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, 1998

[ ] 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 28, 1998 was $69,331,624, based on the last sale price as reported by The Nasdaq Stock Market.

As of September 14, 1998 the registrant had 9,345,535 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 12, 1998.

PART I

ITEM 1. BUSINESS

GENERAL

Myriad Genetics, Inc. (''Myriad'' or the ''Company'') is a leader in the discovery of major common human disease genes and their related pathways. The Company utilizes analyses of extensive family histories and genetic material, as well as a number of proprietary technologies, to identify inherited gene mutations which increase the risk to individuals of developing these diseases. The Company has also developed ProNet(TM), 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 three significant commercial opportunities: (i) the development and marketing of genetic testing and information services, such as its BRACAnalysis(TM) test and its recently launched CardiaRisk(TM) test, for the identification of individuals who are genetically predisposed to developing a particular disease, (ii) the marketing of subscriptions to the ProNet(TM) database of protein interactions, and (iii) the development of therapeutic products for the treatment and prevention of major diseases associated with these genes and their biochemical pathways. The Company 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 major genes: BRCA1, BRCA2, CHD1, MMAC1, MMSC1, MMSC2, CtIP, p16, p19, and MTS2. 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, asthma, cancer, osteoporosis and obesity.

Myriad has achieved the following major milestones during the fiscal year ended June 30, 1998:

- Expanded its strategic alliance with Bayer to add the discovery of genes related to central nervous system disorders. The expanded agreement also provides Bayer access to the Company's ProNet(TM) technology. Under this agreement, the Company may receive up to $54 million in research funding and milestone payments, as well as royalties on the sale of future therapeutic products.

- Discovered, with its academic collaborators, the CHD1 gene. This gene is associated with cardiovascular disease.

- Discovered, through the use of the Company's ProNet(TM) protein interaction technology, the MMSC1, MMSC2, and CtIP genes and the anti-tumor genesis properties of the MKK3 and MKK4 genes. These genes are associated with brain and prostate cancer and breast and ovarian cancer, respectively.

- Launched its second commercial genetic predisposition test, CardiaRisk(TM), to help determine the risk of cardiovascular disease in hypertensive patients and their responsiveness to life style and drug therapy.

- Earned and received milestone payments of $3,000,000 as a result of discoveries made with Schering and Novartis.

- Was awarded eight patents from the U.S. Patent and Trademark Office ("USPTO") covering a variety of discoveries including major disease genes, diagnostic tests, and gene discovery technologies.

The Company has begun commercialization of its gene discoveries by providing genetic tests for individuals to

determine whether or not they have inherited genetic 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) was the first and is currently the only 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.

On January 28, 1998, the Company announced the introduction of its second genetic test, CardiaRisk(TM). The Company believes that the test, which identifies a mutation in the Angiotensinogen gene ("AGT"), will assist physicians both in identifying which hypertensive patients are at a significantly increased risk of developing cardiovascular disease, and identifying which patients are likely to respond to low salt diet therapy and antihypertensive drug therapy.

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 40,000 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 a number of major genes and the identification of numerous genes along their biochemical pathways.

All stages of the gene discovery process 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 CardiaRisk(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 40 hospitals and clinics in the intermountain west. Research with IHC collaborators currently involves the study of families with asthma, osteoporosis, or certain central nervous system disorders. Over 5,000 DNA samples have been collected to date.

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 robotic 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 system 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 cancer and other common disorders have a strong hereditary component. These diseases 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 1998, it is estimated that approximately 179,000 women in the United States will be diagnosed with breast cancer and an additional 25,000 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 15,000 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 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 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.

MMSC1 Scaffold Gene. In January 1998, the Company announced the discovery of MMSC1, a gene which appears to interact directly with the MMAC1 brain and prostate cancer gene. MMSC1 is expected to provide a superior target for possible small molecule therapeutic intervention. There can be no assurance, however, that the identification of this gene will lead to the development of therapeutic products. Analysis of the MMSC1 gene and its biological pathway is in progress through the Myriad/Schering collaboration.

p16 Tumor Suppressor Gene. The Company's first major discovery was the involvement of the p16 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 p16 as a tumor suppressor was discovered by Myriad and was reported in the April 15, 1994 issue of the journal Science. When p16 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 p16 is deleted or mutated in approximately half of all tumor cell lines tested. Because p16 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 p16 gene may also have value in monitoring disease progression.

Myriad also discovered that abnormal p16 genes can be inherited and predispose individuals to melanoma. The Company's discovery of the p16 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 melanoma 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 1998 it is estimated that approximately 42,000 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 p16 mutations.

MTS2 and p19 Cell Cycle Genes. Myriad scientists located p16 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 p19. 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 p19 gene has led to a new area of research in cell division and its possible role in the regulation of another important tumor suppressor gene, p53.

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 the level of 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 Heart Disease Gene. 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. In March 1998, Myriad and Novartis announced the discovery of a novel gene that is believed to play an important role in cardiovascular disease. The gene, named CHD1 for Coronary Heart Disease 1, encodes a novel protein that may lead to a new class of therapies for cardiovascular disease. The Company has filed U.S. Patent applications, jointly prepared with Novartis, on the CHD1 gene and its protein as well as its use in diagnostic and therapeutic applications. The Company believes that a genetic test for familial cardiovascular disease would be of value to predisposed individuals, who could benefit from regular monitoring.

OTHER MAJOR DISEASES

HOB1 and HOB2 Human 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. 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 chromosomal location of a significant gene involved in osteoporosis, OS1. The Company believes that the OS1 gene plays an important role in the pathogenesis of osteoporosis.

ASM1 Asthma Gene. 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 determined the location of a significant gene involved in asthma, ASM1, and have narrowed the ASM1 gene to a small region of the chromosome.

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.

MYRIAD'S PRODUCT DEVELOPMENT PROGRAMS

The Company has identified three 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 BRACAnalysis(TM) test and its recently launched CardiaRisk(TM) test, (ii) the marketing of subscriptions to the

ProNet(TM) database of protein interactions, and (iii) 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, through Myriad Labs, introduced BRACAnalysis(TM), a comprehensive BRCA1 and BRCA2 sequence analysis for susceptibility to breast and ovarian cancer. 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.

CARDIARISK(TM) GENETIC PREDISPOSITION TEST

On January 20, 1998, the Company introduced CardiaRisk(TM). This test, like BRACAnalysis(TM), has been fully automated and is performed by Myriad Labs using DNA extracted from a patient's blood sample. There are approximately 50 million hypertensive patients in the United States. Therapy for these patients includes the use of a low-salt diet, other dietary regimens, and numerous drug therapies, including ACE inhibitors, to control the blood pressure. Although a low salt diet is frequently recommended for hypertensive patients, either alone or in combination with drug therapy, only an estimated 20% of patients actually receive any benefit from a special low salt diet. Moreover, patients often have difficulty complying with the low salt diet due to the expense and inconvenience of preparing special meals.

CardiaRisk(TM) identifies patients who have a greater risk of myocardial infarction (heart attack) and coronary disease by determining the presence of a genetic variation of the AGT gene. In a study published in the June 24, 1995 issue of Lancet of 422 patients with documented coronary heart disease, those with two copies of the variant AGT gene had a 2.6 times greater risk of coronary heart disease and a 3.4 fold greater risk of myocardial infarction than those individuals with one or no copies of the variant. Results of a recent study of 1,509 patients by the National Institutes of Health showed that of all patients placed on a low salt diet, only patients with the AGT mutation achieved a significant reduction in blood pressure over the three year course of the study. Hypertensive patients in this study with the variant form of the AGT gene were also found to be 42% more likely to progress beyond borderline hypertensive blood pressure levels, and their hypertension is more likely to occur earlier in life and become more severe. Additional clinical studies have shown that individuals with both copies of the variant form of the AGT gene have experienced greater reduction in blood pressure with ACE inhibitor therapy versus individuals

with normal copies of the AGT gene.

The Company maintains a sales force with regional responsibilities for sales, promotion and education of physicians nationwide. The Company currently employs a sales force of 33 individuals and expects to significantly expand its sales force over the next three years. Marketing and educational efforts initially have been directed to comprehensive cancer centers, community cancer centers, oncologists and managed care organizations as primary customers for BRACAnalysis(TM) and CardiaRisk(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. The Company believes that broad market acceptance can be achieved only with substantial education about the benefits and limitations of BRACAnalysis(TM)and CardiaRisk(TM), as well as efforts to resolve concerns about their appropriate and ethical use.

There can be no assurance that these tests 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 tests to patients, payors and health care providers.

PRONET(TM) DATABASE

ProNet(TM) is a proprietary database of human proteins, the proteins they interact with and their biochemical pathways. Each protein and its interacting partners form a network, which reads like a map positioning the protein in the disease pathway and tracing the protein's role in that pathway. The Company believes that since virtually all cellular processes are controlled by proteins, including important disease processes, knowledge of how proteins interact can be extremely valuable in the identification of drug targets for novel therapeutic development.

Myriad's proprietary automation and sequencing capabilities developed for the Company's positional cloning and diagnostic efforts have been applied to the search process to allow high throughput processing of protein interactions. As Myriad's efforts to identify protein interactions progresses, the Company's elucidation of an ever increasing fraction of these interactions may enable researchers to identify functional complexes and trace pathways that are involved in disease progression. The Company believes that ProNet(TM) provides a significant opportunity to identify and develop novel drug targets and that the drug discovery efforts of pharmaceutical and biotechnology companies may benefit from ProNet(TM) in a number of ways:

- Information from ProNet(TM) may enable researchers to identify proteins involved in critical interactions. These proteins can be developed as targets for therapeutic intervention;

- Knowledge of interacting partners may aid in assigning proteins to biochemical or disease-related pathways;

- Analysis of ProNet(TM) may suggest functions for many novel proteins;

- Identification of new relationships may suggest novel roles for known proteins; and

- Selection of high-quality drug discovery targets from the numerous candidate genes involved in disease pathways may be possible.

On November 20, 1997, the Company and Bayer jointly announced a research collaboration focusing on the discovery of gene targets and the development of new therapeutics to treat dementia and depression. The research program will utilize ProNet(TM), making Bayer the first pharmaceutical company to access the technology.

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 establishment of the ProNet(TM) database also gives the Company potential licensing and subscription revenues in the near term. 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. 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, hypertension, 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 also provides 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) and CardiaRisk(TM) or that BRACAnalysis(TM), CardiaRisk(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.

Database Access

ProNet(TM) is a powerful technology which the Company believes will aid major pharmaceutical collaborators in identifying the most appropriate targets for therapeutic interventions. Myriad intends to license non-exclusive access to the ProNet(TM) database to pharmaceutical companies for use in identifying novel proteins and their biochemical pathways for use in the development of new therapeutics. There can be no assurance that the Company will be able to obtain information on all of the proteins in the human body and their biochemical pathways or that the Company will successfully license rights to the database.

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, asthma, dementia, depression, 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.

In October 1997, the Company announced that Schering had licensed the therapeutic rights to the MMAC1 gene. In March 1998, the Company demonstrated the tumor-suppressor activity of the MMAC1 gene. Each event triggered milestone payments from Schering to the Company.

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 at any time 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.

In November 1997, the Company announced the expansion of its collaborative research and development arrangement with Bayer to identify and sequence genes involved in dementia and depression. The expanded collaboration provides the Company with additional research funding and potential milestone payments of up to $54 million or a total potential of up to $125 million.

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. In March 1998, the Company and Novartis discovered the CHD1 gene which triggered a milestone payment from Novartis to the Company. 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 at any time 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, the University of Texas M.D. Anderson Cancer Center ("MDA"), and Valley Mental Health ("VMH") which represent important elements of the Company's research and development programs. The Company provides funding for its scientific collaborators at the University, IHC, MDA, and VMH 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, MDA, and VMH 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 University of Utah 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 p16 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 p16 gene and methods of detecting predisposition to cancer based

on the p16 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 and September 1997, the Company entered into Standard Research Agreements with IHC and VMH, respectively. Under these agreements, the Company reimburses IHC and VMH for research used to develop clinical databases in the study of CNS disorders, such as depression, attention deficit hyperactivity disorder, addictive behavior, and obsessive-compulsive disorders, by linking IHC's and VMH's databases of patient records to the Company's genealogy database. IHC and VMH will also collect clinical information and DNA samples on selected patients. The Company and IHC will jointly own the IHC clinical database and the Company and VMH will jointly own the VMH database. IHC and VMH may only use the databases for educational and research purposes and to improve health care services to their 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 databases to any other party.

The Company has the exclusive rights to use the clinical databases, 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 IHC and VMH research agreements covering CNS diseases terminate on April 30, 2001 and August 31, 2002, respectively.

