WEDBUSH QUICK NOTE

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Gregory R. Wade, Ph.D. (415) 274-6863 David M. Nierengarten, Ph.D. (415) 274-6862 Christopher N. Marai, Ph.D. (415) 274-6861

Durata Therapeutics (DRTX - OUTPERFORM): QIDP Designation Adds 5 Years of Exclusivity, Priority Review and Fast-Track Status to Dalbavancin

Price: $7.65 **12-Month Price Target: $20**

- **Durata announced that dalbavancin received QIDP (Qualified Infectious Disease Product) designation from FDA, which provides an additional 5 years of exclusivity along with priority review and fast-track status.** We had anticipated that dalbavancin would be a QIDP; this confirmation importantly maintains at least 10 years of exclusivity for dalbavancin in the USA.

- **Our estimates are for exclusivity through 2028 in the US, as we expect full Hatch-Waxman patent term extension.** The QIDP designation lowers downside risk of patent challenge or expiry to 10 years post-approval, or 2024, assuming a 2014 approval. Even in the worst case scenario of no patent extension and dalbavancin lose of exclusivity in 2024, our valuation method would yield a price target of $16.

- **Key upcoming catalysts include release of top-line Phase III results for dalbavancin in the DISCOVER 1 and 2 trials in the abSSSI setting, estimated to occur YE:12/Q1:13, and subsequent filing for regulatory approvals in both the US and EU. Three prior Phase III studies have already demonstrated dalbavancin's non-inferiority to comparators, and we view positive results in the pivotal Phase III trials to be likely, given the previously-generated data.** DRTX is a uniquely de-risked pre-commercial biotechnology company in our view.

  YE:12 Results of 960 patient first Phase III study of oritavancin (SOLO-1) in the abSSSI setting
  YE:12 Top-line Phase III results for dalbavancin (DISCOVER 1) in the abSSSI setting
  Q1:13 Top-line Phase III results for dalbavancin (DISCOVER 2) in the abSSSI setting
  H2:12 Potential completion of enrolment in the second Phase III study of oritavancin (SOLO-2) in the abSSSI setting
  H2:12 Potential re-partnering transaction for THRX of Vibativ (telavancin)
  Mid:13 Potential EU MAA filing for dalbavancin in the abSSSI setting
  Mid:13 Potential US NDA filing for oritavancin in the abSSSI setting with an anticipated 6 month review cycle
  H1:13 Potential NDA filing with FDA for dalbavancin

- **Reiterate OUTPERFORM rating and $20 price target.** Our $20 share price target is derived from the net present value (25% discount rate) of our estimate of profits and losses for DRTX through our projection of the end of dalbavancin's exclusivity period in the U.S. and EU in 2027 and 2023, respectively, with no terminal value and cash per share in 12 months.

- Risks to our price target include; 1) dalbavancin to demonstrate non-inferiority ongoing Phase III abSSSI clinical trials, 2) commercial and launch risks, 3) regulatory risks and 4) risks to the IP estate of Durata and dalbavancin in the U.S. and ROW.

Analyst Certification
I, Gregory R. Wade, Ph.D., David M. Nierengarten, Ph.D., Christopher N. Marai, Ph.D., certify that the views expressed in this report accurately reflect my personal opinion and that I have not and will not, directly or indirectly, receive compensation or other payments in connection with my specific recommendations or views contained in this report.

