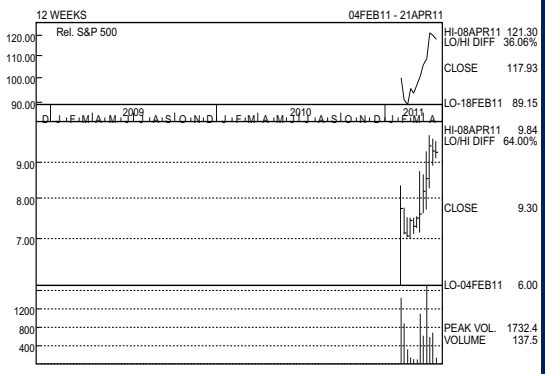

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All values in USD unless otherwise noted.

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FIRST GLANCE | COMMENT

APRIL 26, 2011

Endocyte, Inc. (NASDAQ: ECYT; 9.50)

Endocyte Given Go-Ahead to File for Conditional Approval in EU with Phase II data

Outperform
Speculative Risk

Impact

Positive - The news today was not in Street models or expectations.

First Impression

We view today's announcement as a positive for ECYT shares as 1) Street forecasts did not include an EU filing based on Phase II data; 2) there is potential to move timelines up by 1-2 years in EU should an approval be granted; and 3) potential partners for EC145 could view this as a more rapid path to the market. We also view this as early validation for the robustness of EC145's efficacy in platinum resistant ovarian cancer and the value the accompanying EC20 diagnostic brings to the treatment paradigm.

- **MAA will be based on Phase II data**. We and the Street had been waiting to see whether or not the EU regulators would allow an MAA for conditional approval in PROC based on Phase II results for patients who are EC20 positive. Today's announcement is a positive as the EMA appears the data as being promising enough to file and review. The company will file two MAAs: one for the EC145 therapeutic and one of the EC20 diagnostic.

- **Expect filing to be completed by YE:11**. While details will be provided on the earnings call on May 5, we believe an MAA will take a few months to complete and file given the general timeline guidance around EU filings. Currently, we believe a filing could be completed by YE:11.

- **Partnership likely to follow**. We believe there have potentially been multiple partnering discussions regarding EC145 ongoing although timing is uncertain. Ideally, we would like to see the company retain a portion of marketing rights and believe it makes sense to sign a regional partner such as one for Europe and/or Asia. Our base case assumes a partnership in 2012; therefore, a partnership in 2011 could be upside to our forecasts.

Company Description

Endocyte is a biopharmaceutical company developing targeted therapies for the treatment of cancer and other serious diseases. The company uses its proprietary technology to create novel small molecule drug conjugates (SMDCs) and companion imaging diagnostics. SMDCs actively target receptors that are over-expressed on diseased cells, relative to healthy cells, which enables the treatment of patients with highly active drugs at greater doses, delivered more frequently, and over longer periods of time than would be possible with the untargeted drug alone. The combination of an SMDC with its companion imaging diagnostic is designed to personalize the treatment of patients by delivering effective therapy, selectively to diseased cells, in patients most likely to benefit. The company's lead SMDC, EC145, targets the folate receptor, which is frequently over-expressed in some of the most prevalent, and difficult to treat solid tumor indications, including ovarian, non-small cell lung, breast, colorectal, kidney, endometrial, and other cancers.

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Conflicts Disclosures

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Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

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Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; fairly liquid.

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			Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
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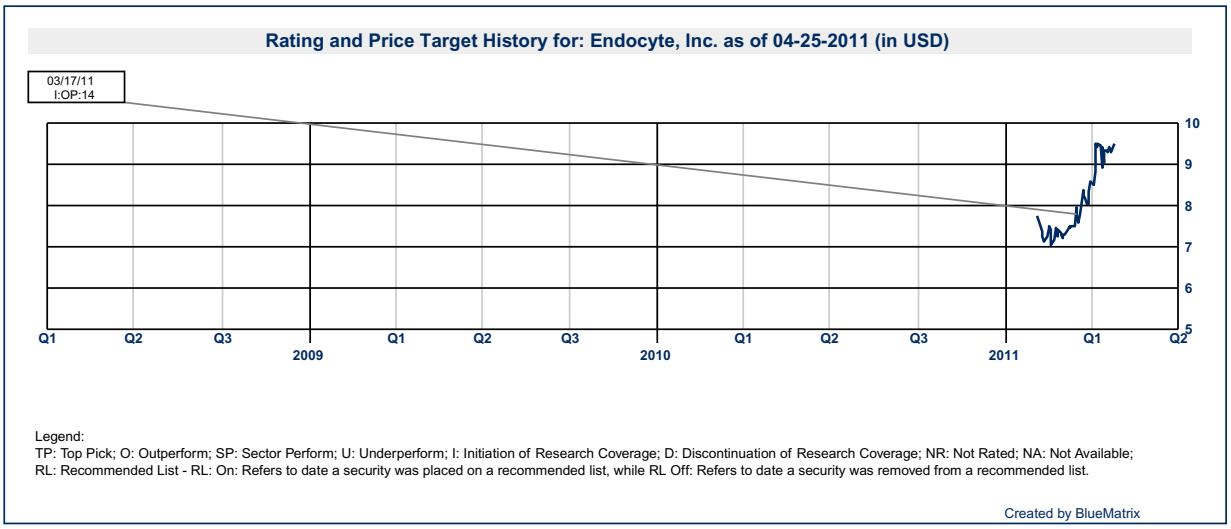
HOLD[SP]	582	43.10	132	22.68
SELL[U]	59	4.40	12	20.34



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