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 14 issued patents and numerous patent applications in the United States as well as numerous foreign patent applications relating to genes associated with cancer, heart disease, and hypertension; processes for identifying and sequencing genes, and other related gene discovery technologies. 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 BRACAnalysis(TM) test and the recently introduced CardiaRisk(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 currently offers genetic testing and information services to detect the mutation of genes predisposing individuals to several 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 not aware of other companies which at this time offer genetic predisposition tests for the BRCA1 and BRCA2 genes. A number of research institutions and university research centers offer certain genetic predisposition testing on a limited basis.

The Company is 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. However, the Company believes that the full DNA sequencing analysis used in its testing platform is the most complete and accurate method of assessing the risk of hereditary breast and ovarian cancer.

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 breast cancer susceptibility (BRCA1 and BRCA2) and hypertension/heart disease risk (AGT). 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 1, 1998, Myriad had 270 full-time equivalent employees, including 35 persons holding doctoral degrees and three medical doctors. 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. The Company has also committed to lease a 48,000 square foot building which is currently under construction. It is planned that this new building will replace the existing 24,800 square foot facility when that lease expires in 1999. 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 is currently in the process of expanding its facilities which the Company believes will provide 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

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

On December 2, 1997, the Company filed an action against OncorMed in the United States District Court for the District of Utah alleging infringement of patent number 5,693,473 entitled "Linked Breast and Ovarian Cancer Susceptibility Gene" issued to the Company on December 2, 1997 by the USPTO. The action was seeking a preliminary and permanent injunction and unspecified damages. On December 29, 1997, OncorMed filed an answer and counterclaim.

On January 20, 1998, the Company filed an action against OncorMed in the United States District Court for the District of Utah alleging infringement of patent number 5,709,999 entitled "Linked Breast and Ovarian Cancer Susceptibility Gene" issued to the Company on January 20, 1998 by the USPTO. The action was seeking a preliminary and permanent injunction and unspecified damages. On February 10, 1998, OncorMed filed an answer and counterclaim.

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

On May 15, 1998, the Company entered into a Settlement and Patent License Agreement with OncorMed. Terms of the agreement include the dismissal by both parties of each of the above mentioned actions. The Company is currently 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, 1998.

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 last two fiscal years, the high and low sales prices for the Common Stock, as reported by the Nasdaq National Market:

	HIGH	LOW
FISCAL 1998:		
Fourth Quarter	$23.625	$ 14.00
Third Quarter	$25.625	$18.188
Second Quarter	$ 30.00	$ 21.50
First Quarter	$28.125	$ 22.75
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

As of August 28, 1998, there were approximately 187 stockholders of record of the Common Stock and, according to the Company's estimates, approximately 2,300 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.

SALE OF UNREGISTERED SECURITIES

None.

USE OF PROCEEDS

The Company filed its initial Form SR with the Securities and Exchange Commission on January 15, 1996 reporting for the period from October 5, 1995 (the effective date of the Company's registration statement for its initial public offering) through January 5, 1996. The Company filed through July 1997 amendments to its Form SR covering each subsequent six month period on a timely basis. Since November 1997, the Company has included information concerning use of proceeds in its Forms 10-Q, the most recent of which was filed May 12, 1998 for the quarter ended March 31, 1998 ("March 31, 1998 Form 10-Q"). The following schedule reflects as of June 30, 1998 an estimate of the amount of net offering proceeds received by the Company from its initial public offering ("the IPO Proceeds") used for each of the purposes listed below (and reflects only the changes to the information provided by the Company in its March 31, 1998 Form 10-Q). As of June 30, 1998, all of the IPO Proceeds have been spent by the Company.

	Direct or indirect payments to anyone other than directors, officers, persons owning ten percent or more of any class of equity securities of the Company, and affiliates of the Company (of which there were no such payments).

Construction of plant, building and facilities	$ 1,494,462
Purchase and installation of machinery and equipment	$12,189,450
Cash and investments	$0
Genetic discovery research expenses	$ 9,103,193
Diagnostic test development and operation expenses	$16,284,197
General and administrative expenses	$10,191,890

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, 1998. The selected consolidated financial data as of and for each of the five years ended June 30, 1998 have been derived from the consolidated financial statements of the Company. The consolidated financial statements and the report thereon for the year ended June 30, 1998 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,				
	1998	1997	1996	1995	1994
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Research revenue	$ 20,999,598	$ 14,732,054	$ 6,628,624	$ 1,294,500	$ 600,000
Genetic testing revenue	2,210,983	504,045	--	--	--
Total revenues	23,210,581	15,236,099	6,628,624	1,294,500	600,000
Costs and expenses:					
Research and development	23,002,340	18,580,229	12,990,566	5,161,978	3,008,487
Selling, general and administrative	11,807,023	8,755,217	2,525,814	1,788,247	1,154,541
Genetic testing cost of revenue	1,391,368	340,461	--	--	--
Total expenses	36,200,731	27,675,907	15,516,380	6,950,225	4,163,028
Operating loss	(12,990,150)	(12,439,808)	(8,887,756)	(5,655,725)	(3,563,028)
Other income (expense):					
Interest income	3,223,683	3,414,379	3,173,749	458,353	273,689
Interest expense	(32,681)	(66,661)	(97,414)	(71,011)	--
Other	2,113	(114,190)	(86,052)	--	12,564
Net loss	($9,797,035)	($9,206,280)	($5,897,473)	($5,268,383)	($3,276,775)

Net loss per share.....	($1.05)	($1.03)	($0.78)	($1.19)	($0.81)
Weighted average shares outstanding.....	9,289,481	8,903,918	7,608,548	4,427,095	4,021,870

	AS OF JUNE 30,				
	1998	1997	1996	1995	1994
CONSOLIDATED BALANCE SHEET DATA:					
Cash, cash equivalents and marketable investment securities.....	$53,109,493	$63,077,439	$70,002,780	$16,140,935	$5,678,356
Working capital.....	21,806,290	38,796,960	41,665,513	13,784,051	5,265,234
Total assets.....	67,391,972	76,063,331	79,607,497	19,744,451	6,722,784
Notes payable less current portion.....	--	128,844	471,640	780,261	--
Net stockholders' equity.....	57,481,013	66,178,975	70,185,747	16,256,165	6,288,919

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 tests. The Company has been unprofitable since its inception and, for the year ended June 30, 1998, the Company had a net loss of $9,797,035 and as of June 30, 1998 had an accumulated deficit of $33,944,427.

In April 1995, the Company commenced a five-year collaborative research and development arrangement with Novartis Corporation ("Novartis"). This collaboration may provide the Company with an equity investment, research funding and potential milestone payments of up to $60,000,000. In March 1998, the Company and Novartis discovered the CHD1 gene, a novel gene that may play an important role in cardiovascular disease. The gene discovery represents a significant milestone in the Novartis-Myriad research collaboration and triggered a $500,000 milestone payment from Novartis to the Company. The Company is entitled to receive royalties from sales of therapeutic products sold by Novartis. The Company recognized, in addition to the $500,000 milestone payment, $6,916,088 in revenue under this agreement for the year ended June 30, 1998.

In September 1995, the Company commenced a five-year collaborative research and development

arrangement with Bayer Corporation ("Bayer"). This collaboration may provide the Company with an equity investment, research funding and potential milestone payments of up to $71,000,000. In November 1997, the Company announced an expansion of its collaborative research and development arrangement with Bayer. The expanded collaboration may provide the Company with additional research funding and potential milestone payments of up to $54,000,000 or a total potential of up to $125,000,000. The Company is entitled to receive royalties from sales of therapeutic products sold by Bayer. The Company recognized $8,083,510 in revenue under this agreement for the year ended June 30, 1998.

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. In January 1998, the Company announced the introduction of CardiaRisk(TM) which may assist physicians both in (i) identifying which hypertensive patients are at a significantly increased risk of developing cardiovascular disease and (ii) identifying which patients are likely to respond to low salt diet therapy and antihypertensive drug therapy. The Company, through its wholly owned subsidiary Myriad Genetic Laboratories, Inc., recognized genetic testing revenues, primarily from BRACAnalysis(TM), of $2,210,983 for the year ended June 30, 1998.

In April 1997, the Company commenced a three-year collaborative research and development arrangement with Schering Corporation ("Schering"). The three-year term may be extended for two additional one-year periods. This collaboration may provide the Company with an equity investment, license fees, research funding and potential milestone payments totalling up to $60,000,000. In October 1997, the Company announced that Schering had licensed the therapeutic rights to the MMAC1 gene under such agreement. The MMAC1 gene has been associated with advanced cancers of the brain, prostate, breast, kidney, and skin. To date, the Company has recognized milestone payments totalling $2,500,000 from Schering associated with the MMAC1 gene. The Company is entitled to receive royalties from sales of therapeutic products sold by Schering. The Company recognized, in addition to the $2,500,000 milestone payment, $3,000,000 in revenue under this agreement for the year ended June 30, 1998.

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

RESULTS OF OPERATIONS

Years ended June 30, 1998 and 1997.

Research revenues for the Company's fiscal year ended June 30, 1998 increased $6,267,544 from the prior year to $20,999,598. The increase was attributable primarily to the achievement of certain research milestones with Novartis and Schering and the Company's new and expanded corporate research collaboration agreements with Schering and Bayer. During the year ended June 30, 1998, the Company recognized $3,000,000 in research milestones consisting of $500,000 from Novartis and $2,500,000 from Schering. During the same period, the Company recognized $3,000,000 in research funding from Schering under an agreement initiated 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 $2,210,983 were recognized in the fiscal year ended June 30, 1998, an increase of 339% or $1,706,938 over the prior year. The test for genetic predisposition to breast and ovarian cancer was launched by the Company in October 1996 and the test for heart disease and hypertension risk was launched by the Company in January 1998. Sales and marketing efforts since that time have given rise to the increased revenues for

the fiscal year ended June 30, 1998. There can be no assurance, however that genetic testing revenues will continue to increase at the historical rate.

Research and development expenses for the year ended June 30, 1998 increased to $23,002,340 from $18,580,229 for the prior year. This increase was primarily due to an increase in research activities as a result of progress in the Company's collaborations with Novartis, Bayer and Schering as well as those programs funded by the Company. The increased level of research spending includes third-party research programs, increased depreciation charges related to purchasing 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 expenses related to milestones achieved by its academic collaborators. 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 fiscal year ended June 30, 1998 increased $3,051,806 from the year ended June 30, 1997. The increase was primarily attributable to costs associated with the ongoing promotion of BRACAnalysis(TM) and the launch of CardiaRisk(TM), including the expansion of the Company's internal sales staff from 8 to 33 employees. Additionally, the Company expended significant amounts in the defense of its intellectual property, including the successful settlement of legal actions with OncorMed. The increase is also a result of additional administrative, marketing and education personnel, market research activities, educational material development, 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, 1998 decreased to $3,223,683 from $3,414,379 or 5.6% for the prior year. The Company has been able to maintain its cash reserves at a relatively constant level as a result of its ongoing collaborative research agreements, entering new collaborative agreements, achieving research milestones, and sales of its genetic tests. As a result, interest income has not changed significantly from the prior year. Interest expense for the year ended June 30, 1998, amounting to $32,681, was due entirely to borrowings under the Company's equipment financing facility.

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 the University of Texas M.D. Anderson Cancer Center 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.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was $7,028,883 during the fiscal year ended June 30, 1998 as compared to $6,581,534 used during the prior fiscal year. Trade receivables were established on a broad basis during fiscal year 1998 and amounted to $471,327 as a result of the Company allowing terms for payment for its genetic tests. In the prior fiscal year only a selected number of institutions were allowed payment terms while a majority of tests were prepaid by the customer. Non-trade receivables decreased $177,914 during the fiscal year ended June 30, 1998, primarily as a result of the Company receiving reimbursement of certain legal fees which the Company incurred but were the responsibility of one of the Company's collaborative partners. Prepaid expenses decreased $179,581 during the year ended June 30, 1998. The decrease is primarily the result of less royalties being paid in advance by the Company. Other assets increased $941,405 during the current fiscal year. The majority of this increase was the result of capitalized costs associated with the Settlement and Patent License Agreement entered into by the Company and OncorMed. These assets include a purchased customer list and patent rights. Accounts payable and accrued expenses increased by $3,346,712 during the fiscal year ended June 30, 1998 as a result of increased accruals for unbilled work provided by the Company's research collaborators, unbilled legal fees, and the Company's efforts to better control cash flows. Deferred revenue, representing the difference in collaborative payments received and research revenue recognized, decreased $2,977,312 during the year ended June 30, 1998.