Disclosure information regarding historical ratings and price targets is available at http://www.wedbush.com/ResearchDisclosure/DisclosureQ312.pdf

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The Investment Ratings are based on the expected performance of a stock (based on anticipated total return to price target) relative to the other stocks in the analyst's coverage universe (or the analyst's team coverage).*

Rating Distribution (as of September 30, 2012)	**Investment Banking Relationships (as of September 30, 2012)**
Outperform:54% Neutral: 42% Underperform: 4%	Outperform:13% Neutral: 0% Underperform: 0%

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Wedbush Equity Research Disclosures as of November 5, 2012

Company	Disclosure
Durata Therapeutics	1,3,4,5,7

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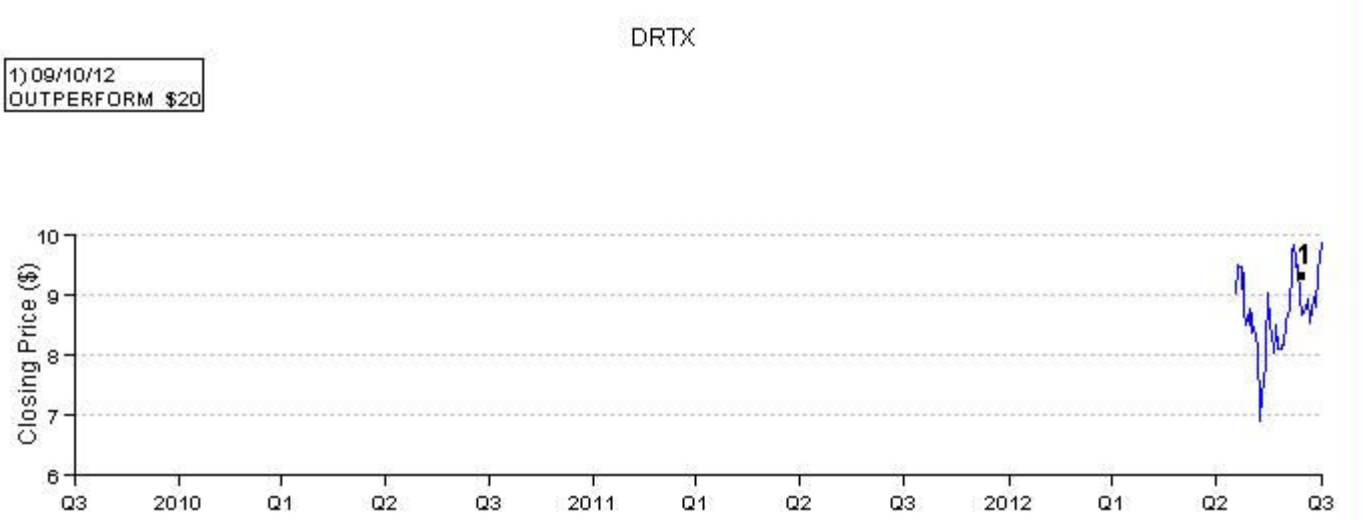

* WS changed its rating system from (Strong Buy/Buy/Hold/Sell) to (Outperform/ Neutral/Underperform) on July 14, 2009.
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RESEARCH DEPT. * (213) 688-4505 * www.wedbush.com
EQUITY TRADING Los Angeles (213) 688-4470 / (800) 421-0178 * EQUITY SALES Los Angeles (800) 444-8076
CORPORATE HEADQUARTERS (213) 688-8000

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WEDBUSH

EQUITY RESEARCH DEPARTMENT

(213) 688-4529

DIRECTOR OF RESEARCH
Mark D. Benson (213) 688-4435

MANAGER, RESEARCH OPERATIONS
Ellen Kang (213) 688-4529

RETAIL AND CONSUMER

Consumer Products
Rommel T. Dionisio (212) 938-9934
Kurt M. Frederick, CFA CPA (415) 274-6822

Footwear, Apparel and Accessories
Corinna Freedman (212) 668-9876

Healthy Lifestyles
Kurt M. Frederick, CFA CPA (415) 274-6822

Restaurants
Nick Setyan (213) 688-4519

Specialty Retail: Hardlines
Joan L. Storms, CFA (213) 688-4537
John Garrett, CFA (213) 688-4523

Specialty Retail: Softlines
Betty Chen (415) 273-7328
Alex Pham (415) 273-7315

RETAIL/CONSUMER MARKET RESEARCH

Gabriella Santaniello (213) 688-4557

CLEAN TECHNOLOGY AND INