

June 6, 2011

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Endocyte, Inc. (ECYT - OUTPERFORM): ASCO Presentation and Analyst Meeting Well Attended — Further Updates on Q2 Call

Price: \$11.29

12-Month Price Target: \$20

- **ECYT presented its randomized PII results for its folate-targeted chemotherapy EC145 in the platinum resistant ovarian cancer setting at the American Society of Clinical Oncology Meeting (ASCO).** Both the poster presentation and analyst meeting were well attended although there was not much incremental information compared to that already presented in the S-1.
- **Final OS data at YE could lead to an accelerated filing in the US ahead of the Phase III data, in our opinion.** We are also looking for a reconfirmation of the PFS data with a re-read of patient scans.
- **The next catalysts for the stock include an update on accelerated EU filing plans on the Q2 call and final OS data by YE:11.** Recall that news ECYT would pursue an accelerated path to commercialization in Europe has driven the Stock up, and we see continuing upside if EC145 is approved and launched in the \$700 million European market.
- **Reiterate OUTPERFORM rating and \$20 price target.** We arrive at our \$20 price target by taking the sum of the per share values of US sales and EU royalties in 2015. We value the US opportunity for EC145 in the platinum-resistant ovarian cancer setting at \$10 which is derived by taking 6x our 2015 sales estimate, discounted at 25% annually. We value the EU opportunity for EC145 in the platinum-resistant ovarian cancer setting at \$10 a share, based upon a 6x multiple of EU royalties, discounted 25% annually.
- Risks to our price target include 1) failure of EC145 for PROC in the clinic; and 2) failure to receive marketing approval in the US or the EU for EC145 for PROC.

Milestones:

Aug. 3, 2011	6-month IPO lockup period ends
Aug., 2011	Potential submission of application for conditional approval in the EU based on Phase II
YE:11	PSMA targeting SMDC trial expected to be complete
YE:11	Complete Phase I Trial for EC0489 DAVLBH payload SMDC in solid tumors
YE:11	Complete Phase I Trial for EC0225 DAVLBH/mitomycin-C payload SMDC in solid tumors
Q1:12	Overall survival data from Phase IIb PRECEDENT trial of EC145 in platinum-resistant ovarian cancer
2012	Potential EU launch if accelerated approval granted by the EMA
2013	Final analysis of Phase III PROCEED trial of EC145
2014	Potential US launch of EC145 in PROC setting

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Analyst Certification

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Outperform: Expect the total return of the stock to outperform relative to the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

Neutral: Expect the total return of the stock to perform in-line with the median total return of the analyst's (or the analyst's team) coverage universe over the next 6-12 months.

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Rating Distribution (as of March 31, 2011)	Investment Banking Relationships (as of March 31, 2011)
Outperform: 55%	Outperform: 11%
Neutral: 37%	Neutral: 4%
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Company	Disclosure
Endocyte, Inc.	1,3,4,5,7

Research Disclosure Legend

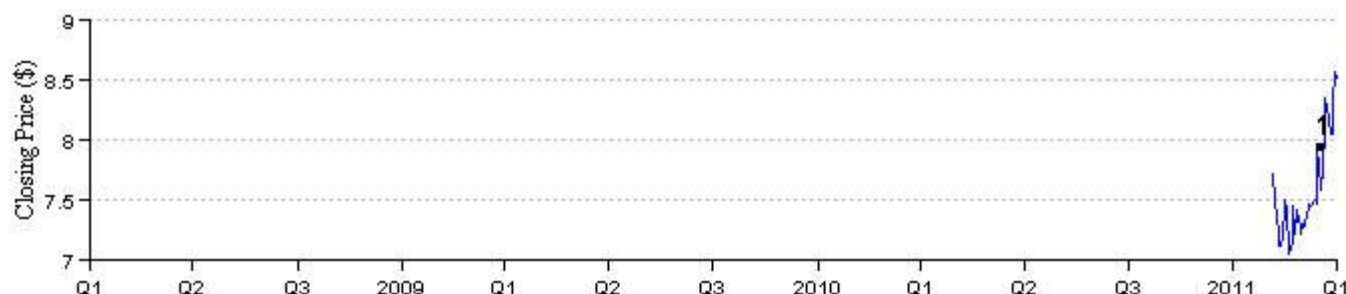
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ECYT

1) 03/16/11
Outperform \$20



* WS changed its rating system from (Strong Buy/Buy/Hold/Sell) to (Outperform/ Neutral/Underperform) on July 14, 2009.

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