The Company's investing activities used cash of $2,681,493 in the year ended June 30, 1998 and provided cash of $13,134,547 in the year ended June 30, 1997. Investing activities were comprised primarily of capital expenditures for research equipment, office furniture, and facility improvements and marketable investment securities. During the year ended June 30, 1998, the Company shifted a portion of its investment in marketable securities to cash and cash equivalents from longer term investments in order to provide for ongoing corporate expenditures.

Financing activities provided $229,647 during the year ended June 30, 1998. The Company reduced the amount of principal owing on its equipment financing facility by $342,797. Payments on the financing facility were offset by proceeds of $572,444 from the exercise of options and warrants during the period. Financing activities provided $4,287,070 during the year ended June 30, 1997. During the year ended June 30, 1997, proceeds

received by the Company of $4,595,728 from the exercise of options and warrants and proceeds from Schering's equity investment were offset by payments by the Company of $308,658 to reduce principal owing on its equipment financing facility.

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

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs using a two-digit format, as opposed to four digits, to indicate the year. Any of the Company's computer programs or other information systems that have time-sensitive software or embedded microcontrollers may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations.

During fiscal 1998, the Company completed an initial review ("Phase I") of its information and non-information technology systems. This review included its existing and planned computer software and hardware. The Company has made an initial determination, based on its Phase I review, that the costs and/or consequences associated with the Year 2000 issue are not expected to have a material effect on its business, operations or future financial condition.

A second, more in-depth analysis ("Phase II") is currently ongoing. Internally, Phase II will include the testing of internally developed systems. Although the internal portion of Phase II just recently commenced, and is not expected to be completed until the end of calendar year 1998, the Company presently believes that with modifications to existing software and conversions to new software and systems, the Year 2000 Issue will not pose significant operational problems for its computer and other information systems. If required, the Company will utilize both internal and external resources to reprogram, or replace, and test the software and systems for Year 2000 modifications. Externally, Phase II of the Company's preparations for the Year 2000 Issue will consist of soliciting and obtaining certification of Year 2000 compliance from third-party software vendors and determining the readiness of its significant suppliers and customers.

If such modifications, conversions and/or replacements are not made, are not completed timely, or if any of the Company's suppliers or customers do not successfully deal with the Year 2000 Issue, the Year 2000 Issue could have a material impact on the operations of the Company. The Company could experience delays in receiving or sending its genetic testing products that would increase its costs and that could cause the Company to lose business and even customers and could subject the Company to claims for damages. Problems with the Year 2000 Issue could also result in delays in the Company invoicing its genetics testing customers or in the Company receiving payments from them. In addition, the Company's research and development efforts which rely heavily on the storage and retrieval of electronic information could be interrupted resulting in significant delays in discovering genes, the loss of current collaborations, and the impairment of the Company's ability to enter into new collaborations. The severity of these possible problems would depend on the nature of the problem and how quickly it could be corrected or an alternative implemented, which is unknown at this time. In the extreme, such problems could bring the Company to a standstill.

While management has not yet specifically determined the costs associated with its Year 2000 readiness efforts, monitoring and managing the Year 2000 Issue will result in additional direct and indirect costs to the Company. Direct costs include potential charges by third-party software vendors for product enhancements, costs involved in testing software products for Year 2000 compliance and any resulting costs for developing and implementing contingency plans for critical software products which are not enhanced. Indirect costs will principally consist of the time devoted by existing employees in monitoring software vendor progress, testing enhanced software products and implementing any necessary contingency plans. Such costs have not been material to date. Both direct and indirect costs of addressing the Year 2000 Issue will be charged to earnings as incurred.

After evaluating its internal compliance efforts as well as the compliance of third parties as described above, the Company will develop during 1999 appropriate contingency plans to address situations in which various systems of the Company, or of third parties with which the Company does business, are not year 2000 compliant. Some risks of the Year 2000 Issue, however, are beyond the control of the Company and its suppliers and customers. For example, no preparations or contingency plan will protect the Company from a downturn in economic activity caused by the possible ripple effect throughout the entire economy caused by the Year 2000 Issue.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

The securities held in the Company's investment portfolio are subject to interest rate risk. Changes in interest rates affect the fair market value of the available-for-sale securities. After a review of the Company's marketable securities as of June 30, 1998, the Company has determined that in the event of a hypothetical ten percent increase in interest rates, the resulting decrease in fair market value of the Company's marketable investment securities would be insignificant to the financial statements as a whole.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

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

ITEM 8. FINANCIAL STATEMENTS

MYRIAD GENETICS, INC.

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 "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement for the 1998 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 1998 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 1998 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 1998 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
AND (2) Statement Schedules" at 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)$T	--	1992 Employee, Director and Consultant Stock Option Plan as amended and restated September 11, 1997 (Filed as Exhibit 10.1)
(10.2)*$	--	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 or p16) (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 or p16) (Filed as Exhibit 10.23)

(10.24)* -- Research Agreement between the Registrant and California Institute of Technology, dated June 3, 1994 (MTS1 or p16) (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)Y@ -- 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)Y -- 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)Y -- 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)Y@ -- 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)(S)@-- Collaborative Research and License Agreement among the Registrant, Schering Corporation and Schering-Plough, Ltd., dated April 22, 1997 (Prostate and Other Cancers) (Filed as Exhibit 10.36)

(10.37)(S) -- Standstill Agreement between the Registrant and Schering Corporation, dated April 22, 1997 (Filed as Exhibit 10.37)

(10.38)(S) -- Stock Purchase Agreement for Common Stock between the Registrant and Schering Corporation, dated April 22, 1997 (Filed as Exhibit 10.38)

(10.39)(P)@-- Standard Research Agreement between the Company and Valley Mental Health dated September 1, 1997 (central nervous system disorders) (Filed as Exhibit 10.1)

(10.40)(P) -- International Swap Dealers Association, Inc. Master Agreement ("ISDA Master Agreement") between the Registrant and Swiss Bank Corporation, London Branch dated October 8, 1997 (Filed as Exhibit 10.2)

(10.41)(P) -- Schedule to ISDA Master Agreement between the Registrant and Swiss Bank Corporation, London Branch dated October 8, 1997 (Filed as Exhibit 10.3)

(10.42)(P) -- Confirmation for Contract A entered into pursuant to ISDA Master Agreement between the Registrant and Swiss Bank Corporation, London Branch dated October 8, 1997 (Filed as Exhibit 10.4)

(10.42)(P) -- Confirmation for Contract B entered into pursuant to ISDA Master Agreement between the Registrant and Swiss Bank Corporation, London Branch dated October 8, 1997 (Filed as Exhibit 10.5)

(10.43)%@ -- Amendment and Supplement to Collaborative Research and License Agreement dated November 19, 1997 between Bayer Corporation and the Registrant (Filed as Exhibit 10.1)

(10.44) -- Lease Agreement-Research Park Building Phase II, dated March 6, 1998, between the Research Park Associated VI, by its general partner, the Boyer Company, L.C. and the Registrant

(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.

Y 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.

(S)Previously filed and incorporated herein by reference from the Form 10-K for the period ending June 30, 1997.

(P)Previously filed and incorporated herein by reference from the Form 10-Q for the period ending September 30, 1997.

% Previously filed and incorporated herein by reference from the Form 10-Q for the period ending December 31, 1997.

T Previously filed and incorporated herein by reference from the Company's Registration Statement filed on Form S-8, effective November 25, 1997, File No. 333-40961.

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, 1998.

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 22, 1998.

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 22, 1998
By: /s/ Jay M. Moyes JAY M. MOYES	Vice President of Finance (principal financial and accounting officer)	September 22, 1998
By: /s/ John J. Horan JOHN J. HORAN	Chairman of the Board	September 23, 1998
By: /s/ Walter Gilbert WALTER GILBERT, PH.D.	Vice Chairman of the Board	September 22, 1998
By: /s/ Mark H. Skolnick MARK H. SKOLNICK, PH.D.	Director	September 22, 1998
By: /s/ Arthur H. Hayes, Jr. ARTHUR H. HAYES, JR., M.D.	Director	September 22, 1998
By: /s/ Dale A. Stringfellow DALE A. STRINGFELLOW, PH.D.	Director	September 23, 1998
By: /s/ Alan J. Main ALAN J. MAIN, PH.D.	Director	September 23, 1998
By: /s/ Michael J. Berendt MICHAEL J. BERENDT, PH.D.	Director	September 23, 1998

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, 1998 and 1997, 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, 1998. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended June 30, 1998, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

Salt Lake City, Utah
August 14, 1998

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS	JUNE 30, 1998	1997
Current assets:		
Cash and cash equivalents	$ 14,595,034	24,075,763
Marketable investment securities (note 2)	16,267,156	23,552,315
Prepaid expenses	266,679	446,260
Trade accounts receivables, less allowance for doubtful accounts of $66,000 in 1998 $-0- in 1997	471,327	183,166
Nontrade receivables	117,053	294,967
Total current assets	31,717,249	48,552,471
Equipment and leasehold improvements:		
Equipment	16,049,721	13,124,937
Leasehold improvements	2,288,241	2,075,308
	18,337,962	15,200,245
Less accumulated depreciation and amortization	5,902,926	3,189,724
Net equipment and leasehold improvements	12,435,036	12,010,521
Long-term marketable investment securities (note 2)	22,247,303	15,449,360
Other assets	992,384	50,979
	$ 67,391,972	76,063,331
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,121,279	2,559,035
Accrued liabilities	1,938,722	1,154,254
Deferred revenue (note 9)	2,722,115	5,699,427
Current portion of notes payable (note 3)	128,843	342,796
Total current liabilities	9,910,959	9,755,512
Notes payable, less current portion (note 3)	-	128,844
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 9,337,501 shares in 1998 and 9,222,552 shares in 1997	93,375	92,226
Additional paid-in capital	91,907,034	91,605,739
Fair value adjustment on marketable investment securities	1,477	5,382
Deferred compensation	(576,446)	(1,376,980)
Accumulated deficit	(33,944,427)	(24,147,392)
Net stockholders' equity	57,481,013	66,178,975
	$ 67,391,972	76,063,331

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.,
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED JUNE 30,		
	1998	1997	1996
Research revenue (note 9)	$ 20,999,598	14,732,054	6,628,624
Genetic testing revenue	2,210,983	504,045	-
Total revenues	23,210,581	15,236,099	6,628,624
Costs and expenses:			
Research and development expense	23,002,340	18,580,229	12,990,566
Selling, general, and administrative expenses	11,807,023	8,755,217	2,525,814
Genetic testing cost of revenue	1,391,368	340,461	-
Total costs and expenses	36,200,731	27,675,907	15,516,380
Operating loss	(12,990,150)	(12,439,808)	(8,887,756)
Other income (expense):			
Interest income	3,223,683	3,414,379	3,173,749
Interest expense	(32,681)	(66,661)	(97,414)
Other	2,113	(114,190)	(86,052)
	3,193,115	3,233,528	2,990,283
Net loss	$ (9,797,035)	(9,206,280)	(5,897,473)
Basic and diluted loss per share	$ (1.05)	(1.03)	(.78)
Basic and diluted weighted average shares outstanding	9,289,481	8,903,918	7,608,548

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED JUNE 30, 1998, 1997, AND 1996

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on investment securities	Deferred compen-sation	Accum-ulated deficit	Net stock-holders' equity
	Shares	Amount	Shares	Amount					
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
Issuance of series D preferred stock for cash, net of expenses	588,236	5,882	-	-	9,976,864	-	-	-	9,982,746
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	-	-	-	48,956,210
Issuance of common stock for cash upon exercise of options and warrants	-	-	176,413	1,764	216,039	-	-	-	217,803
Issuance of common stock for cash	-	-	1,598	16	36,658	-	-	-	36,674
Deferred compensation related to grant of stock options	-	-	-	-	1,080,000	-	(1,080,000)	-	-
Amortization of deferred compensation	-	-	-	-	-	-	701,487	-	701,487
Fair value adjustment on marketable investment securities	-	-	-	-	-	(67,865)	-	-	(67,865)
Net loss	-	-	-	-	-	-	-	(5,897,473)	(5,897,473)
Balances at June 30, 1996	-	$ -	8,702,215	$87,022	87,015,215	(67,865)	(1,907,513)	(14,941,112)	70,185,747

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)

YEARS ENDED JUNE 30, 1998, 1997, AND 1996

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on marketable investment securities	Deferred compensation	Accumulated deficit	Net stockholders' 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

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)

YEARS ENDED JUNE 30, 1998, 1997, AND 1996

	Preferred stock		Common stock		Additional paid-in capital	Fair value adjustment on marketable investment securities	Deferred compensation	Accumulated deficit	Net stockholders' equity
	Shares	Amount	Shares	Amount					
Issuance of common stock for cash upon exercise of options and warrants	-	$ -	105,704	$ 1,057	393,128	-	-	-	$394,185
Issuance of common stock for cash	-	-	9,245	92	178,167	-	-	-	178,259
Amortization of deferred compensation	-	-	-	-	-	-	530,534	-	530,534
Forfeiture of deferred compensation	-	-	-	-	(270,000)	-	270,000	-	-
Fair value adjustment on marketable investment securities	-	-	-	-	-	(3,905)	-	-	(3,905)
Net loss	-	-	-	-	-	-	-	(9,797,035)	(9,797,035)
Balances at June 30, 1998	-	$ -	9,337,501	$ 93,375	91,907,034	1,477	(576,446)	(33,944,427)	57,481,013

See accompanying notes to consolidated financial statements.

