EQUITY RESEARCH FIRST GLANCE

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Durata Therapeutics, Inc.

Takeaways From Meetings With Management

Outperform
Speculative Risk
NASDAQ: DRTX
Price: USD 8.82

All values in USD unless otherwise noted.

Dalbavancin NDA filing on track for mid/3Q:13; given QIDP designation, approval decision would come within 8 months of filing.

Dalbavancin is a long-acting antibiotic with a de-risked and differentiated clinical profile where the main perceived hurdle is commercial uptake. Risk-reward is favorable, in our view, as even a niche market share could beat Street expectations and lead to significant upside. DRTX owns dalbavancin outright, has already reported out positive Phase III data from two SPA studies, and is on-track to file the drug for approval in 2013 with US and EU approvals expected in 2014 given the QIDP designation in the US. The opportunity for partnering or selling dalbavancin also exists.

NDA expected in 3Q:13; expect approval 1H:14. DRTX has guided to the NDA being filed around mid-2013 and the timing remains unchanged. Since dalbavancin has QIDP designation, we expect a decision on approval within 6 months of the NDA being accepted or within 8 months of the NDA being filed by the FDA. We expect further detailed data at ICAAC and IDSA.

Could hospitals make money on dalbavancin? Economic drivers for hospitals have changed from filling beds to successfully discharging patients and minimizing readmissions. Dalbavancin addresses both these drivers by reducing admissions, shifting treatment to ambulatory/ outpatient settings, and reducing readmissions by having a long-acting drug on board effectively increasing patient compliance. Instead of dosing patients daily for 5-9+ days or longer (depending on indication), patients receive a 30 min infusion on day 1 and then a follow up on day 2. Per DRTX, the number one cause of readmission is cellulitis and the number two cause is MRSA.

Market is attractive, even a small share means big numbers. Roughly 3M patients are admitted annually including 1M cellulitis patients only because they require an infusion daily. At branded drug pricing, this could represent a $3B market opportunity. Even a small share going to DRTX could have a significant positive impact on valuation. Survey work done by DRTX concluded that more than 10% of abSSSI patients currently admitted could be treated as outpatients with dalbavancin, which could equate to $300-400M in end user sales.

Commercial prep already underway; should be primed to launch on approval. DRTX has identified ~2,000 hospitals covering 80% of antibiotics usage that would be best suited to use dalbavancin. Institutions are further targeted within this group based on their readmission and usage rates. Ultimately DRTX could build up to a commercial infrastructure including ~100 sales reps, 10 medical science liaisons (MSLs) and 10 regional managers. A sales force can be onboard within 30 days of dalbavancin's approval.

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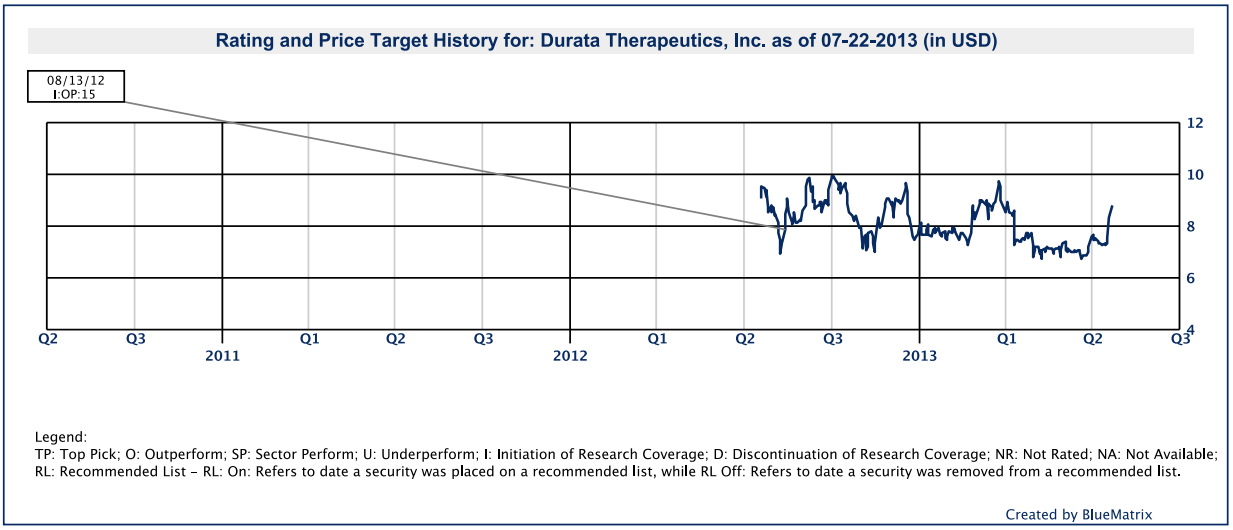

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