period to support the Company's research and development program to discover and sequence the BRCA1 gene. Hybritech was sold by Lilly to Beckman Instruments, Inc. in 1996. The Company granted to Lilly an exclusive, worldwide license to develop, manufacture and sell therapeutic products derived from the BRCA1 gene, and granted to Hybritech an exclusive, worldwide license to develop, manufacture and sell diagnostic kits derived from the BRCA1 gene. Royalties with respect to therapeutic and diagnostic products which may in the future be developed by Lilly and Hybritech will be payable on product sales in each country until the expiration of the last valid patent covering such products in that country. Under the agreement, the Company retained the exclusive, worldwide rights to provide genetic testing services based on the BRCA1 gene.

Hybritech, a subsidiary of Beckman Instruments, Inc.

In March 1993, the Company and Hybritech entered into a related Collaborative Agreement which establishes certain rights and obligations of the Company and Hybritech with respect to Hybritech's development and sale of diagnostic kits. The agreement provides that Hybritech will have access to the BRCA1 mutation profile developed by the Company for use in connection with Hybritech's development of diagnostic kits. The agreement gives the Company the exclusive right to manufacture DNA or RNA-based reagents for use in Hybritech's diagnostic kits, should Hybritech elect to develop diagnostic kits based on such reagents. The agreement also requires Hybritech to make periodic milestone payments to the Company keyed to progress in the development of a diagnostic kit. The first of such milestones has been achieved, and Hybritech has made a portion of the related payments.

ACADEMIC COLLABORATIONS

The Company has a number of collaborative agreements with the University of Utah (the "University"), IHC and the University of Texas M.D. Anderson Cancer Center ("MDA") which represent important elements of the Company's research and development programs. The Company provides funding for its scientific collaborators at the University, IHC, and MDA to expand the development of databases of families, the collection of clinical information and the analysis of DNA samples relating to specific gene discovery projects targeted by the Company. The University, IHC, and MDA have granted the Company an exclusive, worldwide, royalty bearing license to any commercial application including all gene discoveries, inventions and improvements created or discovered during such research for use by the Company or its corporate partners for diagnostic and therapeutic purposes.

Collaborations Related to Cancer. The Company has entered into a research agreement and three related exclusive license agreements with the University in the field of cancer. The Company and University entered into an Exclusive License Agreement in October 1991, pursuant to which the Company was granted an exclusive, worldwide license to the University's patent rights arising out of the discovery of the BRCA1 breast and ovarian cancer gene for use in the diagnosis and treatment of breast cancer.

In December 1992, the Company entered into a Standard Research Agreement to provide funding to the Center for Cancer Genetic Epidemiology for research projects directed to the isolation, sequencing and characterization of genes predisposing to cancer, including but not limited to colon cancer, lung cancer, prostate cancer and melanoma. Following the Company's discovery of the MTS1 gene, the Company entered into a second Exclusive License Agreement with the University in June 1994, pursuant to which the Company was granted an exclusive, worldwide license to discoveries and inventions arising out of research at the Center for Cancer Genetic Epidemiology related to

germline mutations of the MTS1 gene and methods of detecting predisposition to cancer based on the MTS1 gene. In November 1994, the Company entered into a third Exclusive License Agreement with the University, pursuant to which it was granted an exclusive, worldwide license to discoveries and inventions arising out of research at the Center for Cancer Genetic Epidemiology directed to the localization, sequencing and characterization of the BRCA2 breast cancer predisposing gene.

In September 1996, the Company entered into a Patent and License Technology Agreement with the University of Texas and MDA in connection with research directed to the isolation sequencing and characterization of genes involved in leukemia, pursuant to which the Company was granted an exclusive, worldwide license to any commercial application of leukemia genes discovered during such research. In December 1996, the Company entered into a second Patent and License Technology Agreement with the University of Texas and MDA in connection with research directed to the isolation sequencing and characterization of genes involved in glioma, prostate, and renal cancer, pursuant to which the Company was granted an exclusive, worldwide license to any commercial application of glioma, prostate, and renal cancer genes discovered during such research.

Collaborations Related to Cardiovascular Disease , Diabetes and Obesity. In May and August 1995, as amended in December 1996, the Company entered into two Standard Research Agreements and two Exclusive License Agreements with the University under which the Company agreed to reimburse the University for research performed at its Cardiovascular Genetics Research Clinic on behalf of the Company in the fields of cardiovascular disease, diabetes and obesity. The University granted the Company exclusive, worldwide rights to use the database of families, clinical information and DNA samples for the discovery of genes for the diagnosis and treatment of cardiovascular disorders, diabetes and obesity. The research agreement covering cardiovascular disorders and diabetes terminates on April 30, 2000, while the obesity research agreement terminates on July 31, 2000.

Collaborations Relating to Asthma and Osteoporosis. In September 1995, the Company entered into a Standard Research Agreement with IHC under which the Company reimburses IHC for research used to develop a clinical database in the fields of asthma and osteoporosis, by linking IHC's database of patient records to the Company's genealogy database. IHC will also collect clinical information and DNA samples on selected patients. The Company and IHC will jointly own the clinical database, except that IHC may only use the database for educational and research purposes and to improve health care services to its patients and may not (i) use the clinical database to discover genes or develop products from the genes discovered or (ii) sell, license or furnish access to the database to any other party.

The Company has the exclusive rights to use the clinical database, clinical information and DNA samples for the discovery of genes and the development of products for the diagnosis, prevention and treatment of asthma and osteoporosis. The research agreement covering asthma and osteoporosis terminates on August 31, 2000.

Collaborations Relating to Central Nervous System ("CNS") Diseases. In June 1996, the Company entered into a Standard Research Agreement with IHC under which the Company reimburses IHC for research used to develop a clinical database in the study of CNS disorders, such as depression, attention deficit hyperactivity disorder, addictive behavior, and obsessive-compulsive disorders, by linking IHC's database of patient records to the Company's genealogy database. IHC will also collect clinical information and DNA samples on selected patients. The Company and IHC will jointly own the clinical database, except that IHC may only use the database for educational and research purposes and to improve health care services to its patients and may not (i) use the clinical database to discover genes or develop products from the genes discovered or (ii) sell, license or furnish access to the database to any other party.

The Company has the exclusive rights to use the clinical database, clinical information and DNA samples for the discovery of genes and the development of products for the diagnosis, prevention and treatment of CNS disorders. The research agreement covering CNS diseases terminates on April 30, 2001.

PATENTS AND PROPRIETARY RIGHTS

The Company intends to seek patent protection in the United States and major foreign jurisdictions for the genes it discovers, mutations and products of the genes and related processes, transgenic animals, and other inventions which it believes are patentable and where the Company believes its interests would be best served by seeking patent protection. The Company also intends to seek patent protection or rely upon trade secret rights to protect certain other technologies which may be used in discovering and characterizing new genes and which may be used in the development of novel diagnostic and therapeutic products. To protect its trade secrets and other proprietary information, the Company requires that its employees and consultants enter into confidentiality and invention assignment agreements. There can be no assurance as to the protection that the confidentiality and invention assignment agreements will afford the Company. In addition, there can be no assurance that any such patents will issue, or that the breadth or the degree of protection of any claims of such patents will afford significant protection to the Company.

The Company owns or has licensed rights to three issued patents and 40 patent applications in the United States and numerous foreign patent applications relating to genes associated with cancer, hypertension and processes for identifying and sequencing genes. There can be no assurance, however, that any patent applications which the Company has filed or will file or to which the Company has licensed or will license rights will issue or that patents that do issue will contain commercially valuable claims. In addition, there can be no assurance that any patents issued to the Company or its licensors will afford meaningful protection for the Company's technology or products or will not be subsequently circumvented, invalidated or narrowed.

The Company's processes and potential products may also conflict with patents which have been or may be granted to competitors, academic institutions or others. As the biotechnology industry expands and more patents are issued, the risk increases that the Company's processes and potential products may give rise to interferences in the USPTO, or to claims of patent infringement by other companies, institutions or individuals. Such entities or persons could bring legal actions against the Company claiming damages and seeking to enjoin clinical testing, manufacturing and marketing of the related product or process. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to cease the infringing activity or obtain a license in order to continue to manufacture or market the relevant product or process. There can be no assurance that the Company would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure by the Company to obtain a license to any technology that it may require to commercialize its technologies or potential products could have a material adverse effect on the Company's business, financial condition and results of operations. There is also considerable pressure on academic institutions to publish discoveries in the genetic field. Such a publication by an academic collaborator of the Company prior to the filing date of the Company's application, if it covers a gene claimed in the application, may preclude the patent from issuing or the filing of foreign patent applications, or if a patent was issued, may invalidate the patent.

The Company also relies upon unpatented proprietary technology, and in the future may determine in some cases that its interests would be better served by reliance on trade secrets or confidentiality agreements rather than patents or licenses. These include the Company's positional cloning, protein interaction, robotics and bioinformatics technologies. There can be no assurance that the Company will be able to protect its rights to such unpatented proprietary technology or that others will not independently develop substantially equivalent technologies. If the Company is unable to obtain strong proprietary rights to its processes or products after obtaining regulatory clearance, competitors may be able to market competing processes and products.

Others may obtain patents having claims which cover aspects of the Company's products or processes which are necessary for or useful to the development, use or manufacture of the Company's services or products. Should any such other group obtain patent protection with respect to its discoveries, the Company's commercialization of genetic testing services and potential therapeutic products could be limited or prohibited.

In addition, the Company is party to various license agreements which give it rights to use certain technology in its research, development and testing processes. There can be no assurance that the Company will be able to

continue to license such technology on commercially reasonable terms, if at all. Failure by the Company to maintain rights to such technology could have a material adverse effect on the Company.

COMPETITION

Competition in the Company's potential markets is intense. The technologies for discovering genes which predispose individuals to major diseases and approaches for commercializing those discoveries are new and rapidly evolving. Rapid technological developments could result in the Company's potential services, products, or processes becoming obsolete before the Company recovers a significant portion of its related research and development costs and capital expenditures associated therewith. Competitors of the Company in the United States and abroad are numerous and include, among others, major pharmaceutical and diagnostic companies, specialized biotechnology firms, universities and other research institutions, including those receiving funding from the Human Genome Project. Many of the Company's potential competitors have considerably greater financial, technical, marketing and other resources than the Company, which may allow these competitors to discover important genes in advance of the Company. If the Company does not discover disease-predisposing genes, characterize their functions, develop genetic tests and related information services based on such discoveries obtain regulatory and other approvals, and launch such services or products before competitors, the Company could be adversely affected. In addition, any predisposing tests which the Company may develop, including the recently introduced BRACAnalysis(TM) test, could be made obsolete by less expensive or more effective tests or methods which may be developed in the future. The Company expects competition to intensify in the fields in which it is involved as technical advances in such fields are made and become more widely known.

Myriad plans to offer genetic testing and information services to detect the mutation of genes predisposing individuals to major diseases through Myriad Labs. The clinical laboratory testing business is characterized by intense competition. There are several large clinical laboratories that market a broad range of services nationally, and that have substantially larger financial, marketing, logistical and laboratory resources than Myriad. These companies typically offer hundreds of different tests and generally compete based on quality, price and the time required to report results. While only a few of these laboratories currently provide DNA sequenced testing services, the Company anticipates that a number of these entities could offer competitive DNA sequenced testing services as technology evolves. The Company is aware of other companies which offer genetic predisposition tests for the BRCA1 and BRCA2 genes. In addition, a number of research institutions and university research centers offer certain genetic predisposition testing on a limited basis.

The Company is also aware that other companies may be developing DNA probe kits for genetic risk assessment purposes, some of which may be competitive with the Company's proposed genetic information business. Companies offering diagnostic products range from small businesses to large diagnostic, health care and pharmaceutical companies, many of which have substantially greater assets and resources than the Company. Several large diagnostic product companies manufacture test kits and other diagnostic tools that in general are sold to clinical laboratories.

The Company has licensed to Hybritech the rights to develop, manufacture and market diagnostic kits for the BRCA1 breast cancer gene. If Hybritech or a sublicensee is successful in developing a diagnostic kit and receiving FDA approval for it, Hybritech or such sublicensee could sell the BRCA1 diagnostic kit to clinical laboratories and other competitors of the Company. Even though the Company has the right to supply all of the DNA components for such diagnostic kits and would receive royalties on the sale of all diagnostic kits, such diagnostic kits, if successfully developed, would likely compete against the Company's BRCA1 genetic testing business and reduce the Company's market share and revenues.

The Company also expects to encounter significant competition with respect to any drugs that may be developed using its technologies. Companies that complete clinical trials, obtain required regulatory approvals and commence commercial sales of therapeutic products prior to the Company may achieve a significant competitive advantage. There can be no assurance, however, that the Company or its collaborative partners will be able to

develop such products successfully or that such parties will obtain patents covering such products that provide protection against competitors. Moreover, there can be no assurance that the Company's competitors will not succeed in developing therapeutic products that circumvent the Company's products, that such competitors will not succeed in developing technologies or products that are more effective than those developed by the Company and its collaborative partners or that would render technologies or products of the Company and it collaborators less competitive or obsolete.

GOVERNMENT REGULATION

Regulation by governmental authorities in the United States and foreign countries is a significant factor in the development, manufacture and marketing of the Company's proposed services and in its ongoing research and development activities. The Company's genetic testing and information services, as well as any therapeutic products which may be developed by its collaborative partners, will require regulatory approval by governmental agencies prior to commercialization. The establishment and operation of a genetic laboratory requires regulatory approval and periodic compliance reviews. Various federal statutes and regulations also govern or influence the testing, manufacturing, safety, labeling, storage, record keeping, and marketing of such products. The process of obtaining these approvals and the subsequent compliance with applicable statutes and regulations require the expenditure of substantial time and financial resources. Any failure by the Company or its collaborators, licensors or licensees to obtain, or any delay in obtaining, regulatory approval could have a material adverse effect on the Company's business, financial condition or results of operations.

Genetic Laboratories. Myriad Labs is subject to government regulation at the federal, state, and local levels as a clinical laboratory. Myriad Labs has received CLIA certification from the Department of Health and Human Services. On the state level, only New York has implemented regulations concerning DNA-based diagnostic testing and the Company has received approval from the State of New York for both BRCA1 and BRCA2 genetic testing. The Company is aware of several other states that require licensing or registration of clinical laboratory activities. The Company believes that it has taken all steps required of it in such jurisdictions in order for Myriad Labs to conduct business in those jurisdictions. However, there can be no assurance that the Company will be able to maintain state level regulatory compliance in all states where Myriad Labs may do business. Failure to maintain state regulatory compliance, or changes in state regulatory schemes, could result in a substantial curtailment or even prohibition of Myriad Lab's clinical activities and could have a material adverse effect on the Company's business, financial condition and results of operations.

CLIA authorizes the Department of Health and Human Services to regulate clinical laboratories. These regulations, which affect the Company, mandate that all clinical laboratories be certified to perform testing on human specimens and provide specific conditions for certification. These regulations also contain guidelines for the qualification, responsibilities, training, working conditions and oversight of clinical laboratory employees. In addition, specific standards are imposed for each type of test which is performed in a laboratory. CLIA and the regulations promulgated thereunder are enforced through quality inspections of test methods, equipment, instrumentation, materials and supplies on a periodic basis. Any change in CLIA or these regulations or in the interpretation thereof could have a material adverse effect on the Company's business, prospects, financial condition or results of operations.

While the FDA does not currently regulate genetic tests developed by the Company if used in the Company's own testing laboratory, the FDA has stated that is has the right to do so, and there can be no assurance that the FDA will not seek to regulate such tests in the future. If the FDA should require that these tests receive FDA approval prior to their use in the Company's genetic testing laboratory, there can be no assurance such approval would be received on a timely basis, if at all. The failure to receive such approval could require the Company to develop alternative testing methods, which could result in the delay or cessation of such tests. Such a delay or cessation would have a material adverse effect on the Company's business, financial condition and results of operations.

Therapeutics. Under the Company's current strategic alliances, the Company's partners have the right to

develop therapeutic products based on the Company's gene discoveries. The Company may also elect to develop independently therapeutic products based on gene discoveries that it has not licensed to partners. Such products, including any human gene therapy products, will be subject to regulation by the FDA and foreign regulatory authorities and require approval before they may be clinically tested and commercially marketed for human therapeutic use in the United States and other countries. The precise regulatory requirements with which the Company's corporate partners will have to comply are undergoing frequent revisions and refinement due to the novelty of the human gene therapies being developed. Human gene therapy products are a new category of therapeutics, and there can be no assurance as to the length of the clinical trial period or the number of patients the FDA will require to be enrolled in the clinical trials in order to establish the safety, efficacy, and potency of human gene therapy products. It is uncertain that the clinical data generated in such studies will be acceptable to the FDA such that the FDA will approve the marketing of such products. In addition, obtaining FDA approval for therapeutic products is a costly and time consuming process.

The steps required before a pharmaceutical agent may be marketed in the United States include (a) preclinical laboratory, in vivo and formulation studies, (b) the submission to FDA of an Investigational New Drug application, which must become effective before human clinical trials may commence, (c) adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug, (d) the submission of a New Drug Application ("NDA") to FDA and (e) FDA approval of the NDA, including approval of all product labeling and advertising. Failure to successfully develop therapeutic products could have a material adverse effect on the Company's business, financial results and results of operations.

In addition to the FDA requirements, the NIH has established guidelines providing that transfers of recombinant DNA into human subjects at NIH laboratories or with NIH funds must be approved by the NIH Director. The Director has the authority to approve a procedure only if it is determined that no significant risk to health or the environment is presented.

The Company's business is also subject to regulation under state and federal laws regarding environmental protection and hazardous substances control, including the Occupational Safety and Health Act, the Environmental Protection Act, and the Toxic Substance Control Act. The Company believes that it is in material compliance with these and other applicable laws and that its ongoing compliance therewith will not have a material adverse effect on its business. There can be no assurance, however, that statutes or regulations applicable to the Company's business will not be adopted which impose substantial additional costs to assure compliance or otherwise materially adversely affect the Company's operations.

HUMAN RESOURCES

As of September 12, 1997, Myriad had 197 full-time equivalent employees, including 27 persons holding doctoral degrees. Most of the Company's employees are engaged directly in research and development activities. The Company believes that the success of its business will depend, in part, on its ability to attract and retain qualified personnel.

The Company's employees are not covered by a collective bargaining agreement, and the Company considers its relations with its employees to be good.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's headquarters are located in Salt Lake City, Utah. The Company currently leases all of its facilities, including a 24,800 square foot building dedicated to research and development and a 48,500 square foot building dedicated to research and development, administration and laboratory space which has received federal certification under CLIA to serve as a genetic predisposition testing laboratory. Additionally, the Company leases 6,440 square feet for various support functions. Leases are generally for terms of five to ten years, and usually provide renewal options for terms of up to five additional years.

The Company believes that its existing facilities and equipment are well maintained and in good working condition. The Company also believes that the flexibility to expand its new facilities will provide the Company with adequate capacity for the foreseeable future. The Company continues to make investments in capital equipment as needed to meet the research requirements of its collaborative agreements and to meet the anticipated demand for its genetic predisposition tests.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the year ended June 30, 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

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

	HIGH	LOW
FISCAL 1998:		
First Quarter (through August 22, 1997)	$26.75	$24.00
FISCAL 1997:		
Fourth Quarter	$35.50	$20.75
Third Quarter	$46.00	$24.25
Second Quarter	$30.50	$20.00
First Quarter	$27.00	$16.50
FISCAL 1996:		
Fourth Quarter	$34.50	$23.50
Third Quarter	$36.25	$20.75
Second Quarter (from October 6, 1995)	$39.00	$19.00

As of August 22, 1997, there were approximately 221 stockholders of record of the Common Stock and, according to the Company's estimates, approximately 2,690 beneficial owners of the Common Stock. The Company has not paid dividends to its stockholders since its inception and does not plan to pay cash dividends in the foreseeable future. The Company currently intends to retain earnings, if any, to finance the growth of the Company.

During the three months ended June 30, 1997, the Company issued a total of 34,746 shares of Common Stock to various Directors, consultants, and employees of the Company pursuant to the exercise of stock options at a weighted average exercise price of $3.31 per share. During the same period, the Company issued a total of 296 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.

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, or a registration statement on Form S-8, as applicable.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following tables sets forth consolidated financial data with respect to the Company as of and for each of the five years ended June 30, 1997. The selected consolidated financial data as of and for each of the five years ended June 30, 1997 have been derived from the consolidated financial statements of the Company, which consolidated financial statements have been audited by KPMG Peat Marwick LLP, independent certified public accountants. The foregoing consolidated financial statements and the report thereon are included elsewhere in this Annual Report on Form 10-K. The information below should be read in conjunction with the consolidated financial statements (and

notes thereon) and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7.

	YEARS ENDED JUNE 30,				
	1993	1994	1995	1996	1997
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Research revenue	$550,000	$600,000	$ 1,294,500	$ 6,628,624	$ 14,732,054
Genetic testing revenue	-	-	-	-	504,045
Total revenues	550,000	600,000	1,294,500	6,628,624	15,236,099
Costs and expenses:					
Research and development	788,540	3,008,487	5,161,978	12,990,566	18,580,229
Selling, general and administrative	328,339	1,154,541	1,788,247	2,525,814	8,755,217
Genetic testing cost of revenue	-	-	-	-	340,461
Total expenses	1,116,879	4,163,028	6,950,225	15,516,380	27,675,907
Operating loss	(566,879)	(3,563,028)	(5,655,725)	(8,887,756)	(12,439,808)
Other income (expense):					
Interest income	143,460	273,689	458,353	3,173,749	3,414,379
Interest expense	(21,161)	-	(71,011)	(97,414)	(66,661)
Other	-	12,564	-	(86,052)	(114,190)
Net loss	($444,580)	($3,276,775)	($5,268,383)	($5,897,473	($9,206,280)
Net loss per share	($0.16)	($0.81)	($1.19)	($0.78)	($1.03)
Weighted average shares outstanding	2,813,030	4,021,870	4,427,095	7,608,548	8,903,918

	AS OF JUNE 30,				
	1993	1994	1995	1996	1997
CONSOLIDATED BALANCE SHEET DATA:					
Cash, cash equivalents and marketable investment securities	$8,999,664	$5,678,356	$16,140,935	$70,002,780	$63,077,439
Working capital	8,834,546	5,265,234	13,784,051	41,665,513	38,796,960
Total assets	9,739,690	6,722,784	19,744,451	79,607,497	76,063,331
Notes payable less current portion	--	--	780,261	471,640	128,844
Net stockholders' equity	9,564,747	6,288,919	16,256,165	70,185,747	66,178,975

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

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 predisposition tests. The Company has been unprofitable since its inception and, for the year ended June 30, 1997, the Company had a net loss of $9,206,280 and as of June 30, 1997 had an accumulated deficit of $24,147,392.

In August 1995, the Company completed a three-year collaborative research and development agreement with Lilly to locate and sequence the BRCA1 breast and ovarian cancer gene. This agreement has provided the Company with research funding and may provide certain additional payments upon the attainment of research and regulatory milestones and royalty payments based on sales of any products resulting from the collaboration. The Company did not recognize revenue under this agreement for the year ended June 30, 1997.

In April 1995, the Company commenced a five-year collaborative research and development arrangement with Novartis. This collaboration provides the Company with an equity investment, 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 Novartis. The Company recognized approximately $5,100,000 in revenue under this agreement for the year ended June 30, 1997.

In September 1995, the Company commenced a five-year collaborative research and development arrangement with Bayer. This collaboration provides the Company with an equity investment, research funding and potential milestone payments totalling up to $71,000,000. The Company is entitled to receive royalties from sales of therapeutic products sold by Bayer. The Company recognized approximately $4,800,000 in revenue under this agreement for the year ended June 30, 1997.

In April 1997, the Company commenced a three-year collaborative research and development arrangement with 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 $4,750,000 in revenue under this agreement for the year ended June 30, 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 Labs, began accepting testing samples on a commercial basis on October 30, 1996. Genetic testing revenues of $504,045 were recognized for the year ended June 30, 1997.

In January 1997, the Company announced the identification of a major gene responsible for glioma, a form of brain cancer that is a leading killer of children with cancer. In March 1997 the Company further announced that the identified gene was also found to be associated with other advanced cancers of the prostate, breast, kidney and skin. MMAC1 was located through a collaborative effort by scientists at the Company and MDA. It is anticipated that the discovery of MMAC1 will lead to the development of new molecular diagnostic and therapeutic products for cancer. There can be no assurance, however, that the identification of this gene will lead to the development of diagnostic tests or therapeutic products.