MYRIAD GENETICS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30,		
	1998	1997	1996
Cash flows from operating activities:			
Net loss	$ (9,797,035)	(9,206,280)	(5,897,473)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,272,936	2,505,479	1,618,390
Loss on sale of equipment	14,856	68,762	73,436
Loss (gain) on sale of investment securities	(16,969)	45,428	30,791
Bad debt expense	66,000	-	-
Increase in trade receivables	(354,161)	(183,166)	-
Decrease (increase) in prepaid expenses	179,581	(357,837)	115,387
Decrease (increase) in nontrade receivables	177,914	(215,901)	68,265
Decrease (increase) in other assets	(941,405)	(9,283)	9,781
Increase in accounts payable and accrued expenses	3,346,712	733,213	539,857
Increase (decrease) in deferred revenue	(2,977,312)	38,051	4,861,376
Net cash provided by (used in) operating activities	(7,028,883)	(6,581,534)	1,419,810
Cash flows from investing activities:			
Proceeds from sale of equipment	4,133	68,424	39,375
Capital expenditures	(3,185,906)	(4,727,121)	(6,414,240)
Purchase of investment securities held-to-maturity	(117,237,699)	(111,098,966)	(460,727,571)
Maturities of investment securities held-to-maturity	117,100,138	127,713,265	427,043,548
Purchase of investment securities available-for-sale	(723,380,886)	(471,745,972)	(161,476,655)
Sale of investment securities available-for-sale	724,018,727	472,924,917	142,550,121
Net cash provided by (used in) investing activities	(2,681,493)	13,134,547	(58,985,422)
Cash flows from financing activities:			
Payments of notes payable	(342,797)	(308,658)	(277,877)
Net proceeds from issuance of common stock	572,444	4,595,728	49,210,687
Net proceeds from issuance of preferred stock	-	-	9,982,746
Net cash provided by financing activities	229,647	4,287,070	58,915,556
Net increase (decrease) in cash and cash equivalents	(9,480,729)	10,840,083	1,349,944
Cash and cash equivalents at beginning of year	24,075,763	13,235,680	11,885,736
Cash and cash equivalents at end of year	$ 14,595,034	24,075,763	13,235,680
Supplemental Disclosure of Cash Flow Information			
Interest paid	$ 32,681	66,678	97,414
Supplemental Disclosures of Noncash Investing and Financing Activities			
Increase (decrease) in additional paid-in capital as a result of forfeitures and the recording of deferred compensation	$ (270,000)	-	1,080,000
Accounts payable incurred for construction-in-progress	-	-	810,108
Fair value adjustment on investment securities (charged) credited to stockholders' equity	(3,905)	73,247	(67,865)

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Business Description

Myriad Genetics, Inc. (the Company) is 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 Companyis 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 $9,979,106 and $21,017,125 at June 30, 1998 and 1997, respectively, consist of short-term securities. 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.

(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 Common and Common Equivalent Share

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

SFAS 128 establishes a different method of computing earnings (loss) per common and common-equivalent share than was previously required under the provisions of Accounting Principles Board Opinion No. 15. SFAS 128, requires the presentation of basic and diluted earnings (loss) per share. Basic is the amount of net income (loss) for the period available to each share of common stock outstanding during the reporting period. Diluted earnings per share is the amount of net income (loss) for the period available to each share of common stock outstanding during the reporting period and to each share that would have been outstanding assuming the issuance of common shares for all dilutive potential common shares outstanding during the period.

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

For the years ended June 30, 1998, 1997, and 1996, there were antidilutive common stock equivalents of 2,068,720, 1,390,917, and 1,366,212, respectively. Accordingly, these common stock equivalents were not included in the computation of diluted earnings per share, for the years presented, but may be dilutive to future basic and diluted earnings per share.

(h) Use of Estimates

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

(i) Marketable Investment Securities

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

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

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

(j) Reclassifications

Certain reclassifications have been made to the 1997 and 1996 consolidated financial statements to conform with classifications adopted in 1998.

(k) Fair Value Disclosure

At June 30, 1998, the book value of the Company's financial instruments approximates fair value except as disclosed in note 2.

(l) Stock-Based Compensation

The Company has 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.

(m) Other Assets

Other assets are comprised of a purchased customer list, patent, and security deposits. The customer list and patent were acquired in fiscal year 1998. Amortization of the customer list and patents are computed using the straight-line method over the estimated useful lives of the related assets, which range from four to nine years. On an ongoing basis, management reviews the valuation of the customer list and patent to determine possible impairment by comparing the carrying value to undiscounted estimated future cash flows from the related assets.

(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, 1998 and 1997, were as follows:

	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
At June 30, 1998				
Held-to-maturity:				
U.S. government obligations	$13,605,683	1,140	(21,591)	13,585,232
Corporate bonds and notes	7,856,801	910	(10,113)	7,847,598
	$21,462,484	2,050	(31,704)	21,432,830
Available-for-sale:				
U.S. government obligations	$ 3,806,744	1,460	-	3,808,204
Domestic bank obligations	1,009,885	740	-	1,010,625
Foreign bank obligations	7,021,725	1,469	(602)	7,022,592
Mortgage-backed securities	979,672	-	(3,577)	976,095
Corporate bonds and notes	4,050,440	3,157	(1,170)	4,052,427
Certificate of deposit	182,032	-	-	182,032
	$17,050,498	6,826	(5,349)	17,051,975

(2) Marketable Investment Securities (continued)

	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	6,395,864	-	(25,754)	6,370,110
	$21,324,923	1,467	(65,482)	21,260,908
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

Maturities of debt securities classified as available-for-sale and held-to-maturity are as follows at June 30, 1998. (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	$ 7,651,580	7,641,557
Due after one year through five years	13,810,904	13,791,273
	$21,462,484	21,432,830
Available-for-sale:		
Due within one year	$ 8,613,783	8,615,576
Due after one year through five years	8,436,715	8,436,399
	$17,050,498	17,051,975

(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, 1998 are $128,843, payable in fiscal 1999. 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 as of June 30, 1998 are as follows:

Fiscal year ending:	
1999	$ 1,466,752
2000	1,619,021
2001	1,585,749
2002	1,585,749
2003	1,585,749
Thereafter	6,955,467
	$15,853,787

Rental expense was $1,282,308 in 1998, $1,014,931 in 1997, and $433,000 in 1996.

(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 2,000,000 shares of common stock for issuance upon the exercise of options that the Company plans to grant from time to time under this plan. The exercise price of options is equivalent to the estimated fair market value of the stock at the date of grant. The number of shares, terms, and exercise period are determined by the Board of Directors on an option-by-option basis. Options generally vest ratably over five years and expire ten years from date of grant. Options for 1,758,262 shares have been granted as of June 30, 1998 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. Amortization expense was $530,534, $530,533, and $701,487 for the years ended June 30, 1998, 1997, and 1996, respectively.

(5) Stock-Based Compensation (continued)

A summary of activity is as follows:

	1998		1997		1996	
	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price
Options outstanding at beginning of year	1,334,707	$17.08	1,288,925	$ 8.48	968,957	$ 3.10
Plus options granted	492,600	19.82	486,156	28.82	415,266	19.38
Less:						
Options exercised	81,740	3.91	373,329	1.69	80,346	1.98
Options canceled or expired	103,090	18.67	67,045	18.17	14,952	5.67
Options outstanding at end of year	1,642,477	$18.47	1,334,707	$17.08	1,288,925	$ 8.48
Weighted - average fair value of options granted during the year		$12.01		19.04		12.48

The following table summarizes information about fixed stock options outstanding at June 30, 1998:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at June 30, 1998	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at June 30, 1998	Weighted-average exercise price
$ .028 - 7.00	476,684	5.8	$ 4.90	374,454	$ 4.42
15.00 - 25.00	769,710	9.1	21.42	128,649	24.41
26.00 - 40.25	396,083	8.9	29.06	79,831	29.31
.028 - 40.25	1,642,477	7.9	18.47	582,934	12.24

(5) Stock-Based Compensation (continued)

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 loss per share would have been changed to the following pro forma amounts:

		1998	1997	1996
Net loss	As reported	$ 9,797,035	$ 9,206,280	$5,897,473
	Pro forma	13,590,274	10,837,607	6,052,988
Basic and diluted loss per share	As reported	1.05	1.03	0.78
	Pro forma	1.46	1.22	0.80

The pro forma net loss reflects only options granted in 1998, 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 1998, 1997, and 1996, respectively: risk-free interest rates of 5.5 percent, 6.4 percent, and 6.4 percent; expected dividend yields of 0 percent for all years; expected lives of 5.6 years, 5.5 years, and 5.2 years; and expected volatility of 63 percent, 70 percent, and 70 percent.

(6) Common and Preferred 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 of which 26,243 are still outstanding as of June 30, 1998.

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

(6) Common and Preferred Stock (continued)

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

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

(7) License Agreements

The Company has entered into license agreements with certain organizations and 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 $730,000, issued 28,416 shares of common stock, and granted 14,286 stock options. The Company is also required to make future payments totaling $15,000 and may make milestone payments of $725,000 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 1998, 1997, or 1996 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, 1998 and 1997, are presented below:

	1998	1997
Deferred tax assets:		
Net operating loss carryforwards	$ 16,737,000	11,857,000
Research and development credits	905,000	264,800
Accrued expenses	366,000	186,800
Unearned revenue	1,015,000	2,118,000
Total gross deferred tax assets	19,023,000	14,426,600
Less valuation allowance	(17,545,000)	(13,426,600)
Net deferred tax assets	1,478,000	1,000,000
Deferred tax liability - equipment, principally due to differences in depreciation	1,478,000	1,000,000
Total gross deferred tax liability	1,478,000	1,000,000
Net deferred tax liability	$ -	-

The net change in the total valuation allowance for the years ended June 30, 1998 and 1997, was an increase of $4,118,400 and $7,288,300, respectively. Of the subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of June 30, 1998, approximately $4,997,000 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, 1998, the Company had total tax net operating losses of approximately $44,872,000 and total research and development credit carryforwards of approximately $905,000, which can be carried forward to reduce federal income taxes. If not utilized, the tax loss and research and development credit carryforwards expire beginning in 2007.

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 $3,000,000 and $750,000 has been received and recognized as revenue in 1998 and 1997, respectively. 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, of which $2,500,000 was received and recognized as revenue in 1998. 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. In November 1997, the Company expanded one of these agreements. Under the agreements, the Company may receive up to $184,500,000. 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 $61,500,000 in annual research funding paid quarterly in advance for five years of which $34,500,000 has been received. The Company recognized $14,999,598, $9,982,054, and $6,338,624 as revenue relating to these agreements in 1998, 1997, and 1996, respectively. The Company may also receive up to $106,000,000 upon achievement of specified milestones of which $500,000 was received and recognized as revenue in 1998. 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.

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 BRCA1 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 1998 and 1997, and $50,000 was recognized as revenue in 1996. The contract also provides for the receipt of milestone payments of $1,160,000 of which $240,000 was received and recorded as revenues in 1996. The Company is also entitled to receive a specified royalty of net sales from any resulting products.

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

(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 $273,851, $205,866, and $100,461 in 1998, 1997, and 1996, 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, 1998, 15,508 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 June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income and Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information. These statements, which are effective for periods beginning after December 15, 1997, expand or modify disclosures and, accordingly, will have no impact on the Company's reported financial position, results of operations, or cash flows.

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION OF EXHIBITS
(10.44)	--	Lease Agreement-Research Park Building Phase II, dated March 6, 1998, between the Boyer Research Park Associates VI, by its general partner, the Boyer Company, L.C. and the Registrant
(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

Exhibit 10.44

LEASE AGREEMENT

LANDLORD: BOYER RESEARCH PARK ASSOCIATES VI,
BY ITS GENERAL PARTNER, THE BOYER COMPANY, L.C.

TENANT: MYRIAD GENETICS, INC.

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LEASE AGREEMENT

RESEARCH PARK BUILDING - PHASE II

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of this 6th day of March, 1998 by and between BOYER RESEARCH PARK ASSOCIATES VI, BY ITS GENERAL PARTNER, THE BOYER COMPANY, L.C. (the "Landlord"), and MYRIAD GENETICS, INC. (the "Tenant").

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

I. PREMISES

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

(a) That certain floor area containing approximately 48,635 gross rentable square feet (the "Leased Premises"), more particularly, 15,221 gross rentable square feet on Floor One, 15,492 gross rentable square feet on Floor Two, 15,492 gross rentable square feet on the Floor Three, and 2,230 gross rentable square feet in the basement of the 48,635 gross rentable square feet three story office building (the "Building") located at approximately 320 Wakara Way in Salt Lake City, Utah, on the real property (the "Property") described on Exhibit "A" attached hereto and by this reference incorporated herein. The space occupied by Tenant consists of that certain area crosshatched on Exhibit "B" which is attached hereto and by this reference incorporated herein.

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

(c) The exclusive right to use those areas designated and suitable for vehicular parking, including the exclusive right to the use of One Hundred Six (106) parking stalls.

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

1.3 Construction of Shell Building. Landlord shall, at its own cost and expense, construct and complete a three story 48,635 gross rentable square foot building and cause all of the construction which is to be performed by it in completing the Building and performing its work as set forth on Exhibit "C", to be substantially completed as evidenced by a Certificate of Occupancy, and the Leased Premises ready for Tenant to install its fixtures and equipment and to perform its other work as described on Exhibit "C" as soon as reasonably possible, but in no event later than April 1, 1999 ("Target Date"). In the event that Landlord's construction of obligation has not been fulfilled upon the expiration of the "Target Date", Tenant shall have the right to exercise any right or remedy available to it under this Lease, including the right to terminate this Lease and the right to charge Landlord and cause Landlord to pay any increased costs associated with Tenant's current leases due to holding over in such space or moving to temporary space; provided that under no circumstances shall Landlord be liable to Tenant resulting from delay in construction covered by circumstances beyond Landlord's direct control.

II. TERM

2.1 Length of Term. The term of this Lease shall be for a period of ten (10) years plus the partial calendar month, if any, occurring after the Commencement Date (as hereinafter defined) if the Commencement Date occurs other than on the first day of a calendar month.

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

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

(b) The date fifteen (15) days after the Landlord, or Landlord's supervising contractor, notified Tenant in writing that Landlord's construction obligations respecting the Leased Premises have been fulfilled and/or that the Leased Premises are ready for occupancy and/or performance of Tenant's work. Such notice shall be accompanied by an occupancy permit and a certificate from the Building Architect stating that remaining punch list items can be completed within fifteen (15) days and will not materially

interfere with Tenant's business. Prior to Commencement Date, it is contemplated that Tenant shall be able to perform its construction obligation as per Exhibit C II(H).

2.3 Construction of Leased Premises. Landlord shall provide a budget prior to the commencement of construction of the Leased Premises (see Exhibit "E"). Landlord shall itemize each part of the construction and its associated estimated cost. Landlord shall pay an amount equal to $955,878.00 ($22.00 per usable square foot multiplied by 43,449 usable square feet) of the cost listed (excluding cost to construct Shell Building) and Tenant shall be obligated for the remaining costs shown on Exhibit "E". Landlord shall not be obligated to pay for any increase in the actual cost of construction over and above the construction costs shown on Exhibit "E". Any special decorator items, equipment, furniture or furnishings not designated on Exhibit "E", as well as changes initiated by the Tenant to the Leased Premises, shall be the sole cost of Tenant and shall include the defined extras on Exhibit "E."

2.4 Renewal Option. If this Lease then remains in full force and effect, Tenant shall have the option to renew this Lease for two five year options commencing on the expiration date. Each option must be exercised by written notice to Landlord one hundred and eighty (180) days from the expiration of the previous term and once exercised is irrevocable. Base rent during each renewal term shall be mutually agreed upon between Landlord and Tenant within Sixty (60) days after Tenant has exercised the respective renewal option.

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

III. BASIC RENTAL PAYMENTS

3.1 Basic Annual Rent. Tenant agrees to pay to Landlord as basic annual rent (the "Basic Annual Rent") at such place as Landlord may designate, without prior demand therefore and without any deduction or set off whatsoever, the sum of Six Hundred Seventy-Nine Thousand Nine Hundred Seventeen and 30/100 Dollars ($679,917.30). Said Basic Annual Rent shall be due and payable in twelve (12) equal monthly installments to be paid in advance on or before the first day of each calendar month during the term of the Lease. Basic Annual Rent shall escalate at the beginning of the 6th year using a 3% annually compounded rate or the change in the All Urban Index whichever is less. For purposes of this Lease the term "All Urban Index" shall mean the Consumer Price Index for All Urban Consumers-U.S. City Average-all Items (1967 equals 100 base) as published by the United States Bureau of Labor Statistics or any successor agency or any other index hereinafter employed by the Bureau of Labor Statistics in lieu of said index. The price index for the 3rd

month preceding the month in which the Lease commences shall be considered the Basic Price Index. As of the beginning of the 6th year, the Basic Annual Rental set forth in Section 3.1 shall be adjusted by multiplying such rental by a fraction, the numerator of which is the Price Index for the 3rd month preceding the beginning of the 6th year and the denominator of which is the Basic Price Index. The above not withstanding, the maximum increase at the beginning of the 6th year shall be no more than 15.9% which is 3% per year compounded.

In no event shall Basic Annual Rent be reduced. In the event the Commencement Date occurs on a day other than the first day of a calendar month, then rent shall be paid on the Commencement Date for the initial fractional calendar month prorated on a per-diem basis (based upon a thirty (30) day month).

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

IV. ADDITIONAL RENT

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

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

(a) "Basic Costs" shall mean all actual costs and expenses incurred by Landlord in connection with the ownership, operation, management and maintenance of the Building and Property and related improvements located thereon (the "Improvements"), including, but not limited to, all expenses incurred by Landlord as a result of Landlord's compliance with any and all of its obligations under this Lease other than the performance by Landlord of its work under Sections 1.2, 1.3 and 2.3 of this Lease or similar provisions of leases with other tenants. In explanation of the foregoing, and not in limitation thereof, Basic Costs shall include: all real and personal property taxes and assessments (whether general or special, known or unknown, foreseen or unforeseen) and any tax or assessment levied or charged in lieu thereof, whether assessed against Landlord

and/or Tenant and whether collected from Landlord and/or Tenant; snow removal, trash removal, supplies, insurance, license, permit and inspection fees, cost of services of independent contractors, cost of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with day-to-day operation, maintenance, repair, and replacement of the Building, its equipment and the adjacent walk, and landscaped area (including, but not limited to janitorial, scavenger, gardening, security, parking, elevator, painting, plumbing, electrical, mechanical, carpentry, window washing, structural and roof repairs and reserves (Landlord may collect up to one percent (1%) of total Basic Costs as a contribution toward reserves), signing and advertising, and rental expense or a reasonable allowance for depreciation of personal property used in the maintenance, operation and repair of the Building. Basic Costs shall not include expenses incurred in connection with leasing, renovating, or improving space for tenants or other occupants or prospective tenants or occupants of the Building, expenses incurred for repairs resulting from damage by fire, windstorm or other casualty, to the extent such repairs are paid for by insurance proceeds, expenses paid by any tenant directly to third parties, or as to which Landlord is otherwise reimbursed by any third party or Tenant; expenses which, by generally accepted accounting principles, are treated as capital items except that if, as a result of governmental requirements, laws or regulations, Landlord shall expend monies directly or indirectly for improvements, additions or alterations to the Building which, by generally accepted accounting principles, are treated as a capital expenditures, the amortization of such capital expenditures based on a life acceptable to the appropriate taxing authority together with interest at the rate of 9% per annum shall be considered Basic Costs. The foregoing notwithstanding, Basic Costs shall not include depreciation on the Building and Tenant Finish; amounts paid toward principal or interest of loans of Landlord; nor shall Basic Costs include "Direct Costs" as defined in Section 4.1(b) below.

(b) "Direct Costs" shall mean all actual costs and expense incurred by Landlord in connection with the operation, management, maintenance, replacement, and repair of tenants' premises, including but not limited to janitorial services, maintenance, repairs, supplies, utilities, heating, ventilation, air conditioning, and property management fees, which property management fees shall be equal to a percentage of Tenant's Basic Annual Rent and Estimated Costs including electricity, which percentage shall not exceed four percent (4%) of the sum of Basic Annual Rent, Estimated Costs and cost of electricity for the Leased Premises.

Landlord will cause meters to be installed to measure actual electrical usage by Tenant. When such meters are installed, Tenant shall pay Landlord monthly, as additional rent, the actual costs of such metered electrical usage. At least

annually, Landlord shall reconcile the estimated costs of these metered services and shall show the actual costs and shall apply any appropriate credits or debits from the previous year's actual usage. All such billings will be computed at the actual kilowatt hourly rate billed to the Landlord by the public utility companies for each respective period, including taxes. Tenant shall promptly pay to Landlord the amount due on each monthly billing received for and throughout the term of the Lease.

(c) "Estimated Costs" shall mean the projected amount of Tenant's Direct Costs and Basic Costs, excluding the costs of electricity provided to Tenant's Leased Premises. The Estimated Costs for the calendar year in which the Lease commences are $218,857.50, and are not included in the Basic Annual Rent. If the Estimated Costs as of the date Tenant takes occupancy are greater than Tenant's Estimated Costs at the time this Lease is executed, the Estimated Costs shall be increased to equal the Estimated Costs as of the date of Tenant's occupancy.

(d) "Tenant's Proportionate Share of Basic Costs" shall mean the percentage derived from the fraction, the numerator of which is the gross rentable square footage of the Lease premises (48,635), the denominator of which is the gross rentable square footage of the building (48,635). In this Lease, Tenant's pro-rata share shall be 100% of the Basic Costs for the Leased Premises.

4.2 Report of Basic Costs and Statement of Estimated Costs.

(a) After the expiration of each calendar year occurring during the term of this Lease, Landlord shall furnish Tenant a written statement of Tenant's Proportionate Share of Basic Costs (Section 4.1(d)) and the Tenant's Direct Costs occurring during the previous calendar year. The written statement shall specify the amount by which Tenant's Direct Costs and Basic Costs exceed or are less than the amounts paid by Tenant during the previous calendar year pursuant to Section 4.3(b) below.

(b) At the same time specified in Section 4.2(a) above, Landlord shall furnish Tenant a written statement of the Estimated Costs for the then current calendar year.

4.3 Payment of Additional Rent. Tenant shall pay as additional rent ("Additional Rent") Tenant's Direct Costs and Tenant's Proportionate Share of Basic Costs. The Additional Rent shall be paid as follows:

(a) With each monthly payment of Basic Annual Rent due pursuant to Section 3.1 above, Tenant shall pay to Landlord, without offset or deduction, one-twelfth (l/12th) of the Estimated Costs as defined in Section 4.1(c).

(b) Within thirty (30) days after delivery of the written statement referred to in section 4.2(a) above, Tenant shall pay to Landlord the amount by which Tenant's Direct Costs and Basic Costs, as specified in such written statements, exceed and aggregate of Estimated Costs actually paid by Tenant for the year at issue. Tenant shall have the right to audit Landlord's books upon reasonable notice. Tenant shall pay costs associated with the audit unless Tenant finds that Landlord has inflated expenses by more than ten percent (10%), in which case, Landlord will pay audit charges. Payments by Tenant shall be made pursuant to this Section 4.3(b) notwithstanding that a statement pursuant to Section 4.2(a) is furnished to Tenant after the expiration of the term of this Lease.

(c) If the annual statement of costs indicates that the Estimated Costs paid by Tenant pursuant to subsection (b) above for any year exceeded Tenant's actual Direct Costs and Basic Costs for the same year, Landlord, at its election, shall either (i) promptly pay the amount of such excess to Tenant, or (ii) apply such excess against the next installment of Basic Annual Rental or Additional Rent due hereunder.