In April 1997, the USPTO granted a patent covering MTS1 gene mutations. The composition of matter patent on the gene mutations, which are believed to be associated with melanoma, was issued to Myriad and the University. There can be no assurance that the patenting of this gene will lead to the development of a diagnostic test or therapeutic products.

In December 1996, the USPTO granted a patent covering the AGT gene mutation. The composition of matter patent on the gene mutation, which is believed to be associated with an individual's risk for salt-dependent hypertension, was issued to the University, and is exclusively licensed to the Company for therapeutic applications, and co-exclusively licensed to Myriad for diagnostic applications. There can be no assurance, however, that the patenting of this gene will lead to the development of a diagnostic test or therapeutic products.

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 increasing expenses and 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 predisposition testing business. The Company expects that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial.

RESULTS OF OPERATIONS

Years ended June 30, 1997 and 1996.

Research revenues for the Company's fiscal year ended June 30, 1997 increased $8,103,430 from the prior year to $14,732,054. The increase was attributable to the Company's corporate research collaboration agreements providing ongoing research funding. The fiscal year ended June 30, 1997 was the Company's first full year of involvement with Bayer, in addition to the collaborative research agreement initiated with Schering in April 1997. Research revenue from the research collaboration agreements is recognized as related costs are incurred. Consequently, as these programs progress and costs increase, revenues increase proportionately.

Genetic testing revenues of $504,045 were recognized in the fiscal year ended June 30, 1997. The Company anticipates genetic testing revenue to increase in the future as cancer centers develop internal protocols for handling samples, additional insurance companies offer reimbursement for such tests, and market awareness of such tests is increased. The Company anticipates an improved gross margin in the future as increased sales reduce inefficiencies related to underutilization of capacity. There can be no assurance, however, that any of these factors will be realized or that genetic testing revenues will continue to increase at the historical rate.

Research and development expenses for the year ended June 30, 1997 increased to $18,580,229 from $12,990,566 for the prior year. This increase was primarily due to an increase in research activities as a result of the progress in the Company's collaborations with Novartis, Bayer and Schering as well as those programs funded by the Company, including the successful collaborative effort by the Company and scientists at MDA in discovering the MMAC1 gene. The increased level of research spending includes third party research programs, increased depreciation charges related to purchasing of additional research equipment, the hiring of additional research personnel and the associated increase in use of laboratory supplies and reagents. The Company also incurred increased

development expenses during the year related to work on developing and launching BRACAnalysis(TM), its genetic predisposition test for susceptibility to breast and ovarian cancer. Such expenses will likely increase to the extent that the Company enters into additional research agreements with third parties.

Selling, general and administrative expenses for the year ended June 30, 1997 increased $6,229,403 from the year ended June 30, 1996. 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, legal fees associated with filing world wide patent applications on the Company's gene discoveries, product liability insurance premiums, and facilities-related costs. The Company expects its selling, 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 year ended June 30, 1997 increased to $3,414,379 from $3,173,749 for the prior year. This increase was primarily due to the funds available for investment, which were raised in the Company's private placement of preferred stock in February 1995, its research and development collaborations entered into with Novartis and Bayer in April 1995 and September 1995, respectively, its initial public offering ("IPO") in October 1995, and its research and development collaboration with Schering in April 1997. Much of these funds, while raised in the previous fiscal year, were held by the Company for the entire fiscal year ended June 30, 1997.

Interest expense for the year ended June 30, 1997, amounting to $66,661, was due entirely to borrowings under the Company's equipment financing facility. The other expense of $114,190 in the year ended June 30, 1997 is primarily the result of losses recognized on the sale of obsolete equipment. The net loss increased to $9,206,280 for the year ended June 30, 1997 from $5,897,473 for the year ended June 30, 1996. The Company had federal income tax net operating loss carryforwards of approximately $31,790,000 and federal income tax research activities credit carryforwards of approximately $264,800 as of June 30, 1997.

Years ended June 30, 1996 and 1995.

Research revenues for the Company's fiscal year ended June 30, 1996 increased $5,334,124 from the prior year. The increase was attributable to additional research collaboration agreements providing ongoing research funding. Research revenue from the research collaboration agreements is recognized as related costs are incurred. During the year, both the Novartis and Bayer project teams hired additional researchers, resulting in increased revenues to match the increased expenditures related to the new hires.

Research and development expenses for the year ended June 30, 1996 increased to $12,990,566 from $5,161,978 for the prior year. This increase was primarily due to an increase in research as a result of the Company's collaborations with Novartis and Bayer and an increase in research programs funded by the Company, including third party research programs, increased depreciation charges related to purchasing of additional equipment, the hiring of additional personnel and the associated increase in use of laboratory supplies and reagents. The Company also incurred increased development expenses during the year related to work on developing its predisposition test for mutations of the BRCA1 and BRCA2 breast and ovarian cancer genes. The Company expects research and development expenses to continue to increase as personnel and research and development facilities are expanded. Such expenses will also likely increase to the extent that the Company enters into additional research agreements with third parties.

General and administrative expenses for the year ended June 30, 1996 increased $737,567 from the year ended June 30, 1995. The increase was attributable to legal fees associated with filing world-wide patent applications on the Company's gene discoveries, additional administrative personnel, facilities-related costs and deferred compensation related to grants of stock options and warrants. The Company expects its general and administrative expenses will continue to increase in support of its research and development efforts and preparations for its genetic predisposition testing business.

Interest income for the year ended June 30, 1996 increased to $3,173,749 from $458,353 for the prior year. This increase was primarily due to the increased funds available for investment, which were raised in the Company's private placement of preferred stock in February 1995, its research and development collaborations entered into with Novartis and Bayer in April 1995 and September 1995, respectively, and its IPO. Interest expense for the year ended June 30, 1996, amounting to $97,414, was due entirely to borrowings under the Company's equipment financing facility, which are secured by equipment and have a repayment term of 48 months from the date of funding. The other expense of $86,052 in the year ended June 30, 1995 is the result of a loss recognized on the sale of obsolete equipment. The net loss increased to $5,897,473 for the year ended June 30, 1996 from $5,268,383 for the year ended June 30, 1995. The Company had federal income tax net operating loss carryforwards of approximately $11,340,500 and federal income tax research activities credit carryforwards of approximately $164,800 as of June 30, 1996.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was $6,581,534 during the fiscal year ended June 30, 1997 as compared to net cash provided by operating activities of $1,419,810 during the prior fiscal year. Prepaid expenses increased $357,837 during the year ended June 30, 1997. The increase is primarily due to royalties paid in advance in order to take advantage of early payment discounts. Trade receivables increased $183,166 during fiscal 1997 reflecting amounts due from insurance companies and major cancer centers for genetic predisposition testing services provided by Myriad Labs. The increase in non-trade receivables of $215,901 for the fiscal year ended June 30, 1997 is the result of certain legal fees which the Company has incurred and which will be reimbursed by one of the Company's collaborative partners. Accounts payable increased between June 30, 1997 and June 30, 1996 as a result of the Company's growth. Deferred revenue, representing the difference in collaborative payments received and research revenue recognized, increased $38,051 with the continued payments from Novartis, Bayer and Schering to the Company. As expenses related to the projects continue to increase and the associated research revenue is recognized, deferred revenue will decrease.

The Company's investing activities provided cash of $4,734,548 in the year ended June 30, 1997 and used cash of $58,985,422 in the year ended June 30, 1996. Investing activities were comprised primarily of capital expenditures for research equipment, office furniture, and facility expansion. During the year ended June 30, 1997, the Company shifted a portion of its investment in marketable securities from longer term investments to cash and cash equivalents in order to provide for ongoing corporate expenditures.

Financing activities provided $4,287,070 during the year ended June 30, 1997 and provided $58,915,556 in the year ended June 30, 1996. Financing activities were comprised primarily of Schering's equity investment in April 1997. During fiscal year 1997 the Company reduced the principal on its equipment financing facility by $308,658 to $471,640. The Company entered into equipment financing agreements with two commercial financial institutions in December 1994. Under those agreements, the Company borrowed $1,207,358.

The Company anticipates that its existing capital resources, including the net proceeds of its 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.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

The Company believes that this report on Form 10-K 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 of a successful genetic testing business, difficulties inherent in developing genetic tests once genes have been discovered; the Company's limited experience in developing and operating a genetic testing laboratory; the Company's limited marketing and sales experience and the risk that BRACAnalysis(TM) and any other tests which the Company develops 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 healthcare 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 discussed throughout this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS

MYRIAD GENETICS, INC.

Index to Financial Statements	Number
Independent Auditors' Report	F-1
Consolidated Balance Sheets as of June 30, 1997 and 1996	F-2
Consolidated Statements of Operations for the Years Ended June 30, 1997, 1996 and 1995	F-3
Consolidated Statements of Stockholders' Equity for the Years Ended June 30, 1997, 1996 and 1995	F-4
Consolidated Statements of Cash Flows for the Years Ended June 30, 1997, 1996 and 1995	F-7
Notes to Consolidated Financial Statements	F-8

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The response to this item is incorporated by reference from the discussion responsive thereto under the captions "Management" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Executive Compensation" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Share Ownership" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Executive Compensation--Employment Agreements, Termination of Employment and Change of Control Arrangements" in the Company's Proxy Statement for the 1997 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

ITEM 14(A). The following documents are filed as part of this annual report on Form 10-K.

ITEM 14(A)(1). See "Index to Consolidated Financial Statements and Financial Statement Schedules" at
AND (2) Item 8 to this Annual Report on Form 10-K. Other financial statement schedules have not been included because they are not applicable or the information is included in the financial statements or notes thereto.

ITEM 14(A)(3) Exhibits

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

Exhibit Number		Description
(3.1)++	---	Restated Certificate of Incorporation of the Registrant (Filed as Exhibit 3.1)
(3.2)++	---	Restated By-Laws of the Registrant (Filed as Exhibit 3.2)
(4.1)++	---	See Exhibits 3.1, and 3.2 (Filed as Exhibit 4.1)
(4.2)*	---	Form of Common Stock Certificate (Filed as Exhibit 4.2)
(10.1)*$	---	1992 Employee, Director and Consultant Stock Option Plan (Filed as Exhibit 10.1)
(10.2)*$	---	Employee Stock Purchase Plan (Filed as Exhibit 10.2)
(10.3)*$	---	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and
	---	Peter D. Meldrum, dated May 15, 1993 (Filed as Exhibit 10.3)
(10.4)*$	---	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and
	---	Mark H. Skolnick, Ph.D., dated January 1, 1994 (Filed as Exhibit 10.4)
(10.5)*$	---	Employment Agreement between Myriad Genetics, Inc., Myriad Genetic Laboratories, Inc. and
	---	Jay M. Moyes, dated July 12, 1993 (Filed as Exhibit 10.5)
(10.6)*	---	Form of Registration Agreement executed in connection with the private placement of Series A
	---	Preferred Stock (Filed as Exhibit 10.6)
(10.7)*	---	Stock Purchase Agreement for Series C Convertible Preferred Stock between the Registrant and
	---	Novartis Corporation, dated April 27, 1995 (Filed as Exhibit 10.7)
(10.8)*	---	Standstill Agreement between the Registrant and Novartis Corporation, dated April 27, 1995
	---	(Filed as Exhibit 10.8)
(10.9)*	---	Voting Agreement between the Registrant and Novartis Corporation, dated April 27, 1995
	---	(Filed as Exhibit 10.9)
(10.10)#	---	Collaborative Research and License Agreement between the Registrant and Novartis
	---	Corporation, dated April 27, 1995 (Cardiovascular Diseases) (Filed as Exhibit 10.10)
(10.11)#	---	Research Collaboration and License Agreement between the Registrant, Eli Lilly & Company
	---	and Hybritech Incorporated, dated August 1, 1992 (Breast Cancer--BRCA1) (Filed as Exhibit 10.11)
(10.12)#	---	Collaborative Agreement between the Registrant and Hybritech Incorporated, dated March 5,
	---	1993 (BRCA1 Test Kits) (Filed as Exhibit 10.12)
(10.13)#	---	Exclusive License Agreement between the Registrant and the University of Utah Research Foun-
	---	dation, dated October 8, 1991, as amended (Breast Cancer--BRCA1) (Filed as Exhibit 10.13)
(10.14)#	---	Standard Research Agreement and Form of License Agreement between the Registrant and the
	---	University of Utah, effective January 1, 1993, as amended (Genes Predisposing to Cancer)
		(Filed as Exhibit 10.14)

(10.15)#	---	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated August 4, 1993 (Angiotensinogen Variants and Predisposition to Hypertension) (Filed as Exhibit 10.15)
(10.16)#	---	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated June 21, 1994 (MTS1) (Filed as Exhibit 10.16)
(10.17)#	---	Exclusive License Agreement between the Registrant and the University of Utah Research Foundation, dated November 23, 1994 (Breast Cancer--BRCA2) (Filed as Exhibit 10.17)
(10.18)#	---	Standard Research Agreement dated May 1, 1995 between the Registrant and the University of Utah (Cardiovascular Disorders and Coronary Heart Disease Database) (Filed as Exhibit 10.18)
(10.19)#	---	Exclusive License Agreement dated May 1, 1995 between the Registrant and the University of Utah Research Foundation (Cardiovascular Disorders and Coronary Heart Disease Database) (Filed as Exhibit 10.19)
(10.20)#	---	Standard Research Agreement dated July 31, 1995 between the Registrant and the University of Utah (Obesity Database) (Filed as Exhibit 10.20)
(10.21)#	---	Exclusive License Agreement dated July 31, 1995 between the Registrant and the University of Utah Research Foundation (Obesity Database) (Filed as Exhibit 10.21)
(10.22)#	---	Co-Exclusive License Agreement among the Registrant, the University of Utah Research Foundation and Institut National de la Sante et de la Recherche Medicale, dated October 6, 1993 (Angiotensinogen and Predisposition to Essential Hypertension) (Filed as Exhibit 10.22)
(10.23)#	---	License Agreement between the Registrant and California Institute of Technology, dated April 21, 1994 (MTS1) (Filed as Exhibit 10.23)
(10.24)*	---	Research Agreement between the Registrant and California Institute of Technology, dated June 3, 1994 (MTS1) (Filed as Exhibit 10.24)
(10.25)*	---	Stock Purchase Agreement for Series D Convertible Preferred Stock between the Registrant and Bayer Corporation, dated September 11, 1995 (Filed as Exhibit 10.25)
(10.26)*	---	Standstill Agreement between the Registrant and Bayer Corporation, dated September 11, 1995 (Filed as Exhibit 10.26)
(10.27)*	---	Voting Agreement between the Registrant and Bayer Corporation, dated September 11, 1995 (Filed as Exhibit 10.27)
(10.28)#	---	Collaborative Research and License Agreement between the Registrant and Bayer Corporation, dated September 11, 1995 (Filed as Exhibit 10.28)
(10.29)#	---	Standard Research Agreement between the Registrant and IHC Health Services, Inc., dated as of September 1, 1995 (Filed as Exhibit 10.29)
(10.30)@	---	Research Agreement between the Registrant and IHC Health Services, Inc., dated as of June 24, 1996
(10.31)**@	---	Patent and Technology License Agreement dated September 26, 1996 among the Board of Regents of the University of Texas System, the University of Texas M.D. Anderson Cancer Center and the Registrant (Filed as Exhibit 10.1)
(10.32)**	---	Lease Agreement, dated October 12, 1995, between the Boyer Research Park Associates V, by its general partner, the Boyer Company and the Registrant (Filed as Exhibit 10.2)
(10.33)**	---	Amendment to Lease Agreement, dated March 29, 1996 between the Boyer Research Park Associates V, by its general partner, the Boyer Company and the Registrant (Filed as Exhibit 10.3)
(10.34)**@	---	Letter Agreement, dated March 4, 1996, among the University of Utah, Genetic Epidemiology and the Registrant regarding Extension of Standard Research agreement and Form of License Agreement between the Registrant and the University of Utah, effective January 1, 1993, as amended (Genes Predisposing to Cancer) (Filed as Exhibit 10.4)
(10.35)+@	---	Patent and Technology License Agreement dated December 2, 1996 among the Board of Regents of the University of Texas System, the University of Texas M.D. Anderson Cancer Center and the Registrant (Filed as Exhibit 10.1)
(10.36)@	---	Collaborative Research and License Agreement among the Registrant, Schering Corporation and Schering-Plough, Ltd., dated April 22, 1997 (Prostate and Other Cancers)

(10.37)	---	Standstill Agreement between the Registrant and Schering Corporation, dated April 22, 1997
(10.38)	---	Stock Purchase Agreement for Common Stock between the Registrant and Schering Corporation, dated April 22, 1997
(11.1)	---	Statement Regarding Computation of Earnings Per Share
(21.1)	---	Revised List of Subsidiaries of the Registrant
(23.1)	---	Consent of KPMG Peat Marwick LLP
(27.1)	---	Financial Data Schedule

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* Previously filed with the Commission as Exhibits to, and incorporated herein by reference from, the Company's Registration Statement filed on Form S-1, File No. 33-95970

\# Previously filed with the Commission as Exhibits to, and incorporated herein by reference from, the Company's Registration Statement filed on Form S-1, File No. 33-95970, and for which Confidential Treatment has been granted by the Securities and Exchange Commission as to certain portions.

@ Confidential Treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

++ Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1995.

$ Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c) of this report.

** Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1996.

\+ Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1996.

Where a document is incorporated by reference from a previous filing, the Exhibit number of the document in that previous filing is indicated in parentheses after the description of such document.

ITEM 14(B) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the year ended June 30, 1997.

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, in Salt Lake City, Utah on September 23, 1997.

MYRIAD GENETICS, INC.

By: /s/ Peter D. Meldrum

PETER D. MELDRUM
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/ Peter D. Meldrum PETER D. MELDRUM	President and Chief Executive Officer and Director (principal executive officer)	September 23, 1997
By: /s/ Jay M. Moyes JAY M. MOYES	Vice President of Finance (principal financial and accounting officer)	September 23, 1997
By: /s/ Walter Gilbert WALTER GILBERT, PH.D.	Vice Chairman of the Board	September 24, 1997
By: /s/ Mark H. Skolnick MARK H. SKOLNICK, PH.D.	Director	September 24, 1997
By: /s/ Arthur H. Hayes, Jr. ARTHUR H. HAYES, JR., M.D.	Director	September 25, 1997
By: /s/ Dale A. Stringfellow DALE A. STRINGFELLOW, PH.D.	Director	September 25, 1997
By: /s/ Alan J. Main ALAN J. MAIN, PH.D.	Director	September 26, 1997

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries, as of June 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Myriad Genetics, Inc. and subsidiaries as of June 30, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 1997, in conformity with generally accepted accounting principles.

Salt Lake City, Utah
August 8, 1997

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

Assets	June 30, 1997	June 30, 1996
Current assets:		
Cash and cash equivalents	$ 15,675,763	13,235,680
Marketable investment securities (note 2)	31,952,315	37,212,454
Prepaid expenses	446,260	88,423
Trade receivables	183,166	-
Nontrade receivables	294,967	79,066
Total current assets	48,552,471	50,615,623
Equipment and leasehold improvements:		
Equipment	13,124,937	9,097,484
Leasehold improvements	2,075,308	863,306
Construction-in-progress	-	810,108
	15,200,245	10,770,898
Less accumulated depreciation and amortization	3,189,724	1,375,366
Net equipment and leasehold improvements	12,010,521	9,395,532
Long-term marketable investment securities (note 2)	15,449,360	19,554,646
	50,979	41,696
Other assets	$ 76,063,331	79,607,497
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,559,035	2,193,285
Accrued liabilities	1,154,254	786,791
Deferred revenue (note 9)	5,699,427	5,661,376
Current portion of notes payable (note 3)	342,796	308,658
Total current liabilities	9,755,512	8,950,110
Notes payable, less current portion (note 3)	128,844	471,640
Commitments and contingencies (notes 4, 7, and 9)		
Stockholders' equity (notes 5, 6, and 10):		
Preferred stock, $0.01 par value. Authorized 5,000,000 shares; No shares issued and outstanding	-	-
Common stock, $0.01 par value. Authorized 15,000,000 shares; issued and outstanding 9,222,552 shares in 1997 and 8,702,215 shares in 1996	92,226	87,022
Additional paid-in capital	91,605,739	87,015,215
Fair value adjustment on marketable investment securities	5,382	(67,865)
Deferred compensation	(1,376,980)	(1,907,513)
Accumulated deficit	(24,147,392)	(14,941,112)
Net stockholders' equity	66,178,975	70,185,747
	$ 76,063,331	79,607,497

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.,
AND SUBSIDIARIES

Consolidated Statements of Operations

	Years ended June 30,		
	1997	1996	1995
Research revenue (note 9)	$ 14,732,054	6,628,624	1,294,500
Genetic testing revenue	504,045	-	-
Total revenues	15,236,099	6,628,624	1,294,500
Costs and expenses:			
Research and development expense	18,580,229	12,990,566	5,161,978
Selling, general, and administrative expenses	8,755,217	2,525,814	1,788,247
Genetic testing cost of revenue	340,461	-	-
Total costs and expenses	27,675,907	15,516,380	6,950,225
Operating loss	(12,439,808)	(8,887,756)	(5,655,725)
Other income (expense):			
Interest income	3,414,379	3,173,749	458,353
Interest expense	(66,661)	(97,414)	(71,011)
Other	(114,190)	(86,052)	-
	3,233,528	2,990,283	387,342
Net loss	$ (9,206,280)	(5,897,473)	(5,268,383)
Net loss per share	$ (1.03)	(.78)	(1.19)
Weighted average shares outstanding	8,903,918	7,608,548	4,427,095

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended June 30, 1997, 1996, and 1995

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on marketable investment securities	Deferred Compen-sation	Accum-Ulated deficit	Net-Stock holders' equity
	Shares	Amount	Shares	Amount					
Balances at June 30, 1994	9,300,000	$ 93,000	3,519,529	$ 35,195	9,935,980	-	-	(3,775,256)	6,288,919
Issuance of common stock for cash	-	-	14,286	143	102,590	-	-	-	102,733
Issuance of common stock for cash upon exercise of options	-	-	26,823	268	93,378	-	-	-	93,646
Issuance of series B preferred stock for cash, net of expenses	641,423	6,414	-	-	8,012,097	-	-	-	8,018,511
Issuance of Series C preferred stock for cash, net of expenses	411,765	4,118	-	-	6,960,121	-	-	-	6,964,239
Deferred compensation related to grant of stock options and warrants	-	-	-	-	1,585,500	-	(1,585,500)	-	-
Amortization of deferred compensation	-	-	-	-	-	-	56,500	-	56,500
Net loss	-	-	-	-	-	-	-	(5,268,383)	(5,268,383)
Balances at June 30, 1995	10,353,188	103,532	3,560,638	35,606	26,689,666	-	(1,529,000)	(9,043,639)	16,256,165

MYRIAD GENETICS, INC.

AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity (continued)

Years ended June 30, 1997, 1996, and 1995

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on marketable investment securities
	Shares	Amount	Shares	Amount		
Issuance of series D preferred stock for cash, net of expenses	588,236	$ 5,882	-	$ -	9,976,864	-
Issuance of 1,973,566 shares of common stock upon conversion of 10,941,424 shares of preferred stock	(10,941,424)	(109,414)	1,973,566	19,736	89,678	-
Issuance of common stock for cash, net of issuance costs of $1,086,795	-	-	2,990,000	29,900	48,926,310	-
Issuance of common stock for cash upon exercise of options and warrants	-	-	176,413	1,764	216,039	-
Issuance of common stock for cash	-	-	1,598	16	36,658	-
Deferred compensation related to grant of stock options	-	-	-	-	1,080,000	-
Amortization of deferred compensation	-	-	-	-	-	-
Fair value adjustment on marketable investment securities	-	-	-	-	-	(67,865)
Net loss	-	-	-	-	-	-
Balances at June 30, 1996	-	-	8,702,215	87,022	87,015,215	(67,865)

	Deferred compen-sation	Accum-ulated deficit	Net stock-holders' equity
Issuance of series D preferred stock for cash, net of expenses	-	-	9,982,746
Issuance of 1,973,566 shares of common stock upon conversion of 10,941,424 shares of preferred stock	-	-	-
Issuance of common stock for cash, net of issuance costs of $1,086,795	-	-	48,956,210
Issuance of common stock for cash upon exercise of options and warrants	-	-	217,803
Issuance of common stock for cash	-	-	36,674
Deferred compensation related to grant of stock options	(1,080,000)	-	-

Amortization of deferred compensation	701,487	-	701,487
Fair value adjustment on marketable investment securities	-	-	(67,865)
Net loss	-	(5,897,473)	(5,897,473)
Balances at June 30, 1996	(1,907,513)	(14,941,112)	70,185,747

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity (continued)

Years ended June 30, 1997, 1996, and 1995

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on marketable investment securities	Deferred compen-sation	Accum-ulated deficit	Net stock holders' equity
	Shares	Amount	Shares	Amount					
Issuance of common stock for cash upon exercise of options and warrants	-	$ -	386,007	$ 3,860	625,802	-	-	-	629,662
Issuance of common stock for cash	-	-	4,665	47	99,722	-	-	-	99,769
Issuance of common stock for cash, net of issuance costs of $133,703 (note 9)	-	-	129,665	1,297	3,865,000	-	-	-	3,866,297
Amortization of deferred compensation	-	-	-	-	-	-	530,533	-	530,533
Fair value adjustment on marketable investment securities	-	-	-	-	-	73,247	-	-	73,247
Net loss	-	-	-	-	-	-	-	(9,206,280)	(9,206,280)
Balances at June 30, 1997	-	$ -	9,222,552	$ 92,226	91,605,739	5,382	(1,376,980)	(24,147,392)	66,178,975

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years ended June 30,		
	1997	1996	1995
Cash flows from operating activities:			
Net loss	$ (9,206,280)	(5,897,473)	(5,268,383)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,505,479	1,618,390	380,113
Loss on sale of equipment	68,762	73,436	-
Loss on sale of investment securities	45,428	30,791	-
Increase in trade receivables	(183,166)	-	-
Decrease (increase) in prepaid expenses	(357,837)	115,387	(182,977)
Decrease (increase) in nontrade receivables	(215,901)	68,265	(147,331)
Decrease (increase) in other assets	(9,283)	9,781	(20,013)
Increase in accounts payable and accrued expenses	733,213	539,857	1,246,246
Increase in deferred revenue	38,051	4,861,376	750,000
Net cash provided by (used in) operating activities	(6,581,534)	1,419,810	(3,242,345)
Cash flows from investing activities:			
Proceeds from sale of equipment	68,424	39,375	-
Capital expenditures	(4,727,121)	(6,414,240)	(2,542,381)
Purchase of investment securities held-to-maturity	(111,098,966)	(460,727,571)	(68,909,736)
Maturities of investment securities held-to-maturity	119,313,265	427,043,548	68,812,268
Purchase of investment securities available-for-sale	(471,745,972)	(161,476,655)	-
Sale of investment securities available-for-sale	472,924,917	142,550,121	-
Other	-	-	10,000
Net cash provided by (used in) investing activities	4,734,547	(58,985,422)	(2,629,849)
Cash flows from financing activities:			
Proceeds from notes payable	-	-	1,232,292
Payments of notes payable	(308,658)	(277,877)	(174,117)
Net proceeds from issuance of common stock	4,595,728	49,210,687	196,379
Net proceeds from issuance of preferred stock	-	9,982,746	14,982,751
Net cash provided by financing activities	4,287,070	58,915,556	16,237,305
Net increase in cash and cash equivalents	2,440,083	1,349,944	10,365,111
Cash and cash equivalents at beginning of year	13,235,680	11,885,736	1,520,625
Cash and cash equivalents at end of year	$ 15,675,763	13,235,680	11,885,736
Supplemental Disclosure of Cash Flow Information			
Interest paid	$ 66,678	97,414	71,011
Supplemental Disclosures of Noncash Investing and Financing Activities			
Increase in additional paid-in capital as a result of recording deferred compensation	$ -	1,080,000	1,585,500
Accounts payable incurred for construction-in-progress	-	810,108	-
Fair value adjustment on investment securities (charged) credited to stockholders' equity	73,247	(67,865)	-

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 1997, 1996, and 1995

(1) Summary of Significant Accounting Policies

(a) Organization and Business Description

Myriad Genetics, Inc. (the Company) is a company focused on the discovery and sequencing of genes related to major common diseases, such as cancer and cardiovascular disease. The Company utilizes analyses of extensive family histories and genetic material, as well as, a number of proprietary technologies, to identify inherited gene mutations which increase the risk to individuals of developing these diseases. The Company has also developed a proprietary high-throughput assay to identify protein-protein interactions. The discovery of disease-predisposing genes and their biochemical pathways provides the Company with two significant commercial opportunities: (i) the development and marketing of genetic testing and information services, and (ii) in conjunction with its strategic partners, the development of therapeutic products for the treatment and prevention of major diseases associated with these genes and their biochemical pathways. The Company's operations are located in Salt Lake City, Utah.

(b) Principles of Consolidation

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

(c) Cash Equivalents

Cash equivalents of $12,617,125 and $8,254,944 at June 30, 1997 and 1996, respectively, consist of short-term securities with initial terms of less than 90 days. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of 90 days or less to be cash equivalents.

(d) Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed using the straight-line method based on the lesser of estimated useful lives of the related assets or lease terms. Equipment and leasehold improvements have depreciable lives which range from five to seven years. Construction-in-progress represents leasehold improvements which have not been completed.

(e) Income Taxes

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

(f) Revenue Recognition

The Company recognizes revenue from research contracts in accordance with the terms of the contract and the related research activities undertaken. Payments to the Company under these agreements cover the Company's direct costs and an allocation for overhead and general and administrative expenses. Genetic testing revenue is recognized upon completion of the test and communication of results. Payments received in advance of the research and genetic testing work performed are recorded as deferred revenue.

(g) Net Loss Per Share

For all periods presented, the Company's loss per share is actual or pro forma based on the weighted average number of common shares and common share equivalents (if dilutive) resulting from options outstanding during the periods. For periods prior to October 12, 1995, the date of the Company's initial public offering, upon which all outstanding shares of preferred stock were converted to shares of common stock, the loss presented is pro forma after giving retroactive effect to the conversion of Series A, B, C, and D preferred stock and the inclusion of common stock options issued for consideration below the initial public offering price during the twelve-month period prior to the date of the initial filing of the Registration Statement, even when antidilutive, pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, using the treasury-stock method.

(h) Use of Estimates

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

(i) Marketable Investment Securities

Marketable investment securities consist of U.S. government obligations, corporate bonds and notes, foreign bank obligations, federal agency obligations, auction rate securities, foreign bank obligations, mortgage backed-securities, and certificates of deposit. The Company accounts for marketable investment securities by grouping them into one of two categories: held-to-maturity or available-for-sale. Held-to-maturity securities are those securities that the Company has the ability and intent to hold until maturity. All other securities are classified as available-for-sale.

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

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

(j) Reclassifications

Certain reclassifications have been made to the 1996 and 1995 consolidated financial statements to conform with classifications adopted in 1997.

(k) Fair Value Disclosure

At June 30, 1997, the book value of the Company's financial instruments approximates fair value except as disclosed in note 2.

(l) Stock-Based Compensation

Effective July 1, 1996, the Company adopted the footnote disclosure provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123). SFAS 123 permits entities to adopt a fair value based method of accounting for stock options or similar equity instruments. However, it also allows an entity to continue measuring compensation cost for stock based compensation using the intrinsic-value method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). The Company has elected to continue to apply the provisions of APB 25 and provide pro forma footnote disclosures required by SFAS 123.

(2) Marketable Investment Securities

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value for available-for-sale and held-to-maturity securities by major security type and class of security at June 30, 1997 and 1996, were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair Value
At June 30, 1997				
Held-to-maturity:				
U.S. government obligations	$ 14,929,059	1,467	(39,728)	14,890,798
Corporate bonds and notes	6,358,782	-	(25,754)	6,333,028
Auction-rate securities	8,437,082	-	-	8,437,082
	$ 29,724,923	1,467	(65,482)	29,660,908
Available-for-sale:				
U.S. government obligations	$ 6,931,123	2,243	-	6,933,366
Federal agency obligations	3,409,870	4,089	-	3,413,959
Foreign bank obligations	4,099,846	-	(2,177)	4,097,669
Mortgage-backed securities	2,145,744	5,653	-	2,151,397
Corporate bonds and notes	912,628	-	(4,426)	908,202
Certificate of deposit	172,159	-	-	172,159
	$ 17,671,370	11,985	(6,603)	17,676,752
At June 30, 1996				
Held-to-maturity:				
U.S. government obligations	$ 13,017,698	-	(99,516)	12,918,182
Corporate bonds and notes	24,921,524	-	(102,372)	24,819,152
	$ 37,939,222	-	(201,888)	37,737,334
Available-for-sale:				
U.S. government obligations	$ 15,800,003	-	(69,476)	15,730,527
Federal agency obligations	2,088,527	2,371	-	2,090,898
Foreign bank obligations	1,007,213	-	(760)	1,006,453
	$ 18,895,743	2,371	(70,236)	18,827,878

(2) Marketable Investment Securities (continued)

Maturities of debt securities classified as available-for-sale and held-to-maturity are as follows at June 30, 1997. (Maturities of mortgage backed securities have been presented based upon estimated cash flows assuming no change in the current interest rate environment):

	Amortized cost	Fair value
Held-to-maturity:		
Due within one year	$ 18,337,912	18,329,287
Due after one year through five years	11,387,011	11,331,621
	$ 29,724,923	29,660,908
Available-for-sale:		
Due within one year	$ 13,609,938	13,614,403
Due after one year through five years	4,061,432	4,062,349
	$ 17,671,370	17,676,752

(3) Notes Payable

The Company entered into equipment financing agreements with two commercial financial institutions. Under the agreements, the Company borrowed $1,232,292, at an interest rate of approximately 10.5 percent. Monthly payments are made over 48 months using a payment factor of 2.5383 percent of the amount borrowed. Principal payments subsequent to June 30, 1997 are as follows: 1998, $342,796 and 1999, $128,844. At the completion of the 48-month period, if the Company chooses to keep the equipment, it may either make a final payment of 15 percent of the amount of the original loan or make additional payments at a reduced rate for a period of 18 months. The note is secured by certain equipment having a value exceeding the remaining principal balance.

(4) Leases

The Company leases office and laboratory space under three noncancelable operating leases. Future minimum lease payments under these leases are as follows:

Fiscal year ending:	
1998	$ 1,282,308
1999	1,296,773
2000	939,104
2001	905,832
2002	905,832
Thereafter	3,849,786
	$ 9,179,635

Rental expense was $1,014,931 in 1997, $433,000 in 1996, and $439,000 in 1995.

(5) Stock-Based Compensation

Prior to 1992, the Company granted Nonqualified stock options to directors, employees, and other key individuals providing services to the Company. In 1992, the Company adopted the "1992 Employee, Director, and Consultant Fixed Stock Option Plan" and has reserved 1,500,000 shares of common stock for issuance upon the exercise of options that the Company plans to grant from time to time under this plan. The exercise price of options is equivalent to the estimated fair market value of the stock at the date of grant. The number of shares, terms, and exercise period are determined by the Board of Directors on an option-by-option basis. Options generally vest ratably over five years and expire ten years from date of grant. Options for 1,265,662 shares have been granted as of June 30, 1997 under the 1992 plan and are included in the schedule below. For financial statement presentation purposes, the Company has recorded as deferred compensation expense the excess of the deemed value of the common stock at the date of grant over the exercise price. The compensation expense will be amortized ratably over the vesting period of the options and warrants and will aggregate a maximum of $2,665,500. Amortization expense was $530,533, $701,487, and $56,500 for the years ended June 30, 1997, 1996, and 1995, respectively.

(5) Stock-Based Compensation (continued)

A summary of activity is as follows:

	1997		1996		1995	
	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price	Number of shares	Price per share
Options outstanding at beginning of year	1,288,925	$ .028 - 24.75	968,957	$ .028 - $7.00	699,005	$ .028 - $5.60
Plus options granted	486,156	23.875 - 40.25	415,266	7.00 - 24.75	302,582	3.50 - 7.00
Less:						
Options exercised	(373,329)	.028 - 24.75	(80,346)	.028 - 7.00	(26,823)	3.50
Options canceled or expired	(67,045)	3.50 - 40.25	(14,952)	3.50 - 24.75	(5,807)	3.50
Options outstanding at end of year	1,334,707	$ .028 - 40.25	1,288,925	$ .028 - $24.75	968,957	$ .028 - $7.00
Weighted - average fair value of options granted during the year		$ 19.04		$12.48		

The following table summarizes information about fixed stock options outstanding at June 30, 1997:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at June 30, 1997	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at June 30, 1997	Weighted-average exercise price
$ 3.50 - 7.00	609,315	6.9	$ 4.90	375,253	$ 3.80
15.00 - 25.00	331,560	9.0	24.45	61,831	24.65
27.00 - 40.25	393,832	9.8	29.73	1,700	29.75
3.50 - 40.25	1,334,707	8.3	17.08	438,784	6.84

The Company accounts for these plans under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for these plans been determined consistent with SFAS 123, the Company's net loss and earnings per share would have been changed to the following pro forma amounts:

		1997	1996
Net loss	As reported	$ 9,206,280	$ 5,897,473
	Pro forma	10,837,607	6,052,988
Loss per share	As reported	(1.03)	(.78)
	Pro forma	(1.22)	(.80)

(5) Stock-Based Compensation (continued)

The pro forma net loss reflects only options granted in 1997 and 1996. Therefore, the effect that calculating compensation cost for stock-based compensation under SFAS 123 has on the pro forma net losses as shown above may not be representative of the effects on reported net losses or earnings for future years.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1997 and 1996, respectively: risk-free interest rates of 6.4 percent; expected dividend yields of 0 percent; expected lives of 5.5 and 5.2 years; and expected volatility of 70 percent.

(6) Common and Preferred Stock

On October 12, 1995, the Company completed an initial public offering of 2,990,000 shares of common stock, $0.01 par value per share at $18.00 per share and received approximately $49 million net of underwriting discounts, commissions, and other offering expenses. In conjunction with the Company's initial public offering, all outstanding shares of the Company's preferred stock were converted into common stock.

In February 1995, the Company completed a private placement wherein the placement agents received warrants to purchase 31,572 shares of the Company's common stock through the year 2002 at a price of $15.40 which are still outstanding as of June 30, 1997.

The Company completed a private placement offering in 1993 for shares of both common and Series A preferred stock. The placement agent, which was then an affiliate of a director and stockholder of the Company, and selected dealers received a commission on the gross proceeds and five-year warrants to purchase 142,874 shares of common stock at an exercise price of $7.00 per share. As of June 30, 1997, warrants to purchase 24,638 shares are outstanding.

(7) License Agreements

The Company has entered into license agreements with certain academic institutions. The agreements granted the Company exclusive worldwide licenses to certain technologies and patent applications that the Company believes will be useful in the development of diagnostic and therapeutic products. In consideration for the licenses, the Company has paid $375,000, issued 28,416 shares of common stock, and granted 14,286 stock options. The Company is also required to make future payments totaling $50,000 and may make milestone payments of $350,000 upon achievement of certain events. The Company is also required to make royalty payments based on net sales of products or services subject to a minimum royalty upon commencement of sales.

(8) Income Taxes

There was no income tax expense in 1997, 1996, or 1995 due to net operating losses. The difference between the expected tax benefit and the actual tax benefit is primarily attributable to the effect of net operating losses being offset by an increase in the Company's valuation allowance. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at June 30, 1997 and 1996, are presented below:

	1997	1996
Deferred tax assets:		
Net operating loss carryforwards	11,857,000	4,230,000
Research and development credits	264,800	164,800
Accrued expenses	186,800	162,800
Unearned revenue	2,118,000	1,832,000
Deferred compensation	-	282,700
Total gross deferred tax assets	14,426,600	6,672,300
Less valuation allowance	(13,426,600)	(6,138,300)
Net deferred tax assets	1,000,000	534,000
Deferred tax liability - equipment, principally due to differences in depreciation	1,000,000	534,000
Total gross deferred tax liability	1,000,000	534,000
Net deferred tax liability	$ -	-

The net change in the total valuation allowance for the years ended June 30, 1997 and 1996, was an increase of $7,288,300 and $2,299,600, respectively. Of the subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of June 30, 1997, approximately $4,570,000 will be recognized as additional paid-in capital and the remainder will be allocated as an income tax benefit to be reported in the consolidated statement of operations.

At June 30, 1997, the Company had total tax net operating losses of approximately $31,790,000 and total research and development credit carryforwards of approximately $264,800, which can be carried forward to reduce federal income taxes. If not utilized, the tax loss and research and development credit carryforwards expire beginning in 2007.

(8) Income Taxes (continued)

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

(9) Collaborative Research Agreements

In April 1997, the Company entered into a three-year collaborative research and license agreement and stock purchase agreement related to locating genes associated with prostate cancer and other cancers. Under the agreements, the Company may receive up to $60,000,000, excluding royalties. The Company received an equity investment of $4,000,000 in exchange for common stock. The Company also received a license fee of $4,000,000, which was recognized as revenue in 1997. The Company will receive $3,000,000 in annual research funding paid quarterly in advance for three years of which $750,000 has been received and recognized as revenue in 1997. The three-year term may be extended for two additional one-year periods. The Company may also receive up to $35,000,000 upon achievement of specified milestones. The Company retains all rights to diagnostic products and genetic testing services using the developed technology while licensing to the collaborator all rights to therapeutic applications. The Company is entitled to receive royalties from sales of therapeutic products made by the collaborator.

In September and April 1995, the Company entered into collaborative research and license agreements and stock purchase agreements with two pharmaceutical companies. Under the agreements, the Company may receive up to $131,000,000. The Company received initial equity investments of $17,000,000 in exchange for Series D and Series C preferred stock, which were subsequently converted to common stock in conjunction with the Company's initial public offering. The Company may also receive $50,000,000 in annual research funding paid quarterly in advance for five years of which $22,500,000 has been received. The Company recognized $9,982,054, $6,338,624, and $500,000 as revenue relating to these agreements in 1997, 1996, and 1995, respectively. The Company may also receive up to $64,000,000 upon achievement of specified milestones. The Company retains all rights to diagnostic products and genetic testing services using the developed technology while licensing to the collaborators all rights to therapeutic applications. The Company is entitled to receive royalties from sales of therapeutic products sold by the collaborators. The collaborations may be terminated if a steering committee comprised of an equal number of representatives of the Company and the collaborators determines that the research programs will not achieve their objectives in all areas.

(9) Collaborative Research Agreements (continued)

In August of 1992, the Company entered into a three-year collaboration and license agreement with a pharmaceutical company related to the discovery of the BRCA 1 breast and ovarian cancer gene, under which the Company may receive up to approximately $4,000,000. This contract provided $1,800,000 over the life of the contract of which none was recognized in 1997 and $50,000 and $600,000 was recognized as revenue in 1996 and 1995, respectively. The contract also provides for the receipt of milestone payments of $1,160,000 of which $240,000 and $180,000 was received and recorded as revenues in 1996 and 1995, respectively. The Company is also entitled to receive a specified royalty of net sales from any resulting products.

(10) Employee Deferred Savings Plan and Stock Purchase Plan

The Company has a deferred savings plan which qualifies under section 401(k) of the Internal Revenue Code. Substantially all of the Company's employees are covered by the plan. The Company makes matching contributions of 50 percent of each employee's contribution with the employer's contribution not to exceed four percent of the employee's compensation. The Company's contribution to the plan was $205,866, $100,461, and $58,979 in 1997, 1996, and 1995, respectively.

The Company has an Employee Stock Purchase Plan (the Plan) which was adopted and approved by the Board of Directors and stockholders in December 1994, under which a maximum of 200,000 shares of common stock may be purchased by eligible employees. At June 30, 1997, 6,263 shares of common stock had been purchased under the Plan. Because the discount allowed to employees under the Plan approximates the Company's cost to issue equity instruments, the Plan is not deemed to be compensatory and, therefore, is excluded from the pro forma loss shown in note 5.

(11) Accounting Standards Issued Not Yet Adopted

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings per Share (SFAS 128). SFAS 128 establishes a different method of computing earnings (loss) per share than is currently required under the provisions of Accounting Principles Board Opinion No. 15. Under SFAS 128, the Company will be required to present both basic earnings (loss) per share and diluted earnings (loss) per share. Basic and diluted loss per share is expected to be comparable to the currently presented loss per share.

SFAS 128 is effective for the consolidated financial statements for interim and annual periods ending after December 15, 1997. Accordingly, the Company plans to adopt SFAS 128 in the second quarter of its 1998 fiscal year and at that time all historical earnings per share data presented will be restated to conform to the provisions of SFAS 128.

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION OF EXHIBITS
(10.36)@		Collaborative Research and License Agreement among the Registrant, Schering Corporation and Schering-Plough, Ltd., dated April 22, 1997 (Prostate and Other Cancers)
(10.37)		Standstill Agreement between the Registrant and Schering Corporation, dated April 22, 1997
(10.38)		Stock Purchase Agreement for Common Stock between the Registrant and Schering Corporation, dated April 22, 1997
(11.1)	-	Statement Regarding Computation of Earnings Per Share
(21.1)	-	Revised List of Subsidiaries of the Registrant
(23.1)	-	Consent of KPMG Peat Marwick LLP
(27.1)	-	Financial Data Schedule

@ Confidential Treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

EXHIBIT 10.36

RESEARCH COLLABORATION AND LICENSE AGREEMENT

among

SCHERING CORPORATION,

SCHERING-PLOUGH, LTD.,

and

MYRIAD GENETICS, INC.

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RESEARCH COLLABORATION AND LICENSE AGREEMENT

THIS AGREEMENT ("Agreement") effective as of the Effective Date (as hereinafter defined), among Schering Corporation, a corporation organized and existing under the laws of the State of New Jersey having a place of business at 2000 Galloping Hill Road, Kenilworth, New Jersey ("Schering Corp."), Schering-Plough Ltd., a corporation organized and existing under the laws of Switzerland and having a place of business at Topferstrasse 5, 6004 Lucerne, Switzerland ("SP Ltd.") and Myriad Genetics, Inc., a corporation organized and existing under the laws of Delaware having a place of business at 320 Wakara Way, Salt Lake City, Utah 84108 ("Myriad"). Schering Corp. and SP Ltd. are herein collectively referred to as "Schering". References to Schering Corp. and SP Ltd. shall, as the context requires, include their respective Affiliates (as hereinafter defined).

WITNESSETH:

WHEREAS, Myriad has developed Myriad Know-How (as hereinafter defined) and has rights to Patent Rights (as hereinafter defined);

WHEREAS, Myriad has expertise in the Discovery (as hereinafter defined) and Characterization (as hereinafter defined) of genes and their biochemical pathways related to major common diseases, including prostate cancer and brain cancer, and in the development of human diagnostic products and services derived from disease genes; and

WHEREAS, Schering has expertise in discovering, developing and marketing human therapeutic products derived from disease genes for the treatment of clinical indications; and

WHEREAS, Myriad and Schering are interested in entering into an agreement whereby Myriad will perform research to Discover (as hereinafter defined) genes and their biochemical pathways associated with certain aspects of prostate cancer and brain cancer in humans (and potentially other cancers) and license the results of such research to Schering for the development, manufacture and sale of human therapeutic products derived from such genes for the prevention or treatment of clinical indications;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

As used in this Agreement, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1 "Affiliate" shall mean any individual or entity directly or indirectly controlling, controlled by or under common control with, a party to this Agreement. For purposes of this Agreement, the direct or indirect ownership of over fifty percent (50%) of the outstanding voting securities of an entity, or the right to receive over fifty percent (50%) of the profits or earnings of an entity shall be deemed to constitute control. Such other relationship as in fact gives such individual or entity the power or ability to control the management, business and affairs of an entity shall also be deemed to constitute control.

1.2 "Annual Research Plan" shall mean the written plan describing the research in the Field to be carried out during each year of the Research Program by Myriad and Schering pursuant to this Agreement. Each Annual Research Plan will be set forth in a written document adopted by the Committee.

1.3 "Calendar Quarter" shall mean the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.4 "Calendar Year" shall mean each successive period of twelve (12) months commencing on January 1 and ending on December 31.

1.5 "Characterize" shall mean, with respect to any gene, understanding a function or activity of the protein produced by that gene through data derived from well designed experiments.

1.6 "Collaboration Exclusivity Field" shall mean the treatment or prevention of cancer in humans and/or genes involved in or associated with the pathogenesis of cancer in humans, including, without limitation, the Field, Target Genes and Pathway Genes. The Collaboration Exclusivity Field does not include: (i) Previously Discovered Myriad Genes as defined in Section 2.2.6; (ii) pathway genes associated with Previously Discovered Myriad Genes; (iii) pathway genes which interact with tumor suppressor genes and oncogenes in the public domain using Myriad's protein interaction network technologies; and (iv) Other Cancer Genes for which Schering has decided not to exercise its option pursuant to Section 3.2 of this Agreement.