4.4 Resolution of Disagreement. Every statement given by Landlord pursuant to Section 4.2 shall be conclusive and binding upon Tenant unless within sixty (60) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof, specifying the particular respects in which the statement is claimed to be incorrect. If such dispute shall not have been settled by agreement, the parties hereto shall submit the dispute to arbitration within ninety (90) days after Tenant's receipt of statement. Pending the determination of such dispute by agreement or arbitration as aforesaid, Tenant shall, within thirty (30) days after receipt of such statement, pay Additional Rent in accordance with Landlord's statement, and such payment shall be without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay Tenant the amount of Tenant's overpayment of rents resulting from compliance with Landlord's statement, including interest on disputed amounts at prime plus two percent (2%). Landlord agrees to grant Tenant reasonable access to Landlord's books and records for the purpose of verifying Basic Costs and Direct Costs for operating expenses incurred by Landlord.

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

V. SECURITY DEPOSIT

Waived

VI. USE

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

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

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

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

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

6.3 Affirmative Obligations with Respect to Use.

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

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

6.4 Suitability. The Leased Premises, Building and Improvements (and each and every part thereof) shall be deemed to be in satisfactory condition unless, within sixty (60) days after the Commencement Date, Tenant shall give Landlord written notice specifying, in reasonable detail, the respects in which the Leased Premises, Building or Improvements are not in satisfactory condition. Landlord further provides warranties as provided in Exhibit C II paragraphs C and E.

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

VII. UTILITIES AND SERVICE

7.1 Obligation of Landlord. During the term of this Lease the Landlord agrees to cause to be furnished to the Leased Premises during normal operating hours, the following utilities and services, the cost and expense of which shall be included in Basic and/or Direct Costs:

(a) Electricity, water, gas and sewer service.

(b) Telephone connection to the building, but not including telephone stations and equipment (it being expressly understood and agreed that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to the Leased Premises).

(c) Heating and air-conditioning during normal operating hours to such extent and to such levels as is reasonably required for the comfortable use and occupancy of the Leased Premises subject however to any limitations imposed by any government agency.

(d) Janitorial service.

(e) Security (including the lighting of common halls, stairways, entries and restrooms) to such extent as is usual and customary in similar buildings in Salt Lake County, Utah.

(f) Snow removal service.

(g) Landscaping and groundskeeping service.

(h) Elevator service.

(i) The normal operating hours for office portion of the Leased Premises are from 7:00 a.m. to 6:00 p.m., Monday through Friday. Normal operating hours for the laboratory portion is 7 a.m. to 11 p.m., Monday through Friday.

7.2 Tenant's Obligations. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges, electric light bulbs (but not fluorescent bulbs used in fixtures originally installed in the Leased Premises) and all other materials and services not expressly required to be provided and paid for pursuant to the provisions of Section 7.1 above.

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

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

services even if within the control of Landlord, except in the event of Landlord's negligence.

VIII. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS

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

8.2 Maintenance and Repairs by Tenant. Tenant, at Tenant's sole cost and expense and without prior demand being made, shall maintain the Leased Premises in good order, condition and repair, and will be responsible for the painting, carpeting or other interior design work of the Leased Premises beyond the initial construction phase as specified in Section 2.3 and Exhibit "C" and "E" of the Lease and shall maintain all equipment and fixtures installed by Tenant. If repainting or recarpeting is required and authorized by Tenant, the cost for such are the sole obligation of Tenant and shall be paid for by Tenant immediately following the performance of said work and a presentation of an invoice for payment.

8.3 Tenant Approval of Management and Maintenance Services. Tenant shall have the right to approve of persons who have or will contract with Landlord for Building and Property management and maintenance services. In addition, in the event that Tenant reasonably believes that another person could (i) provide better property management or maintenance service at the same or less cost than the person currently providing such property management or maintenance service, or (ii) provide equal property management or maintenance service for less cost, then Tenant shall, at its option, provide to Landlord the name and address of such person. Landlord agrees to take reasonable steps to verify that such person referred by Tenant could better or more economically provide the contracted for management and/or maintenance services for the Building and/or Property, and provided that Landlord determines in its reasonable discretion that making such a change will not be disadvantageous to other tenants of the Building, then upon such verification, Landlord agrees to contract with and substitute such person to provide such service. The foregoing applies to services rendered pursuant to Articles 4, 7 and 8.

8.4 Alterations. Tenant shall not make or cause to be made any alterations, additions or improvements or install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, or shades or awnings, or make

any other changes to the Leased Premises without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld. Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any alterations, additions, or improvements to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any alterations, additions, and changes shall be done in a good and workmanlike manner and diligently prosecuted to completion such that, except as absolutely necessary during the course of such work, the Leased Premises shall at all times be a complete operating unit. Any such alterations, additions, or changes shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work or any such alterations, additions, or changes, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any alterations, additions, or improvements to or of the Leased Premises, including, but not limited to, wallcovering, fume hoods, darkroom, paneling, and built-in cabinet work, but excepting movable furniture and equipment, shall at once become a part of the realty and shall be surrendered with the Premises, unless Landlord and Tenant agree at any time that the specific improvement may be removed by Tenant at the end of the Term provided Tenant restores the premises to its original condition, wear and tear excepted. If there is an agreement to allow removal, such items which are the subject of agreement shall be listed on Exhibit F which agreement, as may be revised by the parties from time to time, shall be made a part of this Lease. The parties have agreed as to the items 1 through 8 listed on Exhibit F.

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

IX. ASSIGNMENT

9.1 Assignment Prohibited. Tenant shall not transfer, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Leased Premises by any person or persons other than Tenant, or sublet the Leased Premises, or any part thereof, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, provided sufficient information is provided to Landlord to accurately represent the financial condition of those to whom this Lease will be transferred, assigned, mortgaged, or hypothecated. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law. Any transfer of this Lease from the Tenant by merger, consolidation, transfer of assets, or liquidation shall constitute an assignment for purposes of this Lease. In the event that Tenant hereunder is a corporation, an unincorporated association, or a partnership, the transfer, assignment, or hypothecation of any stock or interest in such corporation, association, or partnership in the aggregate in excess of forty-nine percent (49%) shall be deemed an assignment within the meaning of this Section. The above prohibition of assignment will not apply in the case of a registered offering of shares by Tenant or the public trading of registered shares subsequent to an initial offering.

9.2 Consent Required.

(a) Any assignment or subletting without Landlord's consent shall be void, and shall constitute a default hereunder which, at the option of Landlord, shall result in the termination of this Lease or exercise of Landlord's other remedies hereunder. Consent to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under, or through Tenant.

(b) Landlord shall have no obligation to consent to the proposed sublease or assignment if the proposed sublessee or assignee or its business is or may be subject to compliance with additional requirements of the law, including any related rules or regulations, commonly known as the "Americans with Disabilities Act of l990" or similar state or local laws relating to persons with disabilities beyond those requirements which are applicable to the tenant desiring to so sublease or assign".

9.3 Landlord's Right in Event of Assignment. If this Lease is assigned or if the Leased Premises or any portion thereof are sublet or occupied by any person other than the Tenant, Landlord may collect rent and other charges from such assignee or other party, and apply the amount collected to the rent and other charges reserved hereunder, but such collection shall not constitute consent or waiver of the necessity of consent to such assignment, subleasing, or other transfer, nor shall such collection constitute the recognition of such assignee, sublessee, or other party as the Tenant hereunder or a release

of Tenant from the further performance of all of the covenants and obligations, including obligation to pay rent, of Tenant herein contained. In the event that Landlord shall consent to a sublease or assignment hereunder, Tenant shall pay to Landlord reasonable fees, not to exceed $100.00, incurred in connection with processing of documents necessary to the giving of such consent. In the event Landlord consents to the assignment as provided by paragraph 9.1, then Tenant shall be released from further performance of any covenant and obligation under this Lease.

X. INDEMNITY

10.1 Indemnification By Tenant. Tenant and Landlord shall indemnify each other and save each other harmless from and against any and all suits, actions, damage and claims, liability and expense in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises, or occasioned wholly or in part by any act or omission of Tenant or Landlord, their agents, contractors, employees, servants, invitees, licensees or concessionaires. All insurance policies carried by Tenant and/or Landlord shall include a waiver of subrogation endorsement which specifies that the insurance carrier(s) will waive any right of subrogation against Tenant and/or Landlord arising out of any insurance claim.

10.2 Release of Landlord. Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business. Tenant shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and Improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

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

10.4 Litigation. In case Landlord, without fault on its part, shall be made a party to any litigation commenced against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all costs, expenses, and reasonable attorneys' fees.

XI. INSURANCE

11.1 Fire and All Risk Insurance on Tenant's Personal Property and Fixtures. At all times during the term of this Lease, Tenant shall keep in force at its sole cost and expense, fire insurance and "All Risk" (including vandalism and malicious mischief) in

companies acceptable to Landlord, equal to the replacement cost of Tenant's fixtures, furnishings, equipment, and contents upon the Leased Premises and all improvements or additions made by Tenant to the Leased Premises. The Landlord shall be named as an additional insured on all such policies.

11.2 Liability Insurance. Tenant shall, during the entire term hereof, keep in full force and effect a policy of public liability and property damage insurance to include contractual coverage with respect to the Leased Premises and the business operated by Tenant in the Leased Premises, with a combined single limit for personal or bodily injury and property damage of not less than $1,000,000.00. The policy shall name Landlord, any person, firms, or corporations designated by Landlord, and Tenant as insureds, and shall contain a clause that the insurer will not cancel or materially change the insurance pertaining to the Leased Premises without first giving Landlord ten (10) days written notice. Tenant shall at all times during the term hereof provide Landlord with evidence of current insurance coverage. All public liability, property damage, and other liability policies shall be written as primary policies, not contributing with coverage which Landlord may carry.

11.3 Subrogation. Tenant and Landlord each waive its right of subrogation against each other for any reason whatsoever.

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

XII. DESTRUCTION

If the Leased Premises shall be partially damaged by any casualty insured against under any insurance policy maintained by Landlord, Landlord shall, upon receipt of the insurance proceeds, repair the Leased Premises and until repair is complete the Basic Annual Rent and Additional Rent shall be abated proportionately as to that portion of the Leased Premises rendered untenantable. Notwithstanding the foregoing, if: (a) the Leased Premises by reason of such occurrence are rendered wholly untenantable, or (b) the Leased Premises should be damaged as a result of a risk which is not covered by insurance, or (c) the Leased Premises should be damaged in whole or in part during the last six (6) months of the term or of any renewal hereof, or (d) the Leased Premises or the Building (whether the Leased Premises are damaged or not) should be damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof, then and in any such events, Landlord may either elect to repair the damage or may cancel this Lease by notice of cancellation within Ninety (90) days after such event and thereupon this Lease

shall expire, and Tenant shall vacate and surrender the Leased Premises to Landlord. Tenant's liability for rent upon the termination of this Lease shall cease as of the day following Landlord's giving notice of cancellation. In the event Landlord elects to repair any damage, any abatement of rent shall end five (5) days after notice by Landlord to Tenant that the Leased Premises have been repaired. If the damage is caused by the negligence of Tenant or its employees, agents, invitees, or concessionaires, there shall be no abatement of rent. Unless this Lease is terminated by Landlord, Tenant shall repair and refixture the interior of the Leased Premises to the extent of the Tenant Finish in a manner and in at least a condition equal to that existing prior to the destruction or casualty and the proceeds of all insurance carried by Tenant on its property and fixtures shall be held in trust by Tenant for the purpose of said repair and replacement.

XIII. CONDEMNATION

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

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

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

13.4 Award. Tenant shall not be entitled to and expressly waives all claim to any condemnation award for any taking, whether whole or partial and whether for

diminution in value of the leasehold or to the fee, although Tenant shall have the right, to the extent that the same shall not reduce Landlord's award, to claim from the condemnor, but not from the Landlord, such compensation as may be recoverable by Tenant in its own right for damages to Tenant's business and fixtures.

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

XIV. LANDLORD'S RIGHTS TO CURE

14.1 General Right. In the event of breach, default, or noncompliance hereunder by Landlord, Tenant shall, before exercising any right or remedy available to it, give Landlord written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice Tenant has been notified in writing (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of a lender which has furnished any of the financing referred to in Part XV hereof, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by registered mail, transmit a copy thereof to such lender. For the fifteen (15) days following the giving of the notice(s) required by the foregoing portion of this section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within fifteen (15) days), Landlord shall have the right to cure the breach, default, or noncompliance involved. If Landlord has failed to cure a default within said period, any such lender shall have an additional fifteen (15) days within which to cure the same or, if such default cannot be cured within that period, such additional time as may be necessary if within such fifteen (15) day period said lender has commenced and is diligently pursuing the actions or remedies necessary to cure the breach default, or noncompliance involved (including, but not limited to, commencement and prosecution of proceedings to foreclose or otherwise exercise its rights under its mortgage or other security instrument, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant so long as such actions or remedies are being diligently pursued by said lender.