1.7 "Diagnostic(s)" shall mean any device, product or service intended to predict, detect, or identify a disease or determine the presence of a pathologic condition or a predisposition to a disease in a human or animal, including, but not limited to, any device, product or service intended to monitor disease progression, to determine the prognosis of a patient with a pathologic condition or to be used to guide selection of therapy for the treatment or prevention of disease; provided, however, Diagnostics shall not include any device, product or service which is primarily intended to have a prophylactic or therapeutic effect.

1.8 "Discover" (and any derivation such as Discovered or Discovery with appropriate adjustments in tense as the context shall require) shall mean, with respect to any gene, to isolate, clone, identify and sequence that gene.

1.9 "Effective Date" shall mean the date on which this Agreement has been approved by the Board of Directors of Schering-Plough Corporation. The parties shall sign a letter acknowledging the Effective Date which letter shall be appended to this Agreement.

1.10 "Fair Market Value" shall mean the average closing sale price of Myriad's Common Stock, $.01 par value, for the period beginning forty-five (45) days before the Effective Date and ending on the Effective Date, on the principal market on which such stock is traded.

1.11 "Field" shall mean the treatment or prevention of prostate cancer or brain cancer in humans, including, without limitation, through the use of gene therapy (i.e. the treatment or prevention of a disease, or remedying a gene deficiency of human somatic cells or germ cells (in vivo, in vitro or ex vivo) with

DNA (or RNA) for the purpose of expressing a protein or oligo(poly) nucleotide encoded by said DNA (RNA) in a human), gene therapy vaccines (i.e., a substance which achieves a prophylactic or therapeutic effect by inducing an antigen-specific humoral and/or cellular immune system response by gene therapy), therapeutic proteins, or other drug substances, excluding Diagnostics.

1.12 "First Commercial Sale" shall mean, with respect to any Licensed Product, the first sale (including to wholesalers) for end use or consumption of such Licensed Product in a country after all required approvals, including marketing and pricing approvals, have been granted by the governing health authority of such country.

1.13 "Gene Criteria" shall mean any of the following: (i) a mutation profile in primary tumors and in Myriad's panel of at least one hundred fifty (150) tumor cell lines; (ii) greater than ninety-five percent (95%) probability of association between germline mutations in the gene and expression of the cancer phenotype; or (iii) satisfactory results from research studies performed under a workplan approved by the Committee which satisfactorily demonstrates the role of the target gene in the initiation and/or progression of cancer.

1.14 "Licensed Product(s)" shall mean any preparation or product for prophylactic or therapeutic use in the prevention or treatment of any clinical indications in humans, whether or not for the prevention or treatment of prostate cancer or brain cancer, which is, or comprises:

(a) any brain cancer gene or prostate cancer gene or its Pathway Genes Discovered under the Research Program or any fragment or mutation thereof;

(b) the normal gene counterpart of (a);

(c) an RNA or a DNA sequence corresponding, complementary to, or an antisense sequence to a gene in (a) or (b);

(d) a protein encoded by any of (a), (b) or (c), or any fragment of such protein;

(e) an antibody to a protein described in (d);

(f) a gene therapy, cell therapy or antisense or ribozyme therapy product incorporating any of (a) through (e) above; or

(g) a molecule or compound, regardless of its function or utility, which is conceived, discovered, invented or the utility of which is conceived, discovered, reduced to practice or invented, whether or not under the Research Program, substantially and materially utilizing information relating to any of (a) through (f) above and utilizing (i) Myriad Know-How which is proprietary and confidential and not within the exceptions set forth in Subsection 6.1(a) through 6.1(d) or (ii) any claims covered by the Patent Rights.

The Licensed Products listed in (b) through (g) above are sometimes referred to herein as being "derived from" the gene or genes in (a) above.

1.15 "Major Market" means the countries of France, Italy, the United Kingdom, Spain or Germany.

1.16 "Myriad Know-How" shall mean all information and materials, including but not limited to, discoveries, improvements, processes, formulas, data, inventions, know-how and trade secrets, instructions, technology, biological substances (including, but not limited to, genes, DNA fragments, primers and gene products), nucleic acid constructs, and other intellectual property, patentable or otherwise, in each case which during the term of this Agreement (i) are in Myriad's possession or control, (ii) are not generally known and (iii) are in the Field or necessary or useful to Schering in connection with the Research Program or the discovery, research, development, manufacture, marketing, use or sale of Licensed Products in the Territory. Know-How shall include, without limitation, all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information related thereto, and all applications, registrations, licenses, authorizations, approvals and correspondence related to a Licensed Product, including, without limitation, correspondence submitted to regulatory authorities with jurisdiction over the Licensed Product.

1.17 "Myriad Non-Shared Technology" means:

(a) patentable technology developed by employees of or consultants to Myriad alone or jointly with third parties prior to the Effective Date or after that date in the course of activities outside the Field; or

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

(c) any other Myriad technology subject to restrictions on disclosure or which would not be necessary or useful in the Research Program as reasonably determined by Schering and Myriad.

1.18 "Net Sales" shall mean, with respect to each country in the Territory, the proceeds actually received by Schering, its Affiliates or sublicensees on all sales of Licensed Product to an unaffiliated third party (whether an end-user, a distributor or otherwise), and exclusive of intracompany transfers or sales in the Territory, less the reasonable and customary
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deductions from such gross amounts including:

(a) normal and customary trade, cash and quantity discounts, allowances and credits actually allowed and taken;

(b) credits or allowances actually granted for damaged goods, recalls, returns or rejections of Licensed Product and retroactive price reductions;

(c) sales or similar taxes (including duties or other governmental charges levied on, absorbed or otherwise imposed on the sale of Licensed Product including, without limitation, value added taxes or other governmental charges otherwise measured by the billing amount) when included in billing;

(d) freight, postage, shipping, customs duties and insurance charges;

(e) charge back payments, discounts and rebates (whether mandated or otherwise) actually granted to managed health care organizations or to federal, state and local governments, their agencies, and purchasers and reimbursers or to trade customers, including but not limited to, wholesalers and chain and

pharmacy buying groups and charge back payments, discounts and rebates (whether mandated or otherwise) charged by national or local government authorities in countries other than the United States and paid or credited by Schering; and

(f) commissions paid to third parties other than sales personnel and sale representatives or sales agents directly related to such sales.

1.19 "Other Cancer Genes" shall mean any cancer genes and intellectual property rights related thereto outside of the Field which, during the term of the Research Program (including any extension, if any), Myriad Discovers or otherwise acquires rights (through license or otherwise), excluding Previously Discovered Myriad Genes (as defined in Section 2.2.6), pathway genes associated with Previously Discovered Myriad Genes or pathway genes which interact with tumor suppressor genes and oncogenes in the public domain using Myriad's protein interaction network technologies.

1.20 "Patent Rights" shall mean any and all patents and patent applications (which for the purposes of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention) which during the term of this Agreement are owned by Myriad or to which Myriad through license or otherwise acquires rights (with the right to sublicense) and which: (i) have claims covering the MMAC1 brain cancer gene; (ii) have claims covering Licensed Product(s) or the manufacture and/or use thereof; (iii) are in the Field; (iv) are or relate to Research Inventions (as defined in Section 2.6); or (v) are divisions, continuations, continuations-in-part, patents of addition, reissues, renewals, extensions, registrations, confirmations, re-examinations, any provisional applications, supplementary protection certificates or the like of any such patents and patent applications and foreign equivalents thereof.

1.21 "Pathway Gene" shall mean a gene the protein product of which binds directly with the protein product of the MMAC1 brain cancer gene or of a prostate cancer gene or brain cancer gene Discovered under the Research Program.

1.22 "Proprietary Information" shall mean all Schering Know-How, Myriad Know-How, and all other scientific, clinical, regulatory, marketing,

financial and commercial information or data, whether communicated in writing or orally or by sensory detection, which is provided by one party to the other party in connection with this Agreement.

1.23 "Research Inventions" shall have the meaning as set forth in Section2.6.

1.24 "Research Program" shall mean the collaborative research program to be conducted by Myriad and Schering pursuant to Article II of this Agreement to Discover and/or Characterize Target Genes and their Pathway Genes and reflected in the Annual Research Plans in effect during the Research Term.

1.25 "Research Term" shall have the meaning set forth in Section 2.8.

1.26 "Schering Know-How" shall mean information and materials, including but not limited to, discoveries, improvements, processes, formulas, data, inventions, know-how and trade secrets, patentable or otherwise, in each case which during the term of the Research Program (i) are in Schering's possession and control, (ii) are not generally known and (iii) which arise out of the Research Program or are necessary or useful to Myriad in the performance of its obligations under the Research Program.

1.27 "Target Gene" shall mean (i) a gene which has been linked to a particular area of a chromosome and which is believed to be involved in or associated with the pathogenesis of brain cancer or prostate cancer and which has been selected by the research steering Committee (as defined in Section 2.3) as a target for Discovery in the Research Program and (ii) the MMAC1 brain cancer gene.

1.28 "Territory" shall mean all of the countries in the world.

1.29 "Valid Patent Claim" shall mean a claim of a an issued and unexpired patent included within the Patent Rights, which has not been revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed with the time allowed for appeal, and which has not been disclaimed, denied or admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

ARTICLE II
RESEARCH PROGRAM

2.1 General. Myriad and Schering shall engage in the Research Program upon the terms and conditions set forth in this Agreement. The objectives of the Research Program are set forth on Exhibit 2.1 (which objectives may be undated in writing from time to time by the Committee) and include the Discovery and/or Characterization of Target Genes and their Pathway Genes according to the priorities established by the Committee.

2.2 Conduct of Research; Staffing and Research.

2.2.1 Standards. Myriad and Schering each shall conduct its respective activities for the Research Program in good scientific manner, and in compliance in all material respects with all requirements of applicable laws, rules and regulations and all applicable good laboratory practices to attempt to achieve their objectives efficiently and expeditiously. In carrying out the Research Program, Myriad and Schering, respectively, shall use commercially reasonable efforts to perform such tasks as are set forth in and as are in accordance with the time schedules in the Annual Research Plans.

2.2.2 Staffing. Myriad will provide for use in the Research Program an average of "*" full-time equivalent employees of Myriad (which may include employees of the University of Utah hired by Myriad to work on the Research Program) per Calendar Year during the term of the Research Program; provided, however, Myriad shall provide for use in the Research Program a minimum of "*" full time equivalent employees in each Calendar Year of the Research Program; and provided, further, that such employees of University of Utah shall not be more than "*" full-time equivalent employees.

2.2.3 Use of Research Funding. Myriad shall apply the research funding it receives from Schering under this Agreement solely for the performance of the Research Program (including overhead directly related to the Research Program) and in accordance with any research budget determined by the Committee.

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

2.2.4 Principal Scientists. The principal scientists and primary contacts for the Research Program are "*" for Myriad and "*" for Schering. The Research Program and all work assignments to be performed by the Myriad and Schering shall be carried out under the direction and supervision of the principal scientists noted above. Each party shall notify the other party as soon as practicable upon the changing of a principal scientist; provided, however, in no event may Myriad assign a principal scientist other than the individuals identified above without the prior written consent of Schering; and provided, further, that in the event that any of the Myriad principal scientists identified above will not direct and supervise the Research Program, then Myriad shall within a reasonable period of time assign replacement principal scientist(s) with comparable skill and experience as the principal scientist being replaced, subject to approval by Schering, which approval shall not be unreasonably withheld.

2.2.5 Annual Research Plans. For each year of the Research Program commencing with the second year, the Annual Research Plan shall be prepared and approved by the Committee no later than thirty (30) days before the end of the prior year. The Annual Research Plan for the first year shall be determined by the Committee no later than (30) days after the Effective Date. Each Annual Research Plan shall be in writing countersigned by Schering Corp., SP Ltd. and Myriad and shall set forth with reasonable specificity research objectives, milestones, budgets and personnel requirements for the period covered by the Annual Research Plan. The Committee may make adjustments in the Annual Research Plan at its quarterly meetings or otherwise as it may determine, but only by mutual written consent by Schering Corp. and SP Ltd.

2.2.6 Exclusivity. Myriad agrees that during the Research Term, Myriad and its Affiliates will not collaborate with or grant license rights to any other party with respect to the Collaboration Exclusivity Field, except as otherwise permitted hereby. The parties acknowledge that Myriad may enter into a research and development collaboration with another party or parties concerning (i) the licensing of breast and ovarian cancer genes (BRCA1 and BRCA2) and cell cycle genes (MTS1, MTS2 and MTS3) already Discovered by Myriad (collectively, "Previously Discovered Myriad Genes") and (ii) the Discovery and licensing of pathway genes the protein products of which interact with the Previously

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

Discovered Myriad Genes or pathway genes which interact with tumor suppressor genes and oncogenes in the public domain using Myriad's protein interaction network technologies; provided, however, that Myriad agrees that it will not in connection with any such collaboration grant any rights to discover, develop, manufacture, use, sell or import a Licensed Product which (i) comprises, is derived from, is the product of, or is related to, any gene which is a Target Gene or a Pathway Gene Discovered during the Research Term or (ii) which could reasonably diminish or compromise Schering's rights under this Agreement or in the Collaboration Exclusivity Field, including, without limitation, in connection with the option rights granted and not declined under Section 3.2 herein.

2.2.7 Collaborative Efforts. The parties agree that the successful execution of the Research Program will require the collaborative use of both parties' areas of expertise. The parties shall keep the Committee and each other fully informed about the status of the Research Program.

2.3 Committee. The parties hereby establish a joint research committee ("Committee") to facilitate the Research Program as follows:

2.3.1 Committee Activities. The Committee shall plan, administer and monitor the Research Program. In particular, the Committee shall prepare each Annual Research Plan, review progress in the Research Program and recommend necessary adjustments to the Research Program as the research takes place. In addition, the Committee shall review relevant data, consider and advise on any technical issues that arise, consider issues of priority, and review and advise on any budgetary and economic matter relating to the Research Program which is referred to the Committee.

2.3.2 Composition of the Committee. The Research Program shall be conducted under the direction of the Committee comprised of three (3) named representatives of Schering and three (3) named representatives of Myriad. Each party shall appoint its respective representatives to the Committee from time to time, and may substitute one or more of its representatives, in its sole discretion, effective upon notice to the other party of such change. It is anticipated that these representatives shall have appropriate technical credentials and knowledge, and ongoing familiarity with the Research Program. Additional representatives

or consultants may from time to time, by mutual consent of the parties, be invited to attend Committee meetings, subject to these representatives and consultants agreeing in writing to comply with the confidentiality obligations in Section 6.1.

2.3.3 Membership.

The members initially shall be:

Myriad Appointees:
"*"
"*"
"*"

Schering Appointees:
"*"
"*"
"*"

2.3.4 Meetings. The Committee shall meet at least once each Calendar Quarter with the location for such meetings alternating between Myriad and Schering facilities (or such other locations as is determined by the Committee). With respect to meetings located at the Schering facilities, such meeting shall be at the Kenilworth, New Jersey facility or the facility of the Affiliate of Schering, Canji, Inc., located in San Diego, California. Alternatively, the Committee may meet by means of conference call or other similar communications equipment. An agenda for each meeting shall be issued by the Committee two (2) weeks prior to the meeting.

2.3.5 Chairs and Issue Resolution. The Committee shall be chaired by two co-chair persons (the "Co-Chairs"), one appointed by Myriad and the other appointed by Schering. Notwithstanding anything contained herein to the contrary, in the event that the Co-Chairs and Committee cannot or do not, after good faith efforts, reach agreement on an issue related to the conduct of the Research Program, the issue shall be referred to the Executive Vice President of Schering-Plough Research Institute, an Affiliate of Schering and the President of Myriad for

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

resolution. In the event that such individuals cannot agree, the resolution and/or course of conduct shall be determined by Schering, in its sole discretion.

2.3.6 Minutes. The Committee shall keep accurate minutes of its deliberations which record all proposed decisions and all actions recommended or taken. Drafts of the minutes shall be delivered to all Committee members within thirty (30) days after the relevant meeting. The party hosting the meeting shall be responsible for the preparation and circulation of the draft minutes. Draft minutes shall be edited by the Co-Chairs and shall be issued in final form only with their approval and agreement as evidenced by their signatures on the minutes.

2.3.7 Expenses. Myriad and Schering shall each bear all expenses of their respective Committee members related to their participation on the Committee and attendance at Committee meetings.

2.4 Exchange of Information. Upon execution of this Agreement Myriad shall disclose to Schering orally all Myriad Know-How not previously disclosed. If and as reasonably requested by Schering, such Myriad Know-How shall be reduced to writing and provided to Schering in a reasonable period of time. During the term of the Research Program, Myriad shall also promptly disclose to Schering orally and, if reasonably requested by Schering, then also in writing on an ongoing basis all Myriad Know-How and other useful information developed in connection with the Research Program, including, if requested in accordance with Section 2.5.2 or 2.5.3, copies of the records described in Section 2.5.1 below. Schering shall promptly disclose to Myriad during the term of this Agreement all Schering Know-How which Schering determines, in its discretion, may be necessary or useful to Myriad in the performance of the Research Program. Nothing contained herein shall obligate Myriad to disclose to Schering the Myriad Non-Shared Technology except where such disclosure is required by Schering to prepare, file or prosecute Patent Rights pursuant to Section 5.1.

2.5 Records and Reports.

2.5.1 Records. Myriad shall maintain records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall be complete and accurate and shall reflect all work done and results achieved in the performance of the Research Program as well as all work done in the Field prior to the inception of the Research Program (including all data in the form

required under all applicable laws, rules and regulations). Such records shall include books, records, reports, research notes, charts, graphs, comments, computations, analyses, recordings, photographs, computer programs and documentation thereof, computer information storage means, samples of materials and other graphic or written data generated in connection with the Research Program, including any data required to be maintained pursuant to all requirements of applicable laws, rules and regulations.

2.5.2 Copies and Inspection of Records. Schering shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all such records of Myriad referred to in Section 2.5.1. Schering shall maintain such records and the information disclosed therein in confidence in accordance with Section 6.1. Schering shall have the right to arrange for its employees and outside consultants involved in the Research Program to visit Myriad at its offices and laboratories during normal business hours and upon reasonable notice, and to discuss the Research Program work and its results in detail with the technical personnel and consultants of Myriad.

2.5.3 Quarterly Reports. Within thirty (30) days following the end of each Calendar Quarter during the term of the Research Program, Myriad shall provide to the Committee and Schering a written progress report which shall describe the work performed to date on the Research Program, evaluate the work performed in relation to the goals of the Research Program and provide such other information required by the Research Program or reasonably requested by Schering relating to the progress of the goals or performance of the Research Program. Upon request, Myriad shall provide copies of the records described in Section 2.5.1 above.

2.6 Research Information and Inventions. The entire right, title and interest in all discoveries, improvements, processes, formulas, data, inventions, know-how and trade secrets, whether or not patentable, and any patent applications or patents based thereon, arising from the Research Program, made, conceived or reduced to practice:

(a) solely by employees of Myriad shall be owned solely by Myriad ("Myriad Inventions");

(b) solely by employees of Schering shall be owned solely by Schering ("Schering Inventions"); and

(c) jointly by employees of Myriad and Schering shall be owned jointly by Myriad and Schering ("Joint Inventions") (Myriad Inventions and Joint Inventions shall hereinafter be referred to collectively as "Research Inventions") .

Inventorship of Research Inventions (including the meanings of "solely" and "jointly") shall be determined in accordance with United States patent law.

2.7 License of Research Inventions. Each of Schering and Myriad shall promptly disclose to the other the making, conception or reduction to practice of Research Inventions. When a Research Invention has been made which may reasonably be considered to be patentable, a patent application shall be filed as soon as reasonably possible in accordance with Section 5.1. Such Research Inventions shall be deemed to be "Patent Rights" and shall be licensed in accordance with the terms and conditions contained in Section 3.1 herein. With respect to Research Inventions which are not patentable, such research information shall be deemed to be "Myriad Know-How" and/or "Schering Know-How" and shall be licensed in accordance with the terms and conditions contained in Section 3.1 herein.

2.8 Research Program Term. Expect as otherwise provided herein, the term of the Research Program shall commence on the Effective Date and continue for a period of three (3) years (the "Initial Research Term"). Schering shall have the exclusive option, in its discretion, to extend the Initial Research Program on a year-by-year basis, for a total of two additional years, initially at least ninety (90) days prior to the third (3rd) anniversary of the commencement of the Research Program and, thereafter, at least ninety (90) days prior to the end of forth (4th) anniversary; provided that Schering funds the Research Program for such extension at a funding level equal to at least Four Million Dollars ($4,000,000.00) per year. Schering may exercise such option by written notice to Myriad received by Myriad within the notice period set forth above. Alternatively, the Research Program may be extended on a year-by-year basis for a total of two additional years upon mutual written agreement if Schering funds the Research Program for such extension at a funding level less than four million dollars ($4,000,000.00) per year. The Initial Research Term of the Research Program, together with any extensions hereunder, shall be referred to as the "Research Term."

ARTICLE III
LICENSE; EXCHANGE OF INFORMATION; DEVELOPMENT AND COMMERCIALIZATION

3.1 License Grants.

(a) Upon the terms and conditions set forth herein, Myriad hereby grants to Schering an exclusive license (even as to Myriad) in the Territory under the Patent Rights and Myriad Know-How to discover, develop, make, use, offer to sell, sell, import and export, and have developed, made, used, offered for sale, sold, imported and exported, Licensed Product(s). For the avoidance of any doubt, such license shall exclude Diagnostics and veterinary products. As between Schering Corp. and SP Ltd., Schering Corp. shall control all such rights in the United States and SP Ltd. shall control such rights in the remaining countries and territories in the Territory. The parties acknowledge and agree that Schering and Myriad shall have a co-exclusive, perpetual, worldwide license to use the Patent Rights and Myriad Know-How arising from the Research Program for internal research and development purposes, with Schering's license being subject to the exclusions herein for Diagnostic and veterinary products or uses. Upon the terms and conditions set forth herein, Myriad hereby grants to Schering a non-exclusive license under the Patent Rights and Myriad Know-How relating to Diagnostics in the Territory solely for use for any Diagnostic test and/or new Diagnostic technologies in research and development, including, without limitation, clinical research for the development of Licensed Products, but in no event for any commercial purpose (i.e., for sale to a third party) whatsoever. Schering shall retain the non-exclusive right to use the Patent Rights and Schering Know-How relating to Diagnostics for research and development purposes.

(b) Upon the terms and conditions set forth herein and subject to the limited non-exclusive license to Schering for Diagnostic purposes set forth in Section 3.1(a) above, Schering hereby grants to Myriad an exclusive license (even as to Schering) in the Territory under the Schering Inventions and Schering Know-How to discover, develop, make, use, offer to sell, sell, import and export, and have developed, made, used, offered for sale, sold, imported and exported, Diagnostic devices, products or services and any device, product or service for veterinary uses. Myriad shall retain the right to use the Patent Rights and Myriad Know-How for research purposes.

(c) The licenses set forth in 3.1(a) and (b) above shall include the right to grant sublicenses to Affiliates and any other third party upon the same terms and conditions in this Agreement.

3.2 Option to Acquire Rights for Certain Other Cancer Genes. Upon the terms and conditions set forth herein, Myriad hereby grants to Schering and its Affiliates an exclusive option during the term of the Research Program (including any extensions, if any) to receive an exclusive license to Other Cancer Genes (as hereinafter defined) on substantially similar terms and conditions of the license set forth herein. It is understood by the parties hereto that the Gene Criteria shall be satisfied in order for the commencement of the time period for the exercise of the option for an Other Cancer Gene. In order to trigger the option hereunder, Myriad shall deliver in writing to Schering satisfactory information of the Gene Criteria for the Other Cancer Gene with a written notice that such Other Cancer Gene is subject to the option. Such notice shall also include relevant information concerning the specific cancer or cancer indication, the current status of its research and development of the Other Cancer Gene and Myriad's estimate of the time and cost to be expended or the research and development program for the Other Cancer Gene. Schering shall have ninety (90) days from the delivery of such notice to notify Myriad in writing whether or not it is interested in exercising the option to the Other Cancer Gene. In the event that Schering delivers written notice to Myriad within such ninety (90) day period that it is exercising the option to an Other Cancer Gene, then the parties shall negotiate and enter into a license agreement within a reasonable period of time for such Other Cancer Gene on terms and conditions substantially similar as the terms and conditions of this Agreement. In the event that Schering delivers written notice to Myriad that Schering is not exercising its option to an Other Cancer Gene, Myriad shall thereafter have the right, alone or in collaboration with one or more third parties, to pursue the licensing, development and commercialization of such Other Cancer Gene, free of any restriction or limitation hereunder or duty to Schering whatsoever.