14.2 Mechanic's Lien. Should any mechanic's or other lien be filed against the Leased Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the effect of the same to be cancelled and discharged or bonded over or otherwise within ten (10) days after written notice by Landlord.

XV. FINANCING; SUBORDINATION

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

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

15.3 Financial Information. As a condition to Landlord's acceptance of this Lease, Tenant shall provide financial information sufficient to verify to Landlord the financial condition of Tenant. Tenant hereby represents and warrants that none of such information contains or will contain any untrue statement of material fact, nor will such information omit any material fact necessary to make the statements contained therein misleading or unreliable. Any financial information provided by Tenant shall beheld in confidence and distributed only to Landlord's investors or lenders for the Leased Premises.

XVI. EVENTS OF DEFAULT; REMEDIES OF LANDLORD

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

(a) Tenant fails to pay any installment of Basic Annual Rent or Estimated Costs or any other sum due hereunder within ten (10) days after Tenant receives written notice of rent due.

(b) Tenant fails to perform any other term, condition, or covenant to be performed by it pursuant to this Lease within ten (10) days after written notice of such default shall have been given to Tenant by Landlord or, if cure would reasonably require more than ten (10) days to complete, if Tenant fails to commence performance within the ten (10) day period or fails diligently to pursue such cure to completion.

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

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

16.3 Past Due Sums; Penalty. If Tenant fails to pay, when the same is due and payable, any Basic Annual Rent, Estimated Costs and electrical charges within ten (10) days after the same is due and payable, or other sum required to be paid by it hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a fluctuating rate equal to two percent (2%) per annum above the prime rate of interest charged by First Security Bank of Utah, Salt Lake City, Utah. In addition thereto, Tenant shall pay a sum of two percent (2%) of such unpaid amounts as a service fee. Notwithstanding the foregoing, however, Landlord's right concerning such interest and

service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

XVII. PROVISIONS APPLICABLE AT TERMINATION OF LEASE

17.1 Surrender of Premises. At the expiration of this Lease, except for changes made by Tenant that were approved by Landlord, Tenant shall surrender the Leased Premises in the same condition, less reasonable wear and tear, as they were in upon delivery of possession thereto under this Lease and shall deliver all keys to Landlord. Before surrendering the Leased Premises, Tenant shall remove all of its personal property and trade fixtures and such property or the removal thereof shall in no way damage the Leased Premises, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof. If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same shall be deemed abandoned and shall become the property of Landlord.

17.2 Holding Over. Any holding over after the expiration of the term hereof or of any renewal term shall be construed to be a tenancy from month to month at such rates as Landlord may designate and on the terms herein specified so far as possible. Landlord may not in any event raise the rent above 110% of the last month's rent.

XVIII. ATTORNEYS' FEES

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

XIX. ESTOPPEL CERTIFICATE

19.1 Landlord's Right to Estoppel Certificate. Tenant shall, within fifteen (15) days after Landlord's request, execute and deliver to Landlord a written declaration, in form and substance similar to Exhibit "D", in recordable form: (1) ratifying this Lease; (2) expressing the Commencement Date and termination date hereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (4) that, if true, all conditions under this Lease to be performed by Landlord have been satisfied; (5) that there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those

claimed by Tenant; (6) the amount of advance rental, if any, (or none if such is the case) paid by Tenant; (7) the date to which rental has been paid; (8) the amount of security deposited with Landlord; and (9) such other information as Landlord may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration.

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

XX. PARKING

Automobiles of Tenant and all visitors associated with Tenant shall be parked only within parking areas designated by Landlord for parking. Landlord or its agents shall, without any liability to Tenant or its occupants, have the right to cause to be removed any automobile that may be wrongfully parked in a prohibited or reserved parking area, and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, losses, demands, damages and liabilities asserted or arising with respect to or in connection with any such removal of an automobile except due to Landlord's negligence.

XXI. SIGNS, AWNINGS, AND CANOPIES

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

XXII. MISCELLANEOUS PROVISIONS

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

22.2 Force Majeure. Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or

causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

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

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

Landlord: BOYER RESEARCH PARK ASSOCIATES VI
C/O THE BOYER COMPANY
127 SOUTH 500 EAST, SUITE 310
SALT LAKE CITY, UTAH 84102 801) 521-4781/FAX (801) 521-4793
ATTENTION: B. GREG GARDNER

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

PARSONS, BEHLE & LATIMER
201 SOUTH MAIN
SALT LAKE CITY, UTAH 84111 (801) 532-1234/FAX (801) 536-6111
ATTENTION: JON BUTLER

22.5 Captions; Attachments; Defined Terms.

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

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

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

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

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

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

22.10 Provisions Binding, Etc. Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, heirs, successors, and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition, and if there shall be more than one Tenant, they shall all be bound, jointly and severally, by such provisions. In the event of a sale or assignment (except for purposes of security or collateral) by Landlord of all of (i) the Building, (ii) the Leased Premises, or (iii) this Lease, to an

unrelated third party (the "Buyer") reasonably acceptable to Tenant, Landlord shall, from and after the date of such sale or assignment, be entirely relieved of all of its obligations under this Lease, provided that (i) such Buyer fully assumes all of the obligations of Landlord under this Lease, and (ii) Tenant's rights and benefits under this Lease continue in full force and effect following the date of such sale or assignment.

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

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

22.13 Ground Lease Notice. Landlord shall provide notice to Tenant within three (3) business days of the occurrence of either of the following under the ground lease pursuant to which Landlord leases the Property described on Exhibit "A" and/or the documents evidencing a construction or a permanent loan secured by the Property: (i) an event of default on the part of Landlord or (ii) Landlord's receipt of notice that (A) Landlord is in default under such documents or (B) that with the passage of time Landlord will be in default under such documents.

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

LANDLORD: BOYER RESEARCH PARK ASSOCIATES VI, BY ITS GENERAL PARTNER, THE BOYER COMPANY, L.C.

By /s/ H. Roger Boyer

H. ROGER BOYER
CHAIRMAN AND MANAGER

TENANT: MYRIAD GENETICS, INC.

By /s/ Jay M. Moyes

Its

NOTARY

STATE OF UTAH)
) ss
COUNTY OF SALT LAKE)

On this 9th day of March, 1998, personally appeared before me H. ROGER BOYER, who duly acknowledged to me that he executed the foregoing Lease as the CHAIRMAN AND MANAGER of BOYER RESEARCH PARK ASSOCIATES VI, BY ITS MANAGING PARTNER, THE BOYER COMPANY, L. C., A UTAH LIMITED LIABILITY COMPANY.

My commission Expires: /s/ Deniese D. Balli

Notary Public
4/28/01 Residing at SALT LAKE COUNTY

STATE OF)
) ss
COUNTY OF)

This foregoing instrument was acknowledged before me this _____day of _____, 199___, by _____, the manager of _____, a _____ limited liability company.

My Commission Expires: ---
Notary Public
_____ Residing at

STATE OF)
) ss
COUNTY OF)

On this____ day of _____, 19____,_____personally appeared before me, one of the signers of the foregoing Lease, who duly acknowledged to me that he executed the same.

My Commission Expires: ---
Notary Public
_____ Residing at

STATE OF
----------)
) ss
COUNTY OF
----------)

On this_____ day of _____, 19 , personally appeared before me who duly acknowledged to me_____who duly acknowledged to me that he executed the foregoing Lease as one of the _____ Partners in _____, a _____ Partnership.

My Commission Expires:

Notary Public
Residing at

STATE OF UTAH)
) ss
COUNTY OF SALT LAKE)

On this 6th day of March, 1998, personally appeared before me Jay Moyes, who being duly sworn, did say that he is the C.F.O. of Myriad Genetics, Inc., a Delaware Corporation, and that said instrument was signed in behalf of said corporation by authority of its by-laws or a resolution of its Board of Directors.

My Commission Expires:

/s/ Barbara Berry

August 30, 1999 Notary Public
Residing at Myriad Genetics, Inc.

THIS RIDER IS INCORPORATED INTO THE LEASE AGREEMENT AND MADE A PART THEREOF

A. TENANT'S RIGHT OF FIRST REFUSAL TO PURCHASE BUILDING

Landlord grants to Tenant the right of first refusal exercisable after the Commencement Date during the term of the Lease to purchase the Building (the "Right of First Refusal"). If at any time after the Commencement Date during the term of this Lease Landlord shall desire to accept an offer from a third person to purchase the Building, it shall provide written notice of such intent to Tenant together with a copy of the offer. Tenant shall have twenty (20) days to elect to purchase the Building strictly upon the terms and conditions, including price, as set forth in the offer. If Tenant does not timely exercise the Right of First Refusal, this Right of First Refusal shall expire and Landlord may thereafter sell the Building upon terms and conditions, including price, which are not more favorable to the buyer that is set forth in the offer. If Landlord does not close the sale of the Building to such third person, Tenant's Right of First Refusal shall continue. This Right of First Refusal shall not apply to a foreclosure sale, trustee's sale or deed in lieu of foreclosure by or to a mortgage lender in respect of the Building.

B. TENANT'S OPTION TO PURCHASE BUILDING

1. Commencing as of the Commencement Date and continuing throughout the term of the Lease, Tenant shall have the right and option to purchase all of Landlord's right, title and interest in the Building upon the terms and conditions set forth in this portion of the Rider (the "Purchase Option"). To exercise this Purchase Option, tenant shall give written notice of exercise to Landlord in the manner provided in the Lease. Tenant may exercise the Purchase Option only if no default, or circumstance which with the giving of notice and/or the passage of time would constitute a default, is then existing.

2. The Purchase Price which Tenant shall pay to Landlord for its entire right, title and interest in the Building (the "Purchase Price") shall be the sum of the following:

   (a) The amount of any prepayment fee, premium or similar charge incurred by Landlord in discharging any lien or encumbrance which secures any monetary obligation on the Building.

   (b) The greater of:

      (i) the Fair Market Value (as defined below); and

      (ii) one hundred and six percent (106%) of the Total Project Cost (as defined below).

3. For purposes of this Purchase Option, the following terms shall have the meanings set forth:

(a) "Fair Market Value" means the value of the Building as agreed upon in writing by Landlord and Tenant or, if the Landlord and Tenant cannot agree upon such value within thirty (30) days after the Tenant exercises the Purchase Option, then either Landlord or Tenant may nominate three (3) qualified, independent appraisers to appraise the Building, each of whom shall:

(i) be a member in good standing of the Utah Chapter of the Appraisal Institute;

(ii) be state certified under the Utah Real Estate Appraiser Registration and Certification Act; and

(iii) shall have not less than five (5) years of experience valuing office buildings in Salt Lake County, Utah.

The other party shall then select one (1) of the nominated appraisers to perform an appraisal to determine the Fair Market Value of the Building. The costs and fees of the appraiser shall be paid in equal shares by Landlord and Tenant. In determining the Fair Market Value it shall be assumed that all liens and encumbrances securing obligations to pay loans or other fixed or determinable sums have been discharged.

(b) "Total Project Cost" means any and all "hard" and "soft" direct costs and expenditures incurred by Landlord at any time in connection with the acquisition, design or construction of the Building, including, without limitation:

(i) all payments or obligations incurred to general and other contractors;

(ii) all architectural, engineering and other professional fees incurred;

(iii) all permit and license fees and other charges of governmental authorities incurred;

(iv) all cost and expense of insurance incurred prior to the Commencement Date;

(v) all cost incurred prior to the Commencement Date in connection

with or arising from the ground lease including, without limitation, legal fees and survey costs;

(vi) all legal and accounting fees incurred which are attributable to the development and construction of the Building;

(vii) all cost incurred in connection with or arising from or in connection with construction financing including, without limitation, legal fees and survey costs; and

(viii) all real estate taxes and assessments (or equivalent privilege tax), utility charges and similar costs and expenses in respect of the Building incurred prior to the Commencement Date.

4. The closing, pursuant to the Purchase Option, shall occur thirty (30) days after the Purchase Price is determined. At the closing:

(a) Tenant shall pay the Purchase Price in cash.

(b) Landlord shall convey title to the Building to Tenant by special warranty deed and shall be obligated to provide at Landlord's cost a standard owner's policy of title insurance.

(c) Landlord shall discharge all liens and encumbrances securing obligations to pay loans or other fixed or determinable sums or obligations owing to mechanics or materialmen. Tenant shall take the Building subject to all other encumbrances and exceptions of record.

(d) Landlord shall represent and warrant to the best of its knowledge as to customary matters involving the condition of the Building.

(e) Each of the parties shall bear its costs and attorneys' fees in connection with the exercise and closing under the Purchase Option; provided, Landlord shall pay the premium on the policy of title insurance delivered to Tenant, and Landlord and Tenant shall each pay one-half (1/2) of the fees of the escrow agent.