3.3 Non-Exclusive License Grant. In the event the development, making, having made, use or sale by Schering, its Affiliates and/or sublicensees of Licensed Product(s) would infringe during the term of this Agreement a claim of issued letters patent which Myriad owns or has the rights to license and which patents are not covered by the grant in Section 3.1, Myriad hereby grants to Schering, to the extent Myriad is legally able to do so, a non-exclusive, royalty-free license in the Territory under such issued letters patent solely for Schering to develop, make, have made, use and sell Licensed Product(s) in Territory.

3.4 Exchange of Information. In addition to the obligations set forth in Section 2.4, during the term of this Agreement, Myriad shall promptly disclose to Schering orally on an ongoing basis all Myriad Know-How and other useful information not previously disclosed. If and as reasonably requested by Schering, Myriad Know-How shall be reduced to writing and provided to Schering within a reasonable period of time. Schering shall disclose to Myriad during the term of this Agreement all Schering Know-How and/or Proprietary Information which Schering determines may be necessary or useful to Myriad in connection with its obligations under this Agreement. Such Myriad Know-How and other information shall be automatically deemed to be within the scope of the licenses granted herein without payment of any additional compensation. Myriad shall provide reasonable technical assistance at no additional cost to enable Schering to utilize such additional Myriad Know-How if Schering elects to do so; provided that, after the expiration of the Research Program, Schering shall promptly reimburse Myriad for any out-of-pocket expenses incurred by Myriad in providing such assistance. Nothing contained herein shall obligate Myriad to disclose to Schering the Myriad Non-Shared Technology.

3.5 Development and Commercialization.

(a) Schering shall use its diligent good faith efforts, consistent with the usual practice followed by Schering in pursuing the commercialization and marketing of its other pharmaceutical products of similar potential, value and status, at its own expense, to develop and commercialize a Licensed Product on a commercially reasonable basis in such countries in the Territory where in Schering's opinion it is commercially viable to do so; provided, however, that Schering shall have no obligation to develop and/or commercialize a Licensed Product in any country in which such development and/or commercialization is not commercially viable, in Schering's opinion.

(b) In the event Schering discontinues commercialization of a Licensed Product (a "Discontinued Product"; it being understood that a Licensed Product not being commercially pursued by Schering which is similar in function to a Licensed Product being commercially pursued by Schering shall not be considered a "Discontinued Product") and is not seeking a sublicensee therefor Myriad shall have the

right and license hereunder to either (i) pursue the commercialization of such Discontinued Product alone or through licenses with one or more third parties or (ii) not pursue any further commercialization of such Discontinued Product. Myriad shall notify Schering in writing of its decision. Myriad shall exercise its rights in accordance with the following:

(i) If Myriad decides to pursue the commercialization of such Discontinued Product, Myriad and Schering agree to meet, in good faith, to discuss and agree upon what Proprietary Information of Schering related to the Discontinued Product may be utilized by Myriad and any third party licensee(s) in connection with their commercialization efforts with respect to such Discontinued Product. If Schering, in its sole discretion, agrees to permit Proprietary Information of Schering related to the Discontinued Product to be used in such commercialization efforts, Myriad and Schering shall agree upon an equitable division of royalties and milestone payments paid to Myriad by such licensee, based on the relative contributions of Schering, Myriad and the third party licensee to the development and commercialization of the Discontinued Product. Schering and Myriad agree that the terms under which Myriad may seek a third party licensee pursuant to this Section 3.5(b) will include provisions to protect the confidentiality of all Proprietary Information of Schering.

(ii) If Myriad initially decides not to pursue commercialization of such Discontinued Product, but later decides to begin commercialization, it will notify Schering in writing of this decision. Myriad shall provide Schering with the opportunity to re-initiate commercialization of such Discontinued Product and if Schering so re-initiates commercialization, such product shall no longer be considered a Discontinued Product and shall be considered a Licensed Product.

3.6 Excused Performance. In addition to the provisions of Article IX hereof, the obligations of Schering with respect to a Licensed Product under Section 3.5 are expressly conditioned upon the continuing absence of any adverse condition or event which warrants a delay in commercialization of the Licensed Product including, but not limited to, an adverse condition or event relating to the safety or efficacy of a Licensed Product or unfavorable pricing, pricing reimbursement or labeling, and the obligation of Schering to develop or market any such Licensed Product shall be delayed or suspended so long as in Schering's reasonable opinion any such condition or event exists.

3.7 Governmental Inspections. Myriad shall advise and provide a reasonable description to Schering of any governmental visits to, or written or oral inquiries about, any facilities or procedures related to the Research Program or Licensed Product promptly (but in no event later than five (5) calendar days) after the beginning of such visit or inquiry. Schering shall have the right to participate in any communications, inspections or meetings with regulatory authorities if such communications, inspections or inquiries may impact the Research Program or Licensed Product in the Territory as determined by Schering in its sole discretion. Myriad shall furnish to Schering, (a) within two (2) days after receipt, any report or correspondence issued by the governmental authority in connection with such visit or inquiry, including but not limited to any FDA Form 483, Establishment Inspection Reports, and warning letters, and (b) five (5) days prior to delivery to a governmental authority, copies of any and all responses or explanations relating to items set forth above, in each case purged only of trade secrets unrelated to the Research Program or Licensed Product.

3.8 Notice of Adverse Reactions. Myriad shall promptly report to Schering any information regarding adverse events related to the use of the Licensed Product in accordance with the Adverse Event Reporting Procedures attached hereto as Exhibit 3.8 (as may be amended from time to time upon mutual agreement) which Adverse Event Reporting Procedures shall be incorporated herein by reference.

3.9 Debarment. Myriad represents and warrants that it has not been debarred and is not subject to debarment and that it will not use in any capacity, in connection with the services to be performed under this Agreement, any person who has been debarred pursuant to Section 306 of the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. (S)335a, or who is the subject of a conviction described in such section. Myriad agrees to inform Schering immediately in writing if it or any person who is performing services hereunder is debarred or is the subject of a conviction described in Section 306, or if any action, suit, claim, investigation, or legal or administrative proceeding is pending or, to the best of Myriad's knowledge, is threatened, relating to the debarment or conviction of Myriad or any person performing services hereunder.

ARTICLE IV
PAYMENTS; ROYALTIES AND REPORTS

4.1 Research Program Funding. In consideration for Myriad's performance of its obligations under the Research Program, upon the terms and conditions contained herein, Schering shall pay Myriad an amount equal to three million dollars ($3,000,000.00) per year during the Initial Research Term payable in four (4) quarterly installments of seven hundred and fifty thousand dollars ($750,000.00). Such installments shall be due on the first day of the month of each three-month period during each twelve-month period of the Research Term, with the first installment being due within seven (7) days after Effective Date of this Agreement. The obligation for such payment shall be apportioned equally between Schering Corp. and SP Ltd.

4.2 Equity Investment. Schering Corp. shall make a four million dollar ($4,000,000.00) investment in Myriad Common Stock at a purchase price per share equal to the Fair Market Value of the Common Stock on the Effective Date, pursuant to a stock purchase agreement substantially in form and substance attached hereto as Attachment 4.2.

4.3 Gene Discovery Technology Fee. In consideration for access to Myriad's gene discovery technology and expertise already developed through Myriad's research and development activities, Schering shall pay to Myriad four million dollars ($4,000,000.00) within five (5) days after the execution and delivery of this Agreement. The obligation for such payment shall be apportioned equally between Schering Corp. and SP Ltd.

4.4 Milestone Payments. Subject to the terms and conditions contained of this Agreement, Schering shall pay to Myriad the following milestone payments:

(a) "*";

(b) ""*";

(c) "*";

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

(d) "*" upon the "*";

(e) "*" upon the "*"; and

(f) "*" upon the "*".

Schering shall notify Myriad in writing within thirty (30) calendar days upon the achievement of each milestone. The obligation for such payment shall be apportioned between Schering Corp. and SP Ltd. Within five (5) business days of such notice, Schering shall make payment of the appropriate milestone amount in accordance with Section 4.6(b). The milestone payment shall be payable only upon the initial achievement of such milestone for each Licensed Product or gene Discovered and Characterized under the standards set forth in subsection (a) and (b) above and no amounts shall be due hereunder for subsequent or repeated achievement of such milestone; provided, however, for each of the milestones set
forth in subsections (c) through (f) above, such milestones will be paid for each distinct Licensed Product (which constitute unrelated chemical entities having therapeutic activity based upon different mechanisms of actions) to achieve such milestones; provided, further, however, no milestones shall be due and owing for a back-up or replacement to a distinct Licensed Product.

4.5 Royalties.

4.5.1 Royalties Payable By Schering. Subject to the terms and conditions of this Agreement, Schering Corp. shall pay to Myriad royalties on sales in the United States, including its territories and possessions, in an amount equal to:

(a) with respect to annual cumulative Net Sales of a Licensed Product in the United States, including its territories and possessions, of up to "*" by Schering, its Affiliates or sublicensee, "*" of such annual Net Sales of such Licensed Product, provided, (i) the sale of the Licensed Product would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) a claim of a pending patent covers the Licensed Product in such country of sale; or

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(b) with respect to annual cumulative Net Sales of a Licensed Product in the United States, its territories and possessions, of more than "*" but less than "*" by Schering, its Affiliates and the sublicensees, "*" of such incremental annual Net Sales of such Licensed Product, provided, (i) the sale of the Licensed Product would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) a claim of a pending patent covers the Licensed Product in such country of sale; or

(c) with respect to annual cumulative Net Sales of a Licensed Product in the United States, its territories and possessions, of more than "*" by Schering, its Affiliates or sublicensees, "*" of such incremental annual Net Sales of such Licensed Product, provided, (i) the sale of such Licensed Product would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) a claim of a pending patent covers the License Product in such country of sale.

Subject to the terms and conditions of this Agreement, SP Ltd. shall pay to Myriad royalties on sales in the rest of the world other than the United States on a country-by-country basis in an amount equal to:

(a) with respect to annual cumulative, worldwide (other than the United States, its territories and possessions) Net Sales of a Licensed Product of up to "*" by Schering, its Affiliates or sublicensees, "*" of such annual Net Sales of such Licensed Product, provided, the sale of the Licensed Product (i) would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) would be covered by a claim of a pending patent in such country of sale; or

(b) with respect to annual cumulative, worldwide (other than the United States, its territories and possessions) Net Sales of a Licensed Product of more than "*" but less than "*" by Schering, its Affiliates and the sublicensees, "*" of such incremental annual Net Sales of such Licensed Product, provided, the sale of the Licensed Product (i) would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) would be covered by a claim of a pending patent in such country of sale; or

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

(c) with respect to annual cumulative, worldwide (other than the United States, its territories and possessions) Net Sales of a Licensed Product of more than "*" by Schering, its Affiliates or sublicensees, "*" of such incremental annual Net Sales of such Licensed Product, provided, the sale of such Licensed
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Product (i) would, but for the license hereunder, infringe a Valid Patent Claim in such country of sale or (ii) would be covered by a claim of a pending patent in such country of sale.

By way of example and for avoidance of doubt, if there were, for example, worldwide (other than the United States) annual Net Sales of "*" SP Ltd. would pay royalties of "*" on the first "*" and "*" on the remaining "*". In the next year, the "*" royalty would then be in effect on the first "*" of cumulative, worldwide (other than the United States) annual Net Sales. The parties acknowledge and agree that the above figures do not represent an estimate or projection of anticipated sales of the actual value of Licensed Products and are merely intended to illustrate Schering's royalty obligations to Myriad in the event that such sales performance is achieved.

For sales of Licensed Product that are not covered by a pending patent or Valid Patent Claim and a "generic" version of a Licensed Product or a product equivalent or materially similar to Licensed Product is sold in such country, the royalty rate for sales with such country shall be reduced by "*". By way of example and for avoidance of doubt, if a Licensed Product is not covered by a Valid Patent Claim but there is no generic or substantially similar product to Licensed Product in such country, the royalty rate is not reduced hereunder.

4.5.2 Term of Royalty Obligation; Certain Conditions. Royalties on
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each Licensed Product at the rate set forth above shall be effective as of the date of First Commercial Sale of Licensed Product in a country and shall be payable under the longer of Subsection (a) or (b): (a) until the expiration of the last applicable patent in such country in the case of sales where there is a Valid Patent Claim in such country; or (b) until the tenth (10th) anniversary after the First Commercial Sale. Payment of the royalty is subject to the following conditions:

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

(i) that only one royalty shall be due with respect to the same unit of Licensed Product;

(ii) that no royalties shall be due upon the sale or other transfer among Schering, its Affiliates or sublicensees, but in such cases the royalty shall be due and calculated upon Schering's or its Affiliate's or its sublicensee's Net Sales to the first independent third party; and

(iii) no royalties shall accrue on the disposition of Licensed Product in reasonable quantities by Schering, Affiliates or its sublicenses as samples (promotion or otherwise) or as donations (for example, to non-profit institutions or government agencies for a non-commercial purpose) or for clinical studies.

4.5.3 Compulsory Licenses. If a compulsory license is granted to a third party with respect to Licensed Product in any country in the Territory with a royalty rate lower than the royalty rate provided by Section 4.5.1, then the royalty rate to be paid by Schering on Net Sales in that country under Section 4.5.1 shall be reduced to the rate paid by the compulsory licensee.

4.5.4 Third Party Licenses. In the event that patent licenses from other third parties are required by Schering, its Affiliates and sublicensees in order to develop, make, have made, use or sell Licensed Product (hereinafter "Third Party Patent Licenses"), an amount equal to "*" of any royalties and/or payments actually paid under such Third Party Patent Licenses by Schering for sale of such Licensed Product in a country for such Calendar Quarter shall be creditable and offset against the royalty payments due Myriad with respect to the sale of such Licensed Products in such country; provided, however, that in no event shall the reduction of royalties due to Myriad exceed "*" in any Calendar Quarter. Unused amounts may be carried over into subsequent quarterly periods.

4.6 Reports; Method of Payment; Payment Exchange Rate and Currency Conversions.

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

(a) Within ninety (90) days following the close of each Calendar Quarter, following the First Commercial Sale of a Licensed Product, Schering shall furnish to Myriad a written report for the Calendar Quarter showing the Net Sales of Licensed Product sold by Schering, its Affiliates and its sublicensees in the Territory during such Calendar Quarter and the royalties payable under this Agreement for such Calendar Quarter. Simultaneously with the submission of the written report, Schering shall pay to Myriad, for the account of Schering or the applicable Affiliate or sublicensee, as the case may be, a sum equal to the aggregate royalty due for such Calendar Quarter calculated in accordance with this Agreement (reconciled for any previous overpayments or underpayments).

(b) Payments to be made by Schering to Myriad under this Agreement shall be paid by check made to the order of Myriad or by bank wire transfer in immediately available funds to such bank account in the United States designated in writing by Myriad from time to time. Royalties shall be deemed paid by the entity making the Net Sales from the country in which earned in local currency and subject to foreign exchange regulations then prevailing. Royalty payments shall be made in United States dollars to the extent that free conversions to United States dollars is permitted. The rate of exchange to be used in any such conversion from the currency in the country where such Net Sales are made shall be the commercial rate of exchange prevailing in the United States on the last day of the calendar quarter for which such payments are made as customarily quoted for use for currency conversions between Schering and its Affiliates. If, due to restrictions or prohibitions imposed by national or international authority, payments cannot be made as aforesaid, the parties shall consult with a view to finding a prompt and acceptable solution, and Schering shall, from time to time, deal with such monies as Myriad may lawfully direct at no additional out-of-pocket expense to Schering. Notwithstanding the foregoing, if royalties in any country cannot be remitted to Myriad for any reason within six (6) months after the end of the Calendar Quarter during which they are earned, then Schering shall be obligated to deposit the royalties in a bank account in such country in the name of Myriad.

4.7 Maintenance of Records; Audits.

(a) Schering shall keep complete and accurate records in sufficient detail to enable the royalties payable hereunder to be determined. Upon the written request of Myriad and not more than once in each Calendar Year, Schering shall permit an independent certified public accounting firm of nationally recognized

standing selected by Myriad and reasonably acceptable to Schering, at Myriad's expense, to have access during normal business hours to such of the records of Schering as may be reasonably necessary to verify the accuracy of the royalty reports hereunder for any year ending not more than twenty-four (24) months prior to the date of such request and no later than forty-five (45) days after written request is made. The accounting firm shall disclose to Myriad only whether the royalty reports are correct or incorrect and the specific details concerning any discrepancies. No other information shall be provided to Myriad.

(b) If such accounting firm correctly concludes that additional royalties were owed during such period, Schering shall pay the additional royalties within thirty (30) days of the date Myriad delivers to Schering such accounting firm's written report so correctly concluding. Schering shall receive a credit for any overpayment of royalties. The fees charged by such accounting firm shall be paid by Myriad except Schering shall pay such fees in the event that the additional royalties owed by Schering vary from royalties paid by five percent (5%) or greater.

(c) Schering shall include in each sublicense granted by it pursuant to this Agreement a provision requiring the sublicensee to make reports to Schering, to keep and maintain records of sales made pursuant to such sublicense and to grant access to such records by Myriad's independent accountant to the same extent required of Schering under this Agreement. Upon the expiration of twenty-four (24) months following the end of any year, the calculation of royalties payable with respect to such year shall be binding and conclusive upon Myriad, and Schering and its sublicensees shall be released from any liability or accountability with respect to royalties for such year.

(d) Myriad shall treat all financial information subject to review under this Section 4.7 or under any sublicense agreement in accordance with the confidentiality provisions of this Agreement, and shall cause its accounting firm to enter into an acceptable confidentiality agreement with Schering obligating it to retain all such financial information in confidence pursuant to such confidentiality agreement.

4.8 Income Tax Withholding. If at any time, any jurisdiction within the Territory requires the withholding of income taxes or other taxes imposed upon payments set forth in this Article IV, Schering shall make such withholding payments as required and subtract such withholding payments from the payments set

forth in this Article IV, or if applicable, Myriad will promptly reimburse Schering or its designee(s) for the amount of such payments. Schering shall provide Myriad with documentation of such withholding and payment in a manner that is satisfactory for purposes of such taxing authority. Any withholdings paid when due hereunder shall be for the account of Myriad and shall not be included in the calculation of Net Sales. Myriad shall be liable for any deficiency, and any fine, assessment or penalty imposed by any taxing authority in the Territory for any deficiency in the amount of any such withholding or the failure to make such withholding payment, which obligation shall survive the termination of the Agreement for a time period no less than the applicable statute of limitations. If Schering is required to pay any such deficiency, or any fine, assessment or penalty for any such deficiency, Myriad shall promptly reimburse Schering for such payments, which shall not be included in the calculation of Net Sales.

4.9 Direct Affiliate Licenses. Whenever Schering shall reasonably demonstrate to Myriad that, in order to facilitate direct royalty payments by an Affiliate, it is desirable that a separate license agreement be entered into between Myriad and such Affiliate, Myriad shall grant such licenses directly to such Affiliate by means of an agreement which shall be consistent with all of the provisions hereof, provided that Schering guarantees the Affiliate's obligations thereunder.

ARTICLE V
PATENTS

5.1 Filing, Prosecution and Maintenance of Patents. Each of Schering and Myriad agrees to file, prosecute and maintain in the Territory, upon appropriate consultation with the other, the Patent Rights owned by it and licensed under this Agreement. With respect to Joint Inventions, the Committee shall decide which party shall file, prosecute and maintain in the Territory the Patent Rights jointly owned by Schering and Myriad. Schering shall be responsible for the costs and expenses for the filing, prosecution and maintenance of the Patent Rights owned by it. With respect to Patent Rights owned by Myriad, Myriad shall be responsible for the costs and expenses for the filing, prosecution and maintenance of the Patent Rights owned by it in the United States and with respect to such costs and expenses for the filing, prosecution and maintenance of the Patent Rights outside of the United States, Schering shall reimburse Myriad for such costs and expenses so long as, and only if, Schering has agreed in writing with the filing, prosecution and maintenance of such Patent Rights. With respect to Joint Inventions, the costs and

expenses therefore shall be apportioned by the Committee during the Research Term and thereafter by the parties, in accordance with and consistent with the principals set forth above. Notwithstanding anything contained herein to the contrary, Myriad shall be responsible for the filing, prosecution and maintenance in the Territory and the costs and expenses therefore for Patent Rights relating to Diagnostics and veterinary products. Each of Schering and Myriad shall provide to the other reasonable assistance to file and prosecute the Patent Rights, which shall include, without limitation, providing any data and information relating to the invention and access to the inventors of said inventions, as well as causing the execution of any patent documents. Each of Schering and Myriad shall have the right to use outside counsel to file and prosecute the Patent Rights, to be selected in the case of jointly owned or Schering owned Patent Rights, by Schering and reasonably acceptable to Myriad and, in the case of Myriad owned Patent Rights, to be selected by Myriad and reasonably acceptable to Schering. In each case, the filing party shall give the non-filing party an opportunity to review the text of the applications before filing, shall consult with the non-filing party with respect thereto, and shall supply the non-filing party with a copy of the applications as filed, together with notice of its filing date and serial number. Each of Schering and Myriad shall keep the other advised of the status of the actual and prospective patent filings (including, without limitation, the grant of any Patent Rights) and upon the request of a party, provide advance copies of any papers related to the filing, prosecution and maintenance of such patent filings.

5.2 Option to Prosecute and Maintain Patents. A filing party shall
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give notice to the other of any desire to cease prosecution and/or maintenance of Patent Rights and, in such case, shall permit the original non-filing party, at its sole discretion, to continue prosecution or maintenance at its own expense. If an original non-filing party elects to continue prosecution or maintenance, the original party responsible for filing and maintenance of the Patent Rights shall execute such documents and perform such acts as may be reasonably necessary to effect an assignment of such Patent Rights to the original non-filing party in a timely manner to allow such party to continue such prosecution or maintenance. Any patents or patent applications so assigned shall no longer be considered Patent Rights.

5.3 Enforcement.

(a) In the event that a party becomes aware of threatened or actual infringement in a country in the Territory of any issued patent within the Patent

Rights, such party will notify the other in writing to that effect, including with said written notice evidence to support an allegation of infringement by such third party.

(b) Myriad shall be responsible for, in its sole discretion, obtaining a discontinuance of such infringement or bringing suit against the third party infringer with respect to Patent Rights owned by Myriad that are specifically directed to Diagnostic or veterinary rights or products. Notwithstanding anything contained herein to the contrary, Myriad shall have the right, but not the obligation, to bring such a suit. Myriad shall bear all the expenses of any such suit brought by it and shall retain any and all recovery and damages therefrom. Schering shall cooperate with Myriad (with any reasonable, receipted out-of-pocket expenses being reimbursed to Schering by Myriad) in any such suit for infringement of a Patent Right with respect to Diagnostic and veterinary rights or products brought by Myriad against a third party (which shall include providing any necessary assistance and executing any necessary documents), and shall have the right to consult with Myriad and to participate in and be represented by independent counsel in such litigation at its own expense. Myriad shall incur no liability to Schering as a consequence of such litigation with respect to Diagnostic and veterinary rights or products or any unfavorable decision resulting therefrom.

(c) Schering shall be responsible for, in its sole discretion, obtaining a discontinuance of any infringement or bring suit against a third party infringer with respect to a Licensed Product in the Field. Notwithstanding anything contained herein to the contrary, Schering shall have the right, but not the obligation, to bring such a suit. Schering shall hear all the expenses of any such suit brought by it and shall retain any and all recovery and damages therefrom; provided, however, after all costs and expenses
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have been deducted from the recovery and damages, then from the remaining amount Myriad will receive royalties equal to those due under the terms of this Agreement either (i) for the sale of any products which are found to be infringing Patent Rights in the final decision of a court or arbitrator or (ii) for patent infringement claims which are settled for the sale of any products which were alleged to have infringed Patent Rights. Myriad agrees to be named as a co-plaintiff if Schering brings suit and shall cooperate with Schering (with any reasonable, receipted out-of-pocket expenses being reimbursed to Myriad by Schering) in any such suit for infringement of a Patent Right brought by Schering against a third party (which shall include providing any necessary assistance and executing any necessary documents), and shall have the right to consult with Schering and to participate in and be represented by independent counsel in such litigation at its own

expense. Schering shall incur no liability to Myriad as a consequence of such litigation or any unfavorable decision resulting therefrom. In the event, Schering chooses not to prosecute an infringement, Myriad shall have the right to do so. In such event, Schering shall cooperate with Myriad (which shall include providing any necessary assistance and executing any necessary documents) and Myriad shall retain any and all recovery and damages from such suit. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of Schering.