5. If the Tenant exercises the Purchase Option but timely fails to close for any reason other than the fault of Landlord, the Purchase Option shall thereafter expire and shall no longer be enforceable.

6. Landlord and Tenant shall jointly record a notice of this Purchase Option and of the Right of First Refusal.

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

A parcel of land which is located within the Northwest quarter of Section 3, Township 1 South, Range 1 East, Salt Lake Base and Meridian, said parcel being more particularly described as follows:

A. Beginning at a point which is North 82 17'08" West 53.33 feet from a Salt Lake City Monument in the intersection of Wakara Way (2235 East) and Colorow Drive (2410 East) using as a basis of bearing the Salt Lake City Monument in the intersection of Tabby Lane (2330 East) and Colorow Drive (2410 East) which bearing is South 35 21'39" East, which beginning point is on the right-of-way corner of Wakara Way and is also North 42 32'38" West 3908.91 feet from the Southeast Corner of Section 3, T1S, R1E, SLB&M; running thence North 44 13'33" West 16.63 feet; thence North 4545'00" East 16.74 feet; thence North 4415'00" West 171.77 feet; thence North 4545'00" East 21.15 feet; thence 4415'00" West 70.99 feet; thence North 4545'00" East 327.50 feet; thence South 6742'00" East 18.27 feet to a non-radial curve with a radius of 225.00 feet, which radius bears South 6750'48" East; thence southerly along said curve a distance of 171.88 feet to a reverse curve, with a radius of 200.00 feet, which radius bears South 6822'50" West; thence southwesterly along said curve 232.67 feet; thence South 4545'00" West 72.97 feet to the point of beginning. Containing 1.41 acres.

B. Together with the following parcel beginning at a point which is North 8217'08" West 53.33 feet and South 4545'00" West 73.93 feet from a Salt Lake City Monument in the intersection of Wakara Way (2235 East) and Colorow Drive (2410 East) using as a basis of bearing the Salt Lake City Monument in the intersection of Tabby Lane (2330 East) and Colorow Drive (2410 East) which bearing is South 3521'39" East, which beginning point is on the right-of-way corner of Wakara Way and is also North 4232'38" West 3908.91 feet and North 8217'08" West 53.33 feet and South 4545'00" West 73.93 feet from the Southeast Corner of Section 3, T1S, R1E, SLB&M and running thence South 4545'00" West 162.31 feet; thence North 4415'00" West 64.26 feet; thence North 0045'00" East 143.01 feet; thence North 4545'00" East 61.19 feet; thence South 4415'00" East 165.39 feet to the point of beginning. Containing 0.50 acres.

EXHIBIT "C"

WORK LETTER

CONSTRUCTION AND/OR FINISHING OF
IMPROVEMENTS TO LEASED PREMISES

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

I. CONSTRUCTION OF PHASE I BUILDING ("THE BUILDING"):

A. Landlord agrees to erect at its sole cost and expense, the Building. Landlord shall build-out and finish the Leased Premises according to Tenant's plans and specifications at Tenant's cost and expense. The Building and the Leased Premises shall be constructed in a good and workmanlike manner, with any change orders thereto approved by Landlord and Tenant with respect to the Leased Premises pursuant to Article B below, and in compliance with all applicable laws and ordinances. Preliminary Plans shall provide for a completely finished building, of a type and quality that is consistent with newly constructed first-class office buildings in the Salt Lake City, Utah area, and shall include site plans showing all driveways, sidewalks, parking areas that provide parking in an amount equal to three (3) cars for every 1,000 Usable Square Feet in the Building, landscaping and other site improvements. Without limiting the generality of the foregoing, Preliminary Plans shall provide for a three (3) story building containing 48,635 rentable square feet of space and shall be generally consistent with the conceptual plans and drawings attached hereto as Exhibit "B" and incorporated herein (the "Conceptual Drawings"). The build-out and interior finish work within the Leased Premises shall be in accordance with plans and specifications that shall be prepared by Landlord's architect, Jensen Haslem Campbell & Hardcastle Architects, and engineers ("Tenant Finish Plans"). Tenant Finish Plans shall be prepared in accordance with the time periods set forth to meet a April 1, 1999 Target Date. The Target Date shall be extended by any period of Tenant's delay in providing decisions that need to be made in connection with the preparation of Tenant Finish Plans.

B. Tenant may make changes to Final Plans only if Tenant signs a change order requesting the change and then only if Landlord approves the change by signing the change order, which approval shall not be unreasonably withheld, conditioned, or delayed. Landlord shall notify Tenant in writing, within five (5) business days of Tenant's change order request, of its approval or detailed reason of its disapproval of such change order and a good faith estimate of the actual cost of such change order and any delay to the Target Date or in achieving substantial completion that would result therefrom. Tenant may, within five (5) business days of its receipt of such estimate, elect to rescind its request for such change order upon written notice to Landlord. Landlord may require changes in Final Plans only if Landlord and Tenant sign a change order. The cost of any change orders that are necessary to comply with applicable building codes and other laws shall be borne by Landlord, unless such change orders are necessitated only because of (1) other change orders requested by Tenant; (2) Tenant Finish Plans; (3) changes to Tenant Finish Plans; or (4) Tenant's early occupancy to the Building prior to substantial completion of Landlord's Work. Any change order shall be effective only when set forth on a written change order executed by Landlord, Tenant, and the Base Building General Contractor. By approving a change order, Tenant and Landlord shall agree to a delay in Substantial Completion and to the Target Date, as specified therein, if any.

Tenant shall furnish Landlord with a written list of Tenant's authorized construction representatives for Landlord's Work. Only such construction representatives are authorized to sign any

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

C. The Building Work shall be performed by a general contractor selected by Landlord (the "Base Building General Contractor").

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

II. TENANT FINISH PLANS:

A. Landlord shall cause Jensen Haslem Campbell & Hardcastle Architects (the "Architect") to prepare plans and specifications for the interior improvement of the Building and the Leased Premises as necessary to render the Leased Premises in first-class condition and suitable for the conduct of Tenant's business (such improvement being referred to herein as the "Tenant Finish"). Landlord shall require the Architect to meet periodically with Tenant in connection with the preparation of the plans and, upon Landlord's approval thereof (which approval shall not be unreasonably withheld), to incorporate Tenant's requested features and specifications into the plans. Landlord shall submit a complete draft of the plans to Tenant by June 1, 1998 (the "Base Line Date"). Tenant shall within seven (7) days after the plans are submitted to them, either approve the plans in writing or submit to Landlord a written itemization of all objections which Tenant may have to the plans. If Tenant approves the plans, the plans shall be deemed final. If Tenant submits to Landlord a written itemization of objections to the plans, Landlord and Tenant shall negotiate in good faith to resolve Tenant's objections to their mutual satisfaction. If Landlord and Tenant are able to resolve all of Tenant's objections to their mutual satisfaction, then Landlord and Tenant shall each approve the plans as modified to incorporate the resolution of Tenant's objections and the plans as so modified shall be deemed final.

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

adversely affect the aesthetics of the Leased Premises or the usability thereof for the conduct of Tenant's business. Upon approval of any proposed change order pursuant to this Paragraph, Landlord shall cause the plans and construction contracts to be modified or amended as necessary to reflect such change order.

C. Landlord's Construction Responsibilities. Landlord shall be fully responsible for the installation and construction of Tenant Finish, including, without limitation, the following: (1) the obtaining of all building and sign permits, licenses and other approvals required to construct the Tenant Finish; (2) the management and supervision of all architects, contractors, subcontractors and material providers participating in the construction of the Tenant Improvements; (3) all necessary coordination with governmental entities having jurisdiction over the Lease Premises and utility companies; (4) enforcement of construction contracts; (5) security with respect to the Leased Premises during the construction period; (6) quality control and inspection of work; (7) construction clean up and refuse disposal; (8) construction timetables and deadlines as necessary to comply with the Lease; (9) compliance with applicable laws, regulations, ordinances and codes; and (10) all other matters relating to the construction of the Tenant Improvements, except as otherwise expressly provided in the Lease. Landlord represents and covenants that upon the completion of the Tenant Improvements, the Leased Premises shall conform to the Tenant Finish Plans and shall be in compliance with all applicable laws, regulations, ordinances, and codes, including, without limitation, applicable building codes and environmental laws. Tenant shall be entitled at any time during the construction period to inspect the construction of the Tenant Improvements, provided that such inspection does not unreasonably interfere with the construction of the Tenant Improvements. No failure of Tenant to conduct such inspections or to discover or assert any defect in connection therewith shall constitute a waiver by Tenant of, or preclude Tenant from thereafter asserting, any rights it may have with respect to any representation, warranty or covenant made by Landlord with respect to the Leased Premises or the Tenant Finish.

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

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

F. Payment of Tenant Finish Allowance: Landlord shall pay an allowance ("Tenant Finish Allowance") of $22.00 per usable square foot which shall be applied toward the total construction cost of the Tenant Finish. Unless Tenant substitutes its own contractor pursuant to Paragraph D above, Tenant shall pay to Landlord any amount by which the total construction cost of the Tenant Finish exceeds the allowance. Any amounts payable by Tenant under this Paragraph shall be paid by Tenant to Landlord on a monthly, progress payment basis, based on the percentage of the Tenant Finish that has been completed to date, as evidenced by a certificate to that effect from Landlord's architect, together

with copies of paid invoices and/or such other evidence as Tenant shall reasonably require.

G. Commencement Date Agreement. When the Commencement Date has been determined, Landlord and Tenant shall execute Exhibit D (attached) expressly confirming the Commencement Date and the expiration date of the Initial Term of this Lease and confirming, to the best knowledge of Tenant and Landlord, that Substantial Completion has occurred.

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

ACKNOWLEDGMENT OF COMMENCEMENT DATE
AND TENANT ESTOPPEL CERTIFICATE

TO: DATE:

RE:

Gentlemen:

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

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

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

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

_____
_____
_____
_____

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

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

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

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

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

Very truly yours,

_____

Date of Signature: _____ By: _____

E X H I B I T "E"

COST TO CONSTRUCT LEASED PREMISES

TENANT: MYRIAD GENETICS, INC.

DATE:

SQUARE FOOTAGE:

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

TOTAL COST	$_____
LANDLORD ALLOWANCE (Section 2.3)	$ 955,878.00
TENANT CONSTRUCTION COST OBLIGATION	$_____

E X H I B I T "F"

IMPROVEMENT REMOVAL AGREEMENT

Landlord and Tenant agree that the following may be removed by Tenant at end of the term or at Landlord's election, Tenant will sell to Landlord at a mutually agreeable price the following:

1. Built-in Cabinets and Lab Benches
2. Dark Room Door
3. Fume Hoods
4. DI Water System and Fixtures
5. DI Reservoir Tanks
6. LAN Hub
7. Telephone and Computer Equipment
8. Lab Plumbing Fixtures Including Gas and Vacuum Connections

EXHIBIT 11.1

MYRIAD GENETICS, INC

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

	1994	1995	1996	1997	1998
Net loss	($3,276,775)	($5,268,383)	($5,897,473)	($9,206,280)	($9,797,035)
Weighted average common shares outstanding during the year	3,492,620	3,527,714	7,608,548	8,903,918	9,289,481
Weighted average preferred shares, as converted to common stock, outstanding during the year	332,019	634,650	---	---	---
Stock options treated in accordance with Staff Accounting Bulletin No. 83	264,731	264,731	---	---	---
Shares used in computation	4,021,870	4,427,095	7,608,548	8,903,918	9,289,481
Pro forma net loss per share	($0.81)	($1.19)	($0.78)	($1.03)	($1.05)

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. and Subsidiaries:

We consent to incorporation by reference in the registration Registration Statements (No's. 33-99204, 333-4700, 333-23255 and 333-40961) on Forms S-8 of Myriad Genetics, Inc. of our report dated August 14, 1998, relating to the consolidated balance sheets of Myriad Genetics, Inc. and Subsidiaries as of June 30, 1998, and 1997, 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, 1998, which report appears in the June 30, 1998, Form 10-K of Myriad Genetics, Inc.

KPMG Peat Marwick LLP

Salt Lake City, Utah
September 21, 1998

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-30-1998
JUL-01-1997
JUL-01-1998
14,595,034
38,514,459
654,380
66,000
0
31,717,249
18,337,962
5,902,926
67,391,972
9,910,959
0
0
0
93,375
57,387,638
67,391,972
2,210,983
23,210,581
1,391,368
36,200,731
0
0
32,681
(9,797,035)
0
(9,797,035)
0
0
0
(9,797,035)
(1.05)
(1.05)