5.4 Third Party Infringement Suit. In the event that a third party sues Schering alleging that Schering's, its Affiliates' or its sublicensees' making, using, importing, exporting, offering to sell or selling Licensed Products infringes or will infringe said third party's patent, then Schering may elect to defend such suit and, during the period in which such suit is pending, Schering shall have the right to withhold during the litigation up to fifty percent (50%) of the royalties due Myriad on sales of the allegedly infringing Licensed Product against its litigation expenses. If, as a result of a judgment in the litigation or settlement with the third party, Schering is required to pay royalties or other monies to such third parties, one-half (1/2) of such payments shall be offset against any royalties due Myriad hereunder, but only to the extent of reducing the royalties due Myriad by thirty three and one third percent (33 1/3%) in any Calendar Quarter. Unused amounts may be carried over to subsequent quarters.

5.5 Certification under Drug Price Competition and Patent Term Restoration Act. Myriad and Schering each shall immediately give notice to the other of any certification of which they become aware filed under the United States "Drug Price Competition and Patent Term Restoration Act of 1984" claiming that Patent Rights covering Compound(s) or Licensed Product(s) are invalid or that infringement will not arise from the manufacture, use, import, export, offer to sell or sale of Compound(s) or Licensed Product(s) by a third party. If Myriad or Schering (depending on which party is defending the Patent Rights) decides not to bring infringement proceedings against the entity making such a certification, such party shall give notice to the other party of its decision not to bring suit within twenty-one (21) days after receipt of notice of such certification. The party receiving such notice may then, but is not required to, bring suit against the party that filed the certification. For this purpose, the party not bringing suit shall execute such legal papers necessary for the prosecution of such suit as may be reasonably requested by the party bringing suit.

5.6 Abandonment. Each of Schering and Myriad shall promptly give notice to the other, and in no case later than ninety (90) days prior to, the lapse, revocation, surrender, invalidation of abandonment of any Patent Rights for which it is responsible for the filing, prosecution and maintenance.

5.7 Patent Term Restoration. The parties hereto shall cooperate with each other in obtaining patent term restoration or supplemental protection certificates or their equivalents in any country in the Territory where applicable to Patent Rights. In the event that elections with respect to obtaining such patent term restoration are to be made, each of Schering and Myriad shall have the right to make the election and non-selecting party agrees to abide by such election.

5.8 Notices. All notices, inquiries and communications in connection with this Article V shall be sent to:

If to Myriad:

Venable, Baetjer, Howard & Civiletti
Suite 1000
1201 New York Avenue, N.W.
Washington, DC 20005
Attn: Jeffrey L. Ihnen

If to Schering:

Schering Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033
Attn: Staff Vice President and Associate General
Counsel, Patents and Trademarks

ARTICLE VI
CONFIDENTIALITY AND PUBLICATION

6.1 Nondisclosure Obligation. Myriad and Schering shall use Proprietary Information only in accordance with this Agreement and shall not disclose to any third party any Proprietary Information disclosed by one party to the other, without the prior written consent of the other party. The foregoing obligations shall survive

the expiration or termination of this Agreement for a period of ten (10) years. These obligations shall not apply to Proprietary Information that:

(a) is known by the receiving party at the time of its receipt, and not through a prior disclosure by the disclosing party, as documented by business records;

(b) is at the time of disclosure or thereafter becomes published or otherwise part of the public domain without breach of this Agreement by the receiving party;

(c) is subsequently disclosed to the receiving party by a third party who has the right to make such disclosure;

(d) is developed by the receiving party independently of Proprietary Information or other information received from the disclosing party and such independent development can be properly demonstrated by the receiving party;

(e) is disclosed to governmental or other regulatory agencies in order to obtain patents or to gain approval to conduct clinical trials or to market Licensed Product, but such disclosure may be only to the extent reasonably necessary to obtain such patents or authorizations;

(f) is necessary to be disclosed to sublicensees, agents, consultants, Affiliates and/or other third parties for the research and development, manufacturing and/or marketing of Licensed Product (or for such parties to determine their interest in performing such activities) in accordance with this Agreement on the condition that such third parties agree to be bound by the confidentiality obligations contained in this Agreement, provided that the term
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of confidentiality for such third parties shall be no less than ten (10) years; or

(g) is required to be disclosed by law or court order, provided that notice is promptly delivered to the other party in order to provide an opportunity to seek a protective order or other similar order with respect to such Proprietary Information and thereafter discloses only the minimum information required to be disclosed in order to comply with the request, whether or not a protective order or other similar order is obtained by the other party.

Nothing herein shall be interpreted to prohibit either party from publishing the results of its studies in accordance with industry practices and as more further set forth in Section 6.3.

6.2 No Publicity. A party may not use the name of the other party in any publicity or advertising and, except as provided in Section 6.1, may not issue a press release or otherwise publicize or disclose any information related to this Agreement or the terms or conditions hereof, without the prior written consent of the other party. The parties shall agree on a form of initial press release that may be used by either party to describe this Agreement. Nothing in the foregoing, however, shall prohibit a party from making such disclosures to the extent deemed necessary under applicable federal or state securities laws or any rule or regulation of any nationally recognized securities exchange; in such event, however, the disclosing party shall use good faith efforts to consult with the other party prior to such disclosure and, where applicable, shall request confidential treatment to the extent available.

6.3 Publication. During the term of the Research Program, Schering and Myriad each acknowledge the other party's interest in publishing its results to obtain recognition within the scientific community and to advance the state of scientific knowledge. Each party also recognizes the mutual interest in obtaining valid patent protection and in protecting business interests and trade secret information. Consequently, either party, its employees or consultants wishing to make a publication covering information arising from the Research Program or in the Field shall deliver to the other party a copy of the proposed written publication or an outline of an oral disclosure at least sixty (60) days prior to submission for publication or presentation (the "Review Period"). If either party reasonably determines that the proposed disclosure would reveal a Research Invention or Proprietary Information, then such party shall notify the other of such determination and its basis prior to the expiration of the Review Period. With respect to disclosure of a Research Invention, both parties agree not to submit the written publication or presentation of the oral public disclosure, or otherwise disclose the results of the Research Program in any manner that would compromise Myriad's or Schering's ability to obtain valid Patent Rights covering such Invention. Neither party shall disclose results of the Research Program and/or any Research Invention until one of the following events occurs: (i) Schering and Myriad agree that no patentable Research Invention exists; (ii) Schering or Myriad files a patent application claiming the relevant Invention pursuant to Section 5.1; or (iii) Schering and Myriad jointly agree upon revisions that prevent disclosure of any Invention. The foregoing

notwithstanding, in the event that either of Schering or Myriad (hereinafter referred to as a "notifying party") notifies the other that a proposed publication of results of the Research Program contains information which is of substantial commercial importance to the notifying party, the proposed publication shall be delayed by the publishing party (including any other form of public disclosure of such information) for a period not to exceed eighteen (18) months from the filing date of the first patent application covering the information contained in the proposed publication. In the event that the notifying party notifies the other of evidence that an independent third party is preparing to publish, or otherwise publicly disclose, essentially the same information as that contained in the proposed publication which has been delayed, the notifying party will seriously consider a request by the publishing party to allow such delayed publication to occur on an expedited bases, provided that absent written approval from the notifying party no such expedited publication shall occur.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of Each Party. Each of Myriad and Schering hereby represents, warrants and covenants to the other party hereto as follows:

(a) it is a corporation duly organized and validly existing under the laws of the state or other jurisdiction of incorporation or formation;

(b) the execution, delivery and performance of this Agreement by such party has been duly authorized by all requisite corporate action, subject only to receipt of requisite boards of directors' approvals;

(c) it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder, including, without limitation, the right, power and authority to grant the licenses under Article III;

(d) the execution, delivery and performance by such party of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any of the terms and provisions of or constitute a default under (i) a loan agreement, guaranty, financing agreement, agreement affecting a product or other agreement or instrument binding or affecting

it or its property; (ii) the provisions of its charter documents or bylaws; or (iii) any order, writ, injunction or decree of any court or governmental authority entered against it or by which any of its property is bound;

(e) except for the governmental and regulatory approvals required to market the Licensed Product in the Territory, the execution, delivery and performance of this Agreement by such party does not require the consent, approval or authorization of, or notice, declaration, filing or registration with, any governmental or regulatory authority and the execution, delivery or performance of this Agreement will not violate any law, rule or regulation applicable to such party;

(f) this Agreement has been duly authorized, executed and delivered and constitutes such party's legal, valid and binding obligation enforceable against it in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to the availability of particular remedies under general equity principles; and

(g) it shall comply with all applicable material laws and regulations relating to its activities under this Agreement.

7.2 Myriad's Representations. Myriad hereby represents, warrants and
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covenants to Schering as follows:

(a) to the best of Myriad's knowledge, Patent Rights and Myriad Know-How are subsisting and are not invalid or unenforceable, in whole or in part;

(b) it has the full right, power and authority to grant all of the right, title and interest in the licenses granted under Article III hereof;

(c) it has not previously assigned, transferred, conveyed or otherwise encumbered its right, title and interest in Patent Rights or Myriad Know-How;

(d) to the best of Myriad's knowledge, it is the sole and exclusive owner of the existing Patent Rights and Myriad Know-How, all of which are free and clear of any liens, charges and encumbrances, and no other person, corporate or other private entity, or governmental entity or subdivision thereof, has or shall have any

claim of ownership with respect to the Patent Rights and Myriad Know-How, whatsoever;

(e) to the best of Myriad's knowledge, the licensed Patent Rights and Myriad Know-How and the development, manufacture, import, export, offer to sell, use and sale of Licensed Products will not interfere or infringe on any intellectual property rights owned or possessed by any third party;

(f) to the best of Myriad's knowledge, there are no third party pending patent applications which, if issued, may cover the Patent Rights or manufacture, use or sale of Licensed Product;

(g) there are no claims, judgments or settlements against or owed by the Myriad or pending or threatened claims or litigation relating to Patent Rights and Myriad Know-How;

(h) it has disclosed and will disclose, consistent with the terms of this Agreement, to Schering all Myriad Know-How and other relevant information, including, without limitation, all Myriad Know-How and other information relating to the Patent Rights, the Licensed Product and the Research Program;

(i) Myriad will use diligent efforts not to diminish the right under Myriad Know-How granted to Schering hereunder, including, without limitation, by not committing or permitting any acts or omissions which would cause the breach of any agreements between itself and third parties which provide for intellectual property rights applicable to the development, manufacture, use or sale of Licensed Product and in connection therewith, Myriad agrees to provide Schering promptly with notice of any such alleged breach and Myriad is in compliance in all material respects with any such agreements with third parties;

(j) there are no collaborative, licensing, material transfer, supply, distributorship or marketing agreements or arrangements or other similar agreements to which Myriad or any of its Affiliates are party relating to the Patent Rights or Myriad Know-How, nor has Myriad granted any rights to any third party with respect to the Patent Rights or Myriad Know-How.

7.3 Continuing Representations. The representations and warranties of each Party contained in Sections 7.1 and 7.2 shall survive the execution of this

Agreement and shall remain true and correct after the date hereof with the same effect as if made as of the date hereof.

7.4 No Inconsistent Agreements. Neither Party has in effect and after the Effective Date neither Party shall enter into any oral or written agreement or arrangement that would be inconsistent with its obligations under this Agreement.

ARTICLE VIII
INDEMNIFICATION AND LIMITATION ON LIABILITY

8.1 Indemnification by Schering. Schering shall indemnify, defend and hold harmless Myriad and its Affiliates, and each of its and their respective employees, officers, directors and agents (each, a "Myriad Indemnified Party") from and against any and all liability, loss, damage, cost, and expense (including reasonable attorneys' fees), subject to the limitations in Sections 8.5 and 8.6 (collectively, a "Liability") which the Myriad Indemnified Party may incur, suffer or be required to pay resulting from or arising in connection with (i) the breach by Schering of any covenant, representation or warranty contained in this Agreement, (ii) any negligent act or omission or willful misconduct of Schering (or any Affiliate thereof) in (or any strict liability claim based on) the promotion, marketing and sale of the Licensed Product or any other activity conducted by Schering under this Agreement which is the proximate cause of injury, death or property damage to a third party, (iii) the successful enforcement by a Myriad Indemnified Party of its rights under this Section 8.1.

8.2 Indemnification by Myriad. Myriad shall indemnify, defend and hold harmless Schering and its Affiliates, and each of its and their respective employees, officers, directors and agents (each, a "Schering Indemnified Party") from and against any Liability which the Schering Indemnified Party may incur, suffer or be required to pay resulting from or arising in connection with (i) the breach by Myriad of any covenant, representation or warranty contained in this Agreement; or (ii) the successful enforcement by a Schering Indemnified Party of its rights under this Section 8.2.

8.3 Conditions to Indemnification. The obligations of the indemnifying party under Sections 8.1 and 8.2 are conditioned upon the delivery of written notice to the indemnifying party of any potential Liability promptly after the indemnified party becomes aware of such potential Liability. The indemnifying party shall have

the right to assume the defense of any suit or claim related to the Liability if it has assumed responsibility for the suit or claim in writing; however, if in the reasonable judgment of the indemnified party, such suit or claim involves an issue or matter which could have a materially adverse effect on the business operations or assets of the indemnified party, the indemnified party may waive its rights to indemnity under this Agreement and control the defense or settlement thereof, but in no event shall any such waiver be construed as a waiver of any indemnification rights such party may have at law or in equity. If the indemnifying party defends the suit or claim, the indemnified party may participate in (but not control) the defense thereof at its sole cost and expense.

8.4 Settlements. Neither party may settle a claim or action related to a Liability without the consent of the other party, if such settlement would impose any monetary obligation on the other party or require the other party to submit to an injunction or otherwise limit the other party's rights under this Agreement. Any payment made by a party to settle any such claim or action shall be at its own cost and expense.

8.5 Limitation of Liability. WITH RESPECT TO ANY CLAIM BY ONE PARTY AGAINST THE OTHER ARISING OUT OF THE PERFORMANCE OR FAILURE OF PERFORMANCE OF THE OTHER PARTY UNDER THIS AGREEMENT, THE PARTIES EXPRESSLY AGREE THAT THE LIABILITY OF SUCH PARTY TO THE OTHER PARTY FOR SUCH BREACH SHALL BE LIMITED UNDER THIS AGREEMENT OR OTHERWISE AT LAW OR EQUITY TO DIRECT DAMAGES ONLY AND IN NO EVENT SHALL A PARTY BE LIABLE FOR LOST PROFITS, COVER DAMAGES, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES.

8.6 Disclaimer of Warranties. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY WARRANTY EXPRESS OR IMPLIED WITH RESPECT TO ANY TECHNOLOGY, PRODUCTS, GOODS, SERVICES, RIGHTS OR OTHER SUBJECT MATTER OF THIS AGREEMENT AND HEREBY DISCLAIMS ALL WARRANTIES INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8.7 Insurance. Each party acknowledges that they each maintain and shall, during the term of this Agreement, maintain

adequate insurance and/or a self-insurance program for liability insurance adequately covering such party's obligations under this Agreement and specifically, Myriad shall maintain a minimum of product liability insurance of $10,000,000 per occurrence. Each party shall provide the other party with evidence of such insurance, upon request.

ARTICLE IX
TERM AND TERMINATION

9.1 Term and Expiration. This Agreement shall be effective as of the day first written above and unless terminated earlier pursuant to Sections 9.2 or 9.3 below, the term of this Agreement shall continue in effect until expiration of the last to expire Patent Right or, if later, ten (10) years after the first Commercial Sale of a Licensed Product. Upon expiration of this Agreement due to expiration of the last to expire Patent Right or, if later, ten (10) years after the First Commercial Sale of a Licensed Product, the licenses pursuant to Sections 3.1 and 3.3 shall become fully paid-up, irrevocable, worldwide, perpetual licenses.

9.2 Termination by Schering. Notwithstanding anything contained herein to the contrary, Schering shall have the right to unilaterally terminate this Agreement after the third (3rd) anniversary thereof, with or without cause, at any time by giving ninety (90) days advance written notice to Myriad.

9.3 Termination for Cause. This Agreement may be terminated by notice by either party at any time during the term of this Agreement:

(a) with respect to obligations other than payment obligations, if the other party is in breach of its material obligations hereunder and has not cured or taken steps to substantially cure such breach within ninety (90) days after notice of the breach with reasonable detail of the particulars of the alleged breach and with respect to payment obligations due and owing, if Schering has not cured or taken steps to substantially cure such breach (such as the mailing of the check therefore) within fifteen (15) days after notice of the particulars of the alleged breach; or

(b) upon the filing or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of creditors by the other party, or in the event a receiver or custodian is appointed for such party's business or in a substantial portion of such

party's business is subject to attachment or similar process; provided, however, in the case of any involuntary bankruptcy proceeding such right to terminate shall only become effective if the party consents to the involuntary bankruptcy or such proceeding is not dismissed within sixty (60) days after the filing thereof.

9.4 Effect of Termination on License.

(a) In the event Schering unilaterally terminates this Agreement under Section 9.2 or in the event Myriad terminates this Agreement because of material breach by Schering, the licenses for commercial purposes granted to Schering under Sections 3.1 and 3.3 shall terminate (and, in effect, automatically revert back to Myriad) and Schering shall have a non-exclusive fully paid-up, perpetual, irrevocable, worldwide license to use the Research Inventions, Myriad Know-How arising from the Research Program and Patent Rights for research and development purposes only; provided, however, Schering shall have no license to use any Myriad patents or patent applications that were filed prior to the commencement of the Research Program. Notwithstanding anything contained herein to the contrary, in the event a Licensed Product arises therefrom, the milestone and royalty obligations continue and remain in full force and effect.

(b) In the event Schering terminates this Agreement because of material breach by Myriad (whether before or after the Research Terms), Schering shall have the option to either (i) continue the exclusive license and in such case the milestone and royalty obligations shall continue in full force and effect; or (ii) convert its exclusive license to a non-exclusive license and in such case shall have a paid-up license for research and development purposes as set forth in (a) above, and for commercial purposes, such license shall be royalty-bearing but at a royalty rate reduced by fifty (50%) of the applicable royalty rate for a Licensed Product.

(c) In the event Schering terminates this Agreement because of material breach by Myriad, the commercial license granted to Myriad under Section 3.1(b) shall terminate and Myriad shall have a non-exclusive, fully paid-up, perpetual, irrevocable, worldwide license to the Research Inventions and Patent Rights for research and development purposes for veterinary and Diagnostic products only; provided, however, Schering shall have no license to use any Myriad patents or patent applications that were filed prior to the commencement of the Research Program.

(d) In the event Schering terminates this Agreement under Section 9.3(b) or this Agreement is otherwise terminated under Section 9.3(b), all rights and licenses granted under or pursuant to this Agreement by Myriad to Schering are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(52) of the Bankruptcy Code. The parties agree that Schering, as a licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against Myriad under the Bankruptcy Code, Schering shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property upon written request therefor by Schering. Such intellectual property and all embodiments thereof shall be promptly delivered to Schering (i) upon any such commencement of a bankruptcy proceeding upon written request therefore by Schering, unless Myriad elects to continue to perform all of its obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of Myriad upon written request therefor by Schering. Myriad shall not interfere with the rights of Schering as provided in this Agreement, or any agreement supplementary hereto, to such intellectual property (including all such embodiments thereof), including any right of Schering to obtain such intellectual property (or such embodiment) from any other entity.

9.5 Effect of Termination. Except as otherwise set forth above in Section 9.4 above and as set forth below, in the event of termination, the rights and obligations of both parties, including any payment obligations not due and owing as of the termination date, shall terminate. Expiration or termination of the Agreement shall not relieve the parties of any obligation accruing prior to such expiration or termination, and the provisions of Article VI and VIII shall survive the expiration of the Agreement. Any expiration or early termination of this Agreement shall be without prejudice to the rights of either party against the other accrued or accruing under this Agreement prior to termination, including the obligation to pay royalties for Licensed Product(s) sold prior to such termination.

ARTICLE X
MISCELLANEOUS

10.1 Assignment. Neither this Agreement nor any or all of the rights and obligations of a party hereunder shall be assigned, delegated, sold, transferred,

sublicensed (except as otherwise provided herein) or otherwise disposed of, by operation of law or otherwise, to any third party other than an Affiliate of such party, without the prior written consent of the other party, and any attempted assignment, delegation, sale, transfer, sublicense or other disposition, by operation of law or otherwise, of this Agreement or of any rights or obligations hereunder contrary to this Section 10.1 shall be a material breach of this Agreement by the attempting party, and shall be void and without force or effect; provided, however, Schering or Myriad may, without such
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consent, assign the Agreement and its rights and obligations hereunder to an Affiliate or in connection with the transfer or sale of all or substantially all of its assets related to the division or the subject business, or in the event of its merger or consolidation or change in control or similar transaction;

provided, however, Myriad may only make such assignment without Schering's
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written consent in connection with any of the above referenced sale of assets, merger or similar transaction if such transaction is with a company or organization primarily engaged in research and development of products and services utilizing recombinant, genomic, genetic engineering or other similar technologies used in the biotechnology industry. This Agreement shall be binding upon and inure to the benefit of each party, its Affiliates, and its permitted successors and assigns. Each party shall be responsible for the compliance by its Affiliates with the terms and conditions of this Agreement.

10.2 Governing Law. Except for disputes between the parties hereto
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under Article V which will be governed by Federal law and brought in the Federal District Court of New Jersey, this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflict of laws provisions thereof.

10.3 Arbitration.

(a) The parties recognize that a bona fide dispute as to certain matters may from time to time arise during the term of the Agreement. In the event of the occurrence of any dispute, controversy or claim arising out of or relating to the validity, construction, enforceability or performance of the Agreement including disputes relating to an alleged breach or termination of the Agreement it shall be settled by binding Alternative Dispute Resolution ("ADR") in the manner set forth below; provided, however, that the neutral referred to
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below shall give effect to the provisions of the Agreement and shall not adjust, modify or change the effects of termination as set forth in the Agreement.

(b) If a party intends to begin an ADR to resolve a dispute, such party shall provide written notice (the "ADR Request") by certified or registered mail or properly documented overnight delivery to the other party informing such other party of such intention and the issues to be resolved. The notice shall explain the nature of the complaint and refer to the relevant sections of the Agreement upon which the complaint is based. The complaining party shall also set forth a proposed solution to the problem, including a suggested time frame within which the parties must act.

(c) The non-complaining party must respond in writing within forty-five (45) days of receiving notice with an explanation, including references to the relevant provisions of the Agreement and a response to the proposed solution and suggested time frame for action. The non-complaining party may add additional issues to be resolved.

(d) Within fifteen (15) days of receipt of the response from the non-complaining party, the parties shall meet and discuss options for resolving the dispute. The complaining party must initiate the scheduling of this resolution meeting. Each party shall make available appropriate personnel to meet and confer with the other party within the fifteen (15) day period following the complaining party's receipt of the response by the non-complaining party.

(e) Any and all disputes that cannot be resolved pursuant to Paragraphs (b), (c) and (d) shall be submitted to a neutral who shall be selected by mutual agreement of the parties. If the parties are unable to agree upon a neutral, then the neutral shall be selected in accordance with the procedures of the American Arbitration Association. The neutral shall be an individual who shall preside over and resolve any disputes between the parties. The neutral selected shall be a former judge of a state or federal court and shall not be a current or former employee, director or shareholder of, or otherwise have any current or previous relationship with, either party or its respective affiliates. The ADR shall be conducted in accordance with the rules of the American Arbitration Association then in effect, subject to the time periods and other provisions of this Exhibit or as otherwise set forth in the Agreement.

(f) Consistent with the time schedule established pursuant to Paragraphs (g) and (h) the neutral shall hold a hearing to resolve each of the issues identified by the parties and shall render the award as expeditiously as possible but in no event

more than thirty (30) days after the close of hearings. In making the award the neutral shall rule on each disputed issue and shall be based on in whole or in part the proposed ruling of one of the parties on each disputed issue.

(g) During the meeting referred to in Paragraph (d), the parties shall negotiate in good faith the scope and schedule of discovery, relating to depositions, document production and other discovery devices, taking into account the nature of the dispute submitted for resolution. If the parties are unable to reach agreement as to the scope and schedule of discovery, the neutral may order such discovery as he deems necessary. To the extent practicable taking into account the nature of the dispute submitted for resolution, such discovery shall be completed within sixty (60) days from the date of the selection of the neutral. At the hearing, which shall commence within twenty (20) days after completion of discovery unless the neutral otherwise orders, the parties may present testimony (either live witness or deposition), subject to cross-examination, and documentary evidence. To the extent practicable taking into account the nature of the dispute submitted for resolution and the availability of the neutral, the hearing shall be conducted over a period not to exceed thirty (30) consecutive business days, with each party entitled to approximately half of the allotted time unless otherwise ordered by the neutral. In the event that Schering files the ADR Request pursuant to Paragraph (a) hereof, then the hearing shall be conducted in Salt Lake City, Utah. In the event that Myriad files the ADR Request pursuant to Paragraph (a) hereof, then the hearing shall be conducted in Newark, New Jersey. Each party shall have sole discretion with regard to the admissibility of any evidence and all other matters relating to the conduct of the hearing. The neutral shall, in rendering its decision, apply the substantive law of New York. The decision of the neutral shall be final and not appealable, except in the case of fraud or bad faith on the part of the neutral or any party to the ADR proceeding in connection with the conduct of such proceedings.

(h) At least twenty (20) business days prior to the date set for the hearing, each party shall submit to each other party and the neutral a list of all documents on which such party intends to rely in any oral or written presentation to the neutral and a list of all witnesses, if any, such party intends to call at such hearing and a brief summary of each witness' testimony. At least five (5) business days prior to the hearing, each party must submit to the neutral and serve on each other party a proposed findings of fact and conclusions of law on each issue to be resolved. Following the close of hearings, the parties shall each submit such post-hearing

briefs to the neutral addressing the evidence and issues to be resolved as may be required or permitted by the neutral.

(i) Except as otherwise set forth herein, the neutral shall determine the proportion in which the parties shall pay the costs and fees of the ADR, except that each party shall pay its own costs (including, without limitation, reasonable attorneys fees) and expenses in connection with such ADR; provided, however, that if the neutral determines that the action of any party was arbitrary, frivolous or in bad faith, the neutral may award such costs and expenses to the prevailing party.

(j) The ADR proceeding shall be confidential and, except as required by law, neither party shall make (or instruct the neutral to make) any public announcement with respect to the proceedings or decision of the neutral without the prior written consent of the other party. The existence of any dispute submitted by ADR, and the award of the neutral, shall be kept in confidence by the parties and the neutral, except as required in connection with the enforcement of such award or as otherwise required by applicable law.

(k) For the purposes of these arbitration provisions, the parties acknowledge their diversity and agree to accept the jurisdiction of the Federal District Court in Newark, New Jersey or Salt Lake City, Utah (as selected by the party seeking to enforce) for the purposes of enforcing awards entered pursuant to these arbitration provisions and for enforcing the agreements reflected in this Paragraph (k).

(l) Nothing contained herein shall be construed to permit the neutral or any court or any other forum to award punitive, exemplary or any similar damages. By entering into the Agreement and exercising their rights to arbitrate, the parties expressly waive any claim for punitive, exemplary or any similar damages. The only damages recoverable under this Agreement are compensatory damages.

(m) The procedures specified herein shall be the sole and exclusive procedures for the resolution of disputes between the parties which are expressly identified for resolution in accordance with these arbitration provisions.

10.4 Prohibition on Hiring. Neither party nor its Affiliates shall, during the period commencing with the Effective Date and ending three (3) years after the research term, hire any person employed by the other party or its Affiliates during such period, whether such person is hired as an employee, investigator, independent contractor or otherwise, without the express written consent of the other party.

10.5 Waiver. Any delay or failure in enforcing a party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such party's rights to the future enforcement of its rights under this Agreement, nor operate to bar the exercise or enforcement thereof at any time or times thereafter, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

10.6 Independent Relationship. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one party for the act or failure to act of the other party. Neither party shall have any power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other party, or to bind the other party in any respect whatsoever.

10.7 Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States of America which may be imposed upon or related to Myriad or Schering from time to time by the government of the United States of America. Furthermore, Schering agrees that it will not export, directly or indirectly, any technical information acquired from Myriad under this Agreement or any products using such technical information to any country for which the United States government or any agency thereof at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the Department of Commerce or other agency of the United States government when required by an applicable statute or regulation.

10.8 Entire Agreement; Amendment. This Agreement, including the Exhibits and Schedules hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the parties hereto and supersedes and terminates all prior agreements, writings and understandings between the parties.

There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the parties other than as are set forth herein and therein. No terms or provisions of this Agreement shall be varied or modified and no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties unless reduced to writing and signed by an authorized officer of each party.

10.9 Notices. Each notice required or permitted to be given or sent under this Agreement shall be given by facsimile transmission (with confirmation copy by registered first-class mail) or by registered or overnight courier (return receipt requested), to the parties at the addresses and facsimile numbers indicated below.

If to Myriad, to:

Myriad Genetics, Inc.
320 Wakara Way
Salt Lake City, Utah 84108
Attention: President
Facsimile No.: (801) 584-3640

with copies to:

Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111
Attn: Jeffrey M. Wiesen
Facsimile No.: (617) 542-2241

If to Schering, to:

Schering-Plough Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033
Attention: President
Facsimile No.: (908) 298-5379

with copies to:

Schering Corporation
1 Giralda Farms
Madison, New Jersey 07940
Attention: Joseph C. Connors,
Executive Vice President and General Counsel
Facsimile No.: (201) 822-1960

Any such notice shall be deemed to have been received on the earlier of the date actually received or the date five (5) days after the same was posted or sent. Either party may change its address or its facsimile number by giving the other party written notice, delivered in accordance with this Section.

10.10 Force Majeure. Failure of any party to perform its obligations under this Agreement (except the obligation to make payments when properly due) shall not subject such party to any liability or place them in breach of any term or condition of this Agreement to the other party if such failure is caused by any cause beyond the reasonable control of such non-performing party, including without limitation acts of God, fire, explosion, flood, drought, war, riot, sabotage, embargo, strikes or other labor trouble, failure in whole or in part of suppliers to deliver on schedule materials, equipment or machinery, interruption of or delay in transportation, a national health emergency or compliance with any order or regulation of any government entity acting with color of right; provided however, that the party affected shall promptly notify the other party for the condition constituting force majeure as defined herein and shall exert reasonable efforts to eliminate, cure and overcome any such causes and to resume performance of its obligations with all possible speed. If a condition constituting force majeure as defined herein exists for more than ninety (90) consecutive days, the parties shall meet to negotiate a mutually satisfactory solution to the problem, if practicable.

10.11 Severability. If any provision of this Agreement is declared invalid or unenforceable by a court having competent jurisdiction, it is mutually agreed that this Agreement shall endure except for the part declared invalid or unenforceable by order of such court; provided, however, that in the event that the terms and conditions of this Agreement are materially altered the parties will, in good faith, renegotiate the terms and conditions of this Agreement to reasonably substitute such invalid or unenforceable provision in light of the intent of this Agreement.

10.12 Recording. Each party shall have the right, at any time, to record, register, or otherwise notify this Agreement in appropriate governmental or regulatory offices anywhere in the Territory, and Myriad or Schering, as the case may be, shall provide reasonable assistance to the other in effecting such recording, registering or notifying.

10.13 Further Actions. Each party agrees to execute, acknowledge and deliver such further instruments and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

10.14 Counterparts. This Agreement shall become binding when any one or more counterparts hereof, individually or taken together, shall bear the signatures of each of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be an original as against either party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

MYRIAD GENETICS, INC.

By: /s/Peter D. Meldrum

Title: President and CEO

SCHERING CORPORATION

By: /s/David Poorvin

Title: Vice President

SCHERING-PLOUGH, LTD.

By: /s/David Poorvin

Title: Vice President

Exhibit 2.1

Research Plan: Prostate susceptibility genes

The research agreement will begin with Myriad Genetics continuing its ongoing aggressive program to identify prostate cancer susceptibility genes by "*". This is Myriad's area of unique resources and expertise. "*". We anticipate that "*" will be identified in "*" and "*" in "*", but of course the precise timing of these events is unknown. Other aspects of the research work will begin "*". These include: "*".

Specific goals:

"*".

Research Plan: Other cancer genes

"*".

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*Confidential treatment requested as to certain portions, which portions are omitted and filed separately with the Commission.

Confidential treatment has also been requested for Pages 2 through 4 of this Exhibit 2.1 and are omitted and filed separately with the Commission.

Exhibit 3.8

ADVERSE EVENT REPORTING PROCEDURES FOR LICENSED PRODUCTS

1. An Adverse Event ("AE") is defined as:

   a) any experience which is adverse, including what are commonly described as adverse or undesirable experiences, adverse events, adverse reactions, side effects, or death due to any cause associated with, or observed in conjunction with the use of a drug, biological product, or device in humans, whether or not considered related to the use of that product:

      . occurring in the course of the use of a drug, biological product or device,

      . associated with, or observed in conjunction with product overdose, whether accidental or intentional,

      . associated with, or observed in conjunction with product abuse, and/or

      . associated with, or observed in conjunction with product withdrawal

   b) Any significant failure of expected pharmacological or biologic therapeutical action (with the exception of in clinical trials).

2. Serious or Non-Serious is defined as:

   a) A serious AE is one that is life threatening or fatal, permanently disabling, requires or prolongs in-patient hospitalization or prolonged hospitalization, or is a congenital anomaly, cancer or overdose. In addition, end organ toxicity, including hematological, renal, hepatic, and central nervous system AEs, may be considered serious. In laboratory tests in animals, a serious AE includes any experience suggesting significant risk for human subjects.

   b) A Non-serious AE is any AE which does not meet the criteria for a serious AE.

3. Life-threatening is defined as: the patient is at immediate risk of death from the AE as it occurs.

4. End-Organ Toxicity is defined as: A medically significant event or lab value change in which a patient may not necessarily be hospitalized or disabled, but is clinically significant enough to warrant monitoring (e.g. seizures, blood dyscrasias).

5. Expected or unexpected is defined as:

   a) Expected AE - An AE which is listed in the Investigator's Brochure for clinical trials, included in local labelling (e.g., Summary of Product Characteristics) for Marketed Drugs, or in countries with no local labelling, in the Corporate Standard Prescribing Document.

   b) Unexpected AE - An AE that does not meet the criteria for an expected AE or an AE which is listed but differs from that event in terms of severity or specificity.

6. Associated with or related to the use of the drug is defined as: A reasonable possibility exists that the AE was caused by the drug.

7. Un-associated or unrelated to the use of the drug is defined as: A reasonable possibility exists that the AE may not have been caused by the drug.

8. NDA Holder is defined as: An "Applicant" as defined in 21 CFR Part 314.3(b), for regulatory approval of a Product in any regulatory jurisdiction, including a holder of a foreign equivalent thereto.

9. IND Holder is defined as: A "Sponsor" as defined in 21 CFR Part 312.3(b) of an investigational new drug in any regulatory jurisdiction, including a holder of a foreign equivalent thereto.

10. Capitalized terms not defined in this Appendix shall have the meaning assigned thereto in the Agreement.

11. With respect to all Licensed Products, the parties agree as follows:

    All initial reports (oral or written) for any and all Serious AEs as defined above which become known to either Party (other than from disclosure by or on behalf of the other Party) must be communicated by telephone, telefax or electronically directly to the other Party and/or the NDA Holder, IND Holder (individually and collectively referred to as "Holders") within two days of receipt of the information.

Written confirmation of the Serious AE received by the Party should be sent to the other Party and/or the Holders as soon as it becomes available, but in any event within two working days of initial report of the Serious AE by such Party.

All Parties and Holders should exchange Medwatch and/or CIOMS forms and other health authority reports within two working days of submission to any regulatory agency.

All initial reports and follow-up information received for all non-serious AEs for marketed Products which become known to a Party (other than from disclosure by or on behalf of the other Party) must be communicated in writing, by telefax or electronically to the other Party and/or all Holders on a monthly basis, on Medwatch or CIOMs forms (where possible).

Each Party shall coordinate and cooperate with the other whenever practicable to prepare a single written report regarding all Serious AEs, provided, however, that neither Party shall be obligated to delay reporting of any AE in violation of applicable law or regulations regarding the reporting of adverse events.

12. The parties further agree that:

a) a written report be forwarded to the other Party within two working days of receipt by the Party making the report, for Aes for animal studies which suggest a potential significant risk for humans;

b) each Party will give the other Party a print-out or computer disk of all Aes reported to it and its Affiliates relating to Products within the last year, within 30 days of receipt of a request from the other Party;

c) upon request of a Party, the other Party shall make available its AE records relating to Products (including computer disks) for viewing and copying by the other Party.

d) disclosure of information hereunder by a Party to the other Party shall continue as long as either Party and/or its Affiliates continue to clinically test or market product(s) containing Products.

e) all written regulatory reports, including periodic NDA, annual IND, safety updates, or foreign equivalents thereto, etc. should be sent by a Party to the other Party within 2 working days of submission to the appropriate regulatory agency. The Parties shall agree on a procedure for preparing these reports.

13. Each Party shall diligently undertake the following further obligations where both parties are or will be commercializing products hereunder and/or performing clinical trials with respect to product:

a) to immediately consult with the other Party, with respect to the investigation and handling of any Serious AE disclosed to it by the other Party or by a third Party and to allow the other Party to review the Serious AE and to participate in the follow-up investigation;

b) to immediately advise the other Party of any Product safety communication received from a health authority and consult with the other Party with respect to any product warning, labelling change or change to an investigators' brochure involving safety issues proposed by the other Party, including, but not limited to the safety issues agreed to by the Parties;

c) to diligently handle in a timely manner the follow-up investigation and resolution of each AE reported to it;

d) to provide the other Party mutually agreed upon audit rights of its AE reporting system and documentation, upon prior notice, during normal business hours, at the expense of the auditing Party and under customary confidentiality obligations;

e) to meet in a timely fashion from time to time as may be reasonably required to implement the adverse event reporting and consultation procedures described in this Appendix, including identification of those individuals in each Party's Drug Safety group who will be responsible for reporting to and receiving AE information from the other Party, and the development of a written standard operating procedure with respect to adverse event reporting responsibilities, including reporting responsibilities to investigators;

f) where possible, to transmit all data electronically;

g) to report to each other any addenda, revisions or changes to this Agreement (e.g., change in territories, local regulations, addition of new licensors/licensees to the agreement, etc.) which might alter the adverse event reporting responsibilities hereunder;

h) to utilize English as the language of communication and data exchange between the Parties;

i) to develop a system of exchange of documents and information in the event that the Agreement involves more than two Parties.

EXHIBIT 4.2

Stock Purchase Agreement

[SEE EXHIBIT 10.38 FILED HEREWITH]

EXHIBIT 10.37

MYRIAD GENETICS, INC.

STANDSTILL AGREEMENT

THIS AGREEMENT, dated as of April 22, 1997, is between SCHERING CORPORATION, a New Jersey corporation having a place of business at 2000 Galloping Hill Road, Kenilworth, New Jersey (the "Purchaser"), and Myriad Genetics, Inc. (the "Company"), a Delaware corporation having a place of business at 320 Wakara Way, Salt Lake City, Utah.

WITNESSETH:

WHEREAS on the date hereof, the Purchaser is acquiring 129,665 shares (the "Shares") of common stock, $.01 par value per share ("Common Stock"), of the Company pursuant to the terms of a Stock Purchase Agreement dated as of the date hereof (the "Stock Purchase Agreement"); and

WHEREAS the execution and delivery of this Agreement by the Purchaser is a condition precedent to the Company's obligations under the Stock Purchase Agreement and a Research Collaboration and License Agreement (the "Collaboration Agreement") among the parties and Schering-Plough Ltd. dated as of the date hereof (the parties hereby acknowledging that, solely for purposes of Section 3.09 hereof, the term "Collaboration Agreement" shall mean the "Research Term" as defined in Section 2.8 of the Collaboration Agreement) ;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements set forth herein and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

The Purchaser hereby represents and warrants to the Company as follows:

(a) The Purchaser has full legal right, power and authority to enter into and perform this Agreement. The execution and delivery of this Agreement by the Purchaser and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action on behalf of such Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, except that such enforcement may be subject to (i) bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and contracting parties' rights generally and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(b) Neither the execution and delivery of this Agreement by the Purchaser nor the consummation by it of the transactions contemplated hereby conflicts with or constitutes a violation of or default under the charter, by-laws or other constituent document of the Purchaser, any statute, law, regulation, order or decree applicable to the Purchaser, or any contract, commitment, agreement, arrangement or restriction of any kind to which the Purchaser is a party or by which it is bound.

ARTICLE II

LIMITATIONS AND RESTRICTIONS

Section 2.01 Definitions. As used in this Agreement:

(a) "Affiliate" shall mean any entity controlling, controlled by or under common control with a Purchaser, and "control" shall mean ownership of more than 50% of stock entitled to vote for directors or more than 50% of the equity of any non-corporate entity, or such other relationship which constitutes actual control to the extent necessary to prevent any action prohibited hereunder;

(b) "group" shall have the meaning with which such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(c) "person" shall have the meaning with which such term is used in Section 13(d)(3) under the Exchange Act and under Section 2(2) of the Securities Act of 1933, as amended (the "Securities Act").

Section 2.02 Restrictions on Certain Actions by the Purchaser. Except (i) with the written consent of the Company (which shall not be unreasonably withheld) or (ii) by way of stock dividends or other distributions or offerings made available to the Company's shareholders generally, the Purchaser agrees that during the term of this Agreement, it will not, nor will any of its Affiliates:

(a) acquire, announce an intention to acquire, offer or propose to acquire, solicit an offer to sell or agree to acquire, by purchase, by gift, by joining a partnership, limited partnership, syndicate or other group or otherwise, any shares of Common Stock or other voting securities of the Company, or any other Company securities convertible into, exchangeable for or exercisable for Common Stock or other voting securities of the Company (all such securities, collectively, "Voting Securities"); provided, however, that this Section 2.02(a) shall not prohibit the Purchaser or its Affiliates from proposing collaborative research agreements or license agreements with the Company; and provided, further, that this Section 2.02(a) shall not apply unless and until the Purchaser (together with its Affiliates) has acquired beneficial ownership (as such term is used under Section 13(d) of the Exchange Act) of five percent (5%) of the Common Stock of the Company;

(b) participate in the formation of any person or group, or join with any person or group, which owns or seeks to acquire beneficial ownership of Voting Securities, for the purpose of acquiring Voting Securities;

(c) solicit, or participate in any "solicitation" of "proxies" or become a "participant" in any "election contest" (as such terms are defined or used in Regulation 14A under the Exchange Act, these terms to have such meaning throughout this Agreement) with respect to the Company;

(d) initiate, propose or otherwise solicit stockholders for the approval of, one or more stockholder proposals with respect to the Company, or induce any other person to initiate any stockholder proposal;

(e) seek to place any representative on the Board of Directors of the Company, or seek to have called any meeting of the stockholders of the Company;

(f) deposit any Voting Securities in a voting trust or subject them to a voting agreement or other agreement or arrangement with respect to the voting of such Voting Securities;

(g) otherwise act, alone or in concert with others, to seek to control the management, Board of Directors, policies or affairs of the Company or solicit, propose, seek to effect or negotiate with any other person (including, without limitation, the Company) with respect to any form of business combination or other extraordinary transaction with the Company or any of its subsidiaries or any restructuring, recapitalization, similar transaction or other transaction not in the ordinary course of business with respect to the Company or any of its subsidiaries, or solicit, make or propose or negotiate with any other person with respect to, or announce an intent to make, any tender offer or exchange offer for any securities of the Company or any of its subsidiaries, or publicly disclose an intent, purpose, plan or proposal with respect to the Company, any of its subsidiaries or any securities or assets of the Company or any of its subsidiaries, that would violate the provisions of this Section 2.02, or assist, participate in, facilitate or solicit any effort or attempt by any person to do so or seek to do any of the foregoing.

Section 2.03 Employee Benefit Plans. For the avoidance of doubt, it is hereby agreed that the restrictions contained in Section 2.02 shall not apply to any pension plan or other employee benefit plan of the Purchaser or its Affiliates which is administered by an independent trustee or trustees.

Section 2.04 Freedom to Vote. Nothing contained herein shall prevent the Purchaser or any of its Affiliates from voting any equity securities owned by them in their sole discretion, and to that extent, seeking to influence the policies or affairs of the Company.

ARTICLE III

MISCELLANEOUS

Section 3.01 Interpretation. For all purposes of this Agreement, the term Common Stock shall include any securities of the Company entitled to vote generally for the election of directors of the Company which securities the holders of the Common Stock shall have received or as a matter of right be entitled to receive as a result of (i) any capital reorganization or reclassification of the capital stock of the Company or, (ii) any consolidation, merger or share exchange of the Company with another corporation in which the Company survives after such transaction; provided, however, that nothing in this Agreement shall preclude the Purchaser or its Affiliates from acquiring or being entitled to acquire Common Stock in exchange for their shares of stock in the Company in any such transaction.

Section 3.02 Enforcement. (a) The Purchaser acknowledges and agrees that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that monetary damages would be an inadequate remedy therefor. Accordingly, the Company will be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically its provisions in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which the Company may be entitled at law or in equity.

(b) No failure or delay on the part of the Company in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

Section 3.03 Entire Agreement. This Agreement, together with the applicable provisions of the Stock Purchaser Agreement and the Collaboration Agreement, constitute the entire understanding of the parties with respect to the transactions contemplated hereby. This Agreement may be amended only by an agreement in writing executed by all the parties.

Section 3.04 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remaining provisions shall remain in full force and effect. It is

declared to be the intention of the parties that they would have executed the remaining provisions without including any that may be declared unenforceable.

Section 3.05 Headings. Descriptive headings are for convenience only and will not control or affect the meaning or construction of any provision of this Agreement.

Section 3.06 Counterparts. This Agreement may be executed in one or more counterparts, and each such executed counterpart will be an original instrument.

Section 3.07 Notices. All notices, consents, requests, instructions, approvals and other communications provided for in this Agreement will be validly given or made, if in writing and delivered personally, by telecopy or sent by registered mail postage paid:

if to the Company:
Myriad Genetics, Inc.
390 Wakara Way
Salt Lake City, Utah 84108
Attention: President

with a copy to:
Jonathan L. Kravetz, Esq.
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Fax: (617) 542-2241

if to the Purchaser:
Schering-Plough Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033
Attention: Vice President, Business Development

with copies to:
Schering Corporation
1 Giralda Farms
Madison, New Jersey 07940
Fax: (908) 822-1960
Attention: Joseph C. Connors
Executive Vice President
and General Counsel

or to such other address or telecopy number as any party may, from time to time, designate in a written notice given in a like manner. Notice by telecopy shall be deemed delivered on the day telephone confirmation of receipt is given.

Section 3.08 Successors and Assigns. This Agreement shall bind the successors and assigns of the parties, and inure to the benefit of any successor or assign of any of the parties; provided, however, that no party may assign this Agreement without the other party's prior written consent, and provided, further, that this Agreement shall not be binding upon any purchaser of the Shares from the Purchaser or an Affiliate of the Purchaser in a transaction effected on a public trading market or pursuant to a public offering.

Section 3.09 Term. The term on of this Agreement shall commence on the date first referred to above and terminate upon the termination of the Collaboration Agreement but in any event not earlier than the fifth (5/th/) anniversary of the date hereof.

Section 3.10 Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first referred to above.

MYRIAD GENETICS, INC.

By: /s/Peter D. Meldrum

Peter D. Meldrum
President and CEO

SCHERING CORPORATION

By: /s/David Poorvin

Name: David Poorvin
Title: VICE PRESIDENT

Exhibit 10.38

MYRIAD GENETICS, INC.

129,665 SHARES OF

COMMON STOCK

STOCK PURCHASE AGREEMENT

DATED AS OF APRIL 22, 1997

MYRIAD GENETICS, INC.
STOCK PURCHASE AGREEMENT

THIS AGREEMENT, made as of April 22, 1997, is by and between MYRIAD GENETICS, INC. (the "Company"), a Delaware corporation with principal offices at 320 Wakara Way, Salt Lake City, Utah, and SCHERING CORPORATION, a New Jersey corporation with offices at 2000 Galloping Hill Road, Kenilworth, New Jersey (the "Purchaser").

WHEREAS the Company and the Purchaser and Schering-Plough Ltd. are entering into a Research Collaboration and License Agreement (the "Collaboration Agreement") as of the date hereof, and the Collaboration Agreement contemplates that the parties hereto shall enter into this Stock Purchase Agreement, which shall be attached as Attachment 4.2 to the Collaboration Agreement, and a Standstill Agreement, which shall be attached as Attachment I hereto;

NOW, THEREFORE, in consideration of the mutual covenants contained in the Collaboration Agreement, the Standstill Agreement and this Stock Purchase Agreement, the parties agree as follows:

SECTION 1. Definitions. Capitalized terms used herein, unless otherwise defined, shall have the meanings given to them in the Collaboration Agreement.

SECTION 2. Authorization of Sale of the Shares. The Company has authorized the issuance and sale to the Purchaser of 129,665 shares (each, a "Share" and, collectively, the "Shares") of common stock, $.01 par value per share ("Common Stock"), of the Company, constituting 1.43% of the outstanding Common Stock on the Effective Date after such issuance.

SECTION 3. Agreement to Sell and Purchase the Shares. At the Closing (as defined in Section 4 hereof), the Company will sell to the Purchaser, and the Purchaser will buy from the Company, upon the terms and conditions hereinafter set forth, the Shares, at a purchase price per Share equal to the Fair Market Value of the Common Stock as of the Effective Date.

SECTION 4. Delivery of the Shares at the Closing. The completion of the purchase and sale of the Shares pursuant to this Stock Purchaser Agreement (the "Closing") shall occur on the Effective Date or such later time as shall be agreed to by the Company and the Purchaser. At the

SECTION 4. Delivery of the Shares at the Closing. The completion of the purchase and sale of the Shares pursuant to this Stock Purchaser Agreement (the "Closing") shall occur on the Effective Date or such later time as shall be agreed to by the Company and the Purchaser. At the Closing, the Company shall deliver to Purchaser one or more stock certificates, pursuant to the Purchaser's reasonable request, each such certificate to be registered in the name of the Purchaser. The Company's obligation to close the transaction shall be subject to the following conditions, any of which may be waived by the Company: (a) receipt by the Company of a certified or official bank check or checks or wire transfer of funds in the full amount of the purchase price for the Shares being purchased hereunder; (b) execution and delivery by the Company and the Purchaser and Schering-Plough Ltd. of the Collaboration Agreement; (c) the accuracy of the representations and warranties made by the Purchaser herein as though such representations and warranties had been made on and as of Closing, and the fulfillment of those undertakings of the Purchaser to be fulfilled prior to the Closing and the Company's receipt of a Certificate of the President or a Vice President of the Purchaser certifying as to the same; and (d) execution and delivery by the Purchaser of the Standstill Agreement. The Purchaser' s obligation to close the transaction shall be subject to the fulfillment of the following conditions, any of which may be waived by the Purchaser: (a) execution and delivery by the Company and the Purchaser and Schering-Plough Ltd. of the Collaboration Agreement, and (b) the accuracy of the representations and warranties made by the Company herein as of the Closing as though such representations and warranties had been made on and as of Closing, and the fulfillment of those undertakings of the Company to be fulfilled prior to Closing, and the Purchaser's receipt of a certificate executed by the President of the Company certifying as to the same.

SECTION 5. Representations, Warranties and Covenants of the Company. The Company hereby represents and warrants to, and covenants with, the Purchaser as follows:

5.1. Organization. The Company and its wholly-owned subsidiaries, Myriad Diagnostic Services, Inc. and Myriad Financial, Inc. (the "Subsidiaries"), are duly organized, validly existing and in good standing under the laws of the respective jurisdictions of their

organization. Each of the Company and the Subsidiaries has full corporate power and authority to own, operate and occupy its properties and to conduct its business as presently conducted and is registered or qualified to do business and in good standing in each jurisdiction in which it owns or leases property or transacts business and where the failure to be so qualified would have a material adverse effect upon the business, financial condition, properties or operations of the Company and the Subsidiaries, taken together. The Company does not own, directly or indirectly, any interest in any corporation, association, or other entity, other than the Subsidiaries.

5.2. Due Authorization. The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Stock Purchase Agreement, and this Stock Purchase Agreement has been duly authorized and executed by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as rights to indemnity and contribution may be limited by state, federal or foreign laws or the public policy underlying such laws, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally, and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Non-Contravention. The execution and delivery of this Stock Purchase Agreement, the issuance and sale of the Shares to be sold by the Company hereunder, the fulfillment of the terms of this Stock Purchase Agreement and the consummation of the transactions contemplated hereby will not conflict with or constitute a violation of, or default (with the passage of time or otherwise) under, any material agreement or instrument to which any of the Company or the Subsidiaries is a party or by which it is bound or the charter, by-laws or other organizational documents of the Company or the Subsidiaries nor result in the creation or imposition of any lien, encumbrance, claim, security interest or restriction whatsoever upon any of the material properties or assets of the Company or the Subsidiaries or an acceleration of indebtedness pursuant to any obligation, agreement or condition contained in any material bond, debenture, note or any other evidence of indebtedness or any material indenture, mortgage, deed

of trust or any other agreement or instrument to which any of the Company or the Subsidiaries is a party or by which any of them is bound or to which any of the property or assets of the Company or the Subsidiaries is subject, nor conflict with, or result in a violation of, any law, administrative regulation, ordinance or order of any court or governmental agency, arbitration panel or authority applicable to the Company or the Subsidiaries. No consent, approval, authorization or other order of, or registration, qualification or filing with, any regulatory body, administrative agency, or other governmental body is required for the valid issuance and sale of the Shares to be sold pursuant to this Stock Purchase Agreement, other than such as have been or will be made or obtained.

5.4. No Material Adverse Change. Subsequent to the date of the most recent Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission, the Company and the Subsidiaries taken together have not incurred any material liabilities or obligations, direct or contingent, other than in the ordinary course of business, and there has not been any material adverse change in their consolidated condition (in each case, financial or other), results of operations, business, prospects, key personnel or capitalization.

5.5 Capitalization. As of March 15, 1997, the Company had a total authorized capitalization consisting of (i) 15,000,000 shares of Common Stock, of which 9,054,595 shares were outstanding, and (ii) 5,000,000 shares of preferred stock, $.01 par value per share, of which no shares were outstanding. As of such date, there were outstanding options to acquire a total of 1,075,334 shares of Common Stock and outstanding warrants to acquire a total of 51,990 shares of Common Stock. The outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and nonassessable. The Shares have been duly authorized and, when issued and paid for pursuant to the terms of this Stock Purchase Agreement, will be validly issued, fully paid and nonassessable.

5.6 Disclosure. This Stock Purchase Agreement does not contain any untrue statement of a material fact about the Company or its subsidiaries or omit to state any material

fact about the Company or its subsidiaries necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

SECTION 6. Representations, Warranties and Covenants of the Purchaser.

6.1. Securities Act Exemption. The Purchaser represents and warrants to, and covenants with, the Company, as of the date hereof and as of the Closing Date, that: (i) the Purchaser is an "accredited investor" as defined in Regulation D under the United States Securities Act of 1933, as amended (the "Securities Act"), and also is knowledgeable and experienced in making investments in private placement transactions such as the purchase of the Shares; (ii) the Purchaser is acquiring the Shares for its own account for investment and with no present intention of distributing any of such Shares, and no arrangement or understanding exists with any other person regarding the distribution of any of such Shares (this representation and warranty not limiting the Purchaser's right to sell pursuant to an effective registration statement registering the Shares for resale or pursuant to any other means of sale legally available); (iii) the Purchaser will not, directly or indirectly, voluntarily offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Shares except in compliance with the Securities Act, applicable state securities laws and the respective rules and regulations promulgated thereunder, and applicable foreign laws; and (iv) the Purchaser has had an opportunity to ask questions of and receive answers from the management of the Company regarding the Company, its business and the offering of the Shares.

6.2. Due Authorization. The Purchaser further represents and warrants to, and covenants with, the Company that (i) the Purchaser has all requisite power and authority to execute, deliver and perform this Stock Purchase Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Stock Purchase Agreement, and (ii) upon the execution and the delivery hereof and thereof, this Stock Purchase Agreement shall constitute a valid and binding obligation of the Purchaser enforceable in accordance with its terms, except as rights to indemnity and contribution may be limited by state, federal or foreign laws or the public policy underlying such

laws, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally, and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.3. Restrictions on Transfer. The Purchaser acknowledges and understands that the Purchaser must bear the economic risk of its investment in the Shares for an indefinite period of time because the Shares have not been registered under the Securities Act and, therefore, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available. The certificates representing the Shares issued to each Purchaser will bear a legend in substantially the following form:

> THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SUCH SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED. THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE ALSO SUBJECT TO THE PROVISIONS OF A STOCK PURCHASE AGREEMENT DATED AS OF APRIL 22, 1997.

The Purchaser agrees that any sale, transfer, pledge, hypothecation or other disposition of the Shares shall be made in compliance with such legends.

6.4. Lock-up. The Purchaser agrees that it shall, if so requested by the Company, enter into an agreement providing that it shall not offer, sell or grant an option for the sale, or otherwise dispose of any shares of Common Stock or any securities convertible into or

exercisable for shares of Common Stock (including, without limitation, the Shares and any options, warrants, stock appreciation rights, or similar rights with an exercise or conversion privilege at a price related to, or derived from, the market price of the Common Stock), during the period of ninety (90) days after the closing of any underwritten public offering of the Company's Common Stock, without the prior written consent of the managing underwriters of such public offering (which consent shall not be unreasonably withheld); provided, however, that this Section 6.4 shall not apply or be effective unless all executive officers and directors of the Company and all holders of ten percent (10%) or more of the Common Stock of the Company on a fully diluted basis enter into similar agreements; and provided, further, that the limitation set forth in this Section 6.4 shall not apply to the Purchaser more than once in any twelve-month period, except in the case where the Company seeks to access the public equity markets to raise capital through an underwritten public offering more than once in a given twelve-month period, which the parties acknowledge will be unusual. The restrictions in this Section 6.4 shall apply to any permitted transferee of the Shares hereunder.

SECTION 7. Survival of Representations, Warranties and Agreements; Indemnification.

7.1 Survival of Representations, Warranties and Agreements. Notwithstanding any investigation made by any party to this Stock Purchase Agreement, all covenants, agreements, representations and warranties made by the Company and the Purchaser herein shall survive the execution hereof, the delivery to the Purchaser of the Shares being purchased, and the payment therefor.

7.2 Indemnification by the Company. The Company hereby agrees to defend, indemnify and hold the Purchaser and its Affiliates and their respective officers, directors, employees and agents (collectively, the "Purchaser Indemnitees") harmless from and against any damages, liabilities, losses and expenses (including reasonable attorneys' fees and expenses) which are actually sustained by the Purchaser Indemnitees as a result of or based upon a material breach of any representation, warranty or agreement of the Company in this Stock Purchase Agreement, or by reason of any claim, action or proceeding asserted or arising out of a breach of any such representation, warranty or agreement.

7.3 Indemnification by the Purchaser. The Purchaser hereby agrees to defend, indemnify and hold the Company and its Affiliates and their respective officers, directors, employees and agents (collectively, the "Company Indemnitees") harmless from and against any damages, liabilities, losses and expenses (including reasonable attorneys' fees and expenses) which are actually sustained by the Company Indemnitees as a result of or based upon a material breach of any representation, warranty or agreement of the Purchaser in this Stock Purchase Agreement, or by reason of any claim, action or proceeding asserted or arising out of a breach of any such representation, warranty or agreement.

SECTION 8. Registration of the Shares; Compliance with the Securities Act.

8.1 "Piggyback" Registration. If at any time the Company shall initiate a registration under the Securities Act of any of its Common Stock for its own account, other than securities to be issued (i) in connection with any acquisition of any entity or business, (ii) upon the exercise of stock options, or (iii) pursuant to employee benefit plans (including registrations on Form S-8 or Form S-4 or their then equivalents), it shall send to the Purchaser written notice of such determination and, if within fifteen (15) days after the giving of such notice, the Purchaser shall so request in a writing received by the Company, the Company shall include in such registration statement all or any part of the Shares that the Purchaser requests to be registered therein; except that, if in connection with any underwritten public offering of Common Stock by the Company, the managing underwriter shall recommend that the number of Shares to be included in such registration statement be limited because, in the underwriter's judgment, such limitation will facilitate the public distribution of the Company's shares, then the number of Shares to be included in such registration statement shall be limited to the extent so recommended (which may be the complete exclusion of such shares); provided, however, that such limitation shall be proportionate to the limitation applied to any other holders of Common Stock with registration rights who request the inclusion of shares in the registration statement. The rights granted by the Company under this Section 8.1 shall terminate on the date that the Shares first become eligible

for resale pursuant to Rule 144 under the Securities Act (such termination to be subject to the Company's compliance with Section 9 hereof).

8.2 Effectiveness of Registration Statements. The Company will use commercially reasonable efforts to maintain the effectiveness of any registration statement under which any of the Shares are being offered pursuant to Section 8.1 hereof until the earlier to occur of (i) the completion of the distribution pursuant to such registration statement or (ii) thirty (30) days after the effectiveness of such registration statement. The Company will promptly notify the Purchaser and each underwriter under such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which the Company has knowledge as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. The Purchaser agrees upon receipt of such notice forthwith to cease making offers and sales of Shares pursuant to such registration statement or deliveries of the prospectus contained therein for any purpose until the Company has prepared and furnished such amendment or supplement to the prospectus as may be necessary so that, as thereafter delivered to a purchaser of Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Purchaser further agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in this Section 8.2, the Purchaser will, if requested by the Company, deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in the Purchaser's possession of the prospectus current at the time of receipt of such notice from the Company.

8.3 Expenses of Registration. All costs and expenses incurred in connection with any registration pursuant to this Section 8, including, without limitation, all registration, filing and qualification fees, printing expenses, fees and disbursements of counsel for the Company, and expenses of any special audits of the Company's financial statements incidental to

or required by such registration shall be paid by the Company; provided, however, that the Company shall have no obligation to pay any stock transfer taxes, underwriters' fees, discounts or commissions with respect to the sale of the Shares, or the fees and expenses of any counsel or advisor to the Purchaser.

8.4 Registration Procedures.

Whenever the Purchaser has requested that any Shares be included in a Company registration statement pursuant to this Section 8, the Company will use commercially reasonable efforts to effect the registration and sale of such Shares upon the terms and conditions hereof, and in connection with any such request, the Company will:

(a) as soon as reasonably possible, furnish to the Purchaser copies of such registration statement as filed and each amendment and supplement thereto, as many copies of the prospectus included in such registration statement and any amendments or supplements thereto as the Purchaser may reasonably request (including each preliminary prospectus);

(b) use its best efforts to register or qualify such Shares under the securities or blue sky laws of such jurisdictions as the managing underwriter of such offering, if any, or the selling shareholders under such registration statement if there is no underwriter, may reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Purchaser to consummate the disposition in such jurisdictions of the Shares; provided, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (b), or (ii) take any action that would subject it to the service of process in suits other than relating to the sale of the Shares or any violation of state securities laws in any jurisdiction where it is not now so subject;

(c) use its best efforts to cause the Shares covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Purchaser or the underwriter or underwriters, if any, to consummate the disposition of such Shares subject to the proviso contained in paragraph (b) above;

(d) notify the Purchaser of any stop order issued or threatened by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(e) enter into customary agreements (including an underwriting agreement in customary form) and take such other actions (including obtaining customary opinions of counsel for the Company) as are reasonably required in order to expedite or facilitate the disposition of such Shares;

(f) to the extent customary for an offering of the type registered by such registration statement, use its best efforts to obtain a comfort letter from the Company's independent public accountants in customary form and covering matters of the type customarily covered by comfort letters with respect to such type of offering (it being acknowledged by the Purchaser that comfort letters are not customarily obtained in non-underwritten offerings);

(g) otherwise comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Act and Rule 158 thereunder.

(h) cause all such Shares to be listed on each securities exchange or quotation system on which similar securities issued by the Company are then listed; and

(i) cooperate and assist in any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD") ----

and in the performance of any due diligence investigation that is required in accordance with the rules and regulations of the NASD).

The Company may require the Purchaser to furnish to the Company such information regarding the distribution of the Shares as the Company may from time to time reasonably request in writing.

8.5 Indemnification.

(a) Indemnification by the Company. In connection with any

registration statement in which the Purchaser includes Shares pursuant to this Section 8, the Company will indemnify the Purchaser, together with each of the Purchaser's officers, directors and partners, and each underwriter of the Shares, if any, and each person who controls the Purchaser or any underwriter within the meaning of the Securities Act, against all claims, losses, expenses, damages and liabilities (or actions in respect thereto) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement or prospectus, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such person for any reasonable legal and any other expenses incurred in connection with investigating, defending or settling any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage or liability arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by the Purchaser or underwriter specifically for use therein.

(b) Indemnification by the Purchaser. The Purchaser will, if any

of its Shares are included in a registration pursuant hereto, indemnify the Company, each of its directors and

officers, each underwriter, if any, of the Shares covered by such registration statement, and each person who controls the Company and any underwriter within the meaning of the Securities Act, and each other holder of securities registered under the registration statement, each of its officers, directors and partners and each person controlling such holder, against all claims, losses, expenses, damages and liabilities (or actions in respect thereto) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement or prospectus, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such person for any reasonable legal and any other expenses incurred in connection with investigating, defending or settling any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement or omission (or alleged untrue statement or omission) is made in such registration statement or prospectus in reliance upon and in conformity with written information furnished to the Company by the Purchaser specifically for use therein.

(c) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which any person exercising rights under this Section 8.5 makes a claim for indemnification, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 8.5 provides for indemnification in such case, then, the Company and the Purchaser will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Purchaser on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Purchaser on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Purchaser on the other, and each party's relative intent,

knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) the Purchaser will not be required to contribute any amount in excess of the public offering price of all Shares offered by it pursuant to such registration statement; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(d) Indemnification Procedures. Each party entitled to indemnification under this Section 8.5 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party who shall conduct the defense of such claim or litigation shall be approved by the Indemnified Party (which approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations hereunder, unless such failure resulted in actual detriment to the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation.

8.6 Conditions to Registration Obligations. The Company shall not be obligated to effect the registration of the Purchaser's Shares pursuant to this Section 8 unless the Purchaser consents to such reasonable conditions imposed by the Company as the Company shall determine with the advice of counsel to be required by law, including, without limitation:

(a) conditions requiring the Purchaser to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and

similar provisions of Section 10 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(b) conditions prohibiting the Purchaser upon receipt of telegraphic or written notice from the Company from effecting sales of Shares until further notice;

(c) conditions requiring that at the end of the period during which the Company is obligated to keep the registration statement effective under this Section 8, the Purchaser shall discontinue sales of Shares pursuant to such registration statement upon receipt of notice from the Company of its intention to remove from registration the securities covered by such registration statement that remain unsold, and requiring the Purchaser to notify the Company of the number of Shares registered that remain unsold immediately upon receipt of notice from the Company; and

(d) conditions requiring the Purchaser to enter into an underwriting agreement with customary terms and conditions and in form and substance reasonably satisfactory to the Company.

8.7 Transferability of Registration Rights. The registration rights granted hereunder may be transferred by the Purchaser (i) with the prior written consent of the Company, or (ii) without the prior written consent of the Company in connection with transfers of a material portion of the Shares to not more than four (4) transferees; provided, however, that each transferee of registration rights hereunder shall be subject to the same obligations as the Purchaser, and provided, further, that if any of such transferees are Affiliates of the Purchaser, one entity (which may be the Purchaser) shall be designated by the Purchaser to act on behalf of the Purchaser and such Affiliates to give and receive all notices and other communications pursuant to this Section 8.

SECTION 9. Rule 144 Reporting

With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Shares to the public without registration, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Act;

(b) use its best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Act and the Exchange; and

(c) furnish to any holder of Shares forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as such holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such holder to sell any Shares without registration.

SECTION 10. No Fee. The parties hereto hereby represent that there are no brokers or finders entitled to compensation in connection with the transactions contemplated hereby.

SECTION 11. Notices. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered or certified mail, return receipt requested, postage prepaid:

if to the Company, to:

Myriad Genetics, Inc.
320 Wakara Way
Salt Lake City, Utah 84108
Fax: (801) 584-3640
Attention: President

with a copy to:

Jonathan L. Kravetz, Esq.
Mintz, Levin, Cohn, Ferris,
Glovsky and Popeo, P.C.
One Financial Center
Boston, Massachusetts 02111
Fax: (617) 542-2241

if to the Purchaser, to:

Schering-Plough Corporation
2000 Galloping Hill Road
Kenilworth, New Jersey 07033
Fax: (908) 298-5379
Attention: Vice President, Business Development

with a copy to:

Schering Corporation
1 Giralda Farms
Madison, New Jersey 07940
Fax: (201) 822-1960
Attention: Joseph C. Connors
Executive Vice President
and General Counsel

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the

courier service, or (iv) if sent by registered or certified mail, on the 5th business day following the day such mailing is made.

SECTION 12. Changes. Any term of this Stock Purchaser Agreement may be amended or compliance therewith waived with the written consent of the parties hereto; provided, however, that any provision of Section 8 hereof may be amended or compliance therewith waived by the written consent of the Company and the holders of a majority of the Shares which have not been previously sold pursuant to a registration statement under Section 8.1 or an exemption from registration under the Securities Act.

SECTION 13. Assignment. Subject to Section 8.7 hereof, the rights and obligations under this Stock Purchase Agreement may not be assigned by any party hereto without the prior written consent of the other party; provided, however, that the Purchaser may, without such prior written consent of the Company, assign its rights and obligations hereunder to an Affiliate.

SECTION 14. Benefit. All statements, representations, warranties, covenants and agreements in this Stock Purchase Agreement shall be binding on, and inure to the benefit of, the respective parties hereto and their respective successors and permitted assigns. Nothing herein shall be construed to create any rights or obligations except among the parties hereto, and no person or entity shall be regarded as a third-party beneficiary of this Stock Purchase Agreement.

SECTION 15. Expenses. Subject to Section 8.3 hereof, each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Stock Purchase Agreement, the Standstill Agreement and the transactions contemplated hereby and thereby whether or not the transactions contemplated hereby or thereby are consummated.

SECTION 16. Headings. The headings of the various sections of this Stock Purchase Agreement have been inserted for convenience of reference only and shall not be deemed to be part hereof.

SECTION 17. Severability. In case any provision contained in this Stock Purchase Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 18. Governing Law. This Stock Purchase Agreement shall be governed by and construed in accordance with (a) the internal laws of the State of Delaware without giving effect to principles of conflicts of law, and (b) with respect to Section 8 hereof, United States federal law.

SECTION 19. Counterparts. This Stock Purchase Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute one instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties.

IN WITESS WHEREOF, the parties hereto have duly executed this Stock Purchase Agreement as of the 22nd day of April 1997.

SCHERING CORPORATION

By: /s/ David Poorvin

Name: David Poorvin
Title: VICE PRESIDENT

MYRIAD GENETICS, INC.

By: /s/ Peter D Meldrum

Peter D. Meldrum
President and Chief Executive Officer

EXHIBIT 11.1

MYRIAD GENETICS, INC

STATEMENT REGARDING COMPUTATION OF NET LOSS PER SHARE
YEARS ENDED JUNE 30,

	1993	1994	1995	1996	1997
Net loss	($444,580)	($3,276,775)	($5,268,383)	($5,897,473)	($9,206,280)
Weighted average common shares outstanding during the year	2,438,867	3,492,620	3,527,714	7,608,548	8,903,918
Weighted average preferred shares, as converted to common stock, outstanding during the year	109,432	332,019	634,650	---	---
Stock options treated in accordance with Staff Accounting Bulletin No. 83	264,731	264,731	264,731	---	---
Shares used in computation	2,813,030	4,021,870	4,427,095	7,608,548	8,903,918
Pro forma net loss per share	($0.16)	($0.81)	($1.19)	($0.78)	($1.03)

EXHIBIT 21.1

REVISED LIST OF SUBSIDIARIES OF MYRIAD GENETICS, INC.

COMPANY NAME	JURISDICTION OF INCORPORATION
Myriad Genetic Laboratories, Inc. (formerly known as Myriad Diagnostic Services, Inc.)	Delaware
Myriad Financial, Inc.	Utah

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Myriad Genetics, Inc.:

We consent to incorporation by reference in the Registration Statements (No's. 33-99204, 333-4700 and 333-23255) on Forms S-8 of Myriad Genetics, Inc. of our report dated August 8, 1997, relating to the consolidated balance sheets of Myriad Genetics, Inc. and subsidiaries as of June 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended June 30, 1997, which report appears in the June 30, 1997 Form 10-K of Myriad Genetics, Inc.

KPMG Peat Marwick LLP

Salt Lake City, Utah
September 23, 1997

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

12-MOS
JUN-30-1997
JUL-01-1996
JUN-30-1997
15,675,763
47,401,675
478,133
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0
48,552,471
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3,189,724
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9,755,512
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76,063,331
504,045
15,236,099
340,461
27,675,907
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66,661
(9,206,280)
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19,206,280
0
0
0
(9,206,280)
(1.03)
(1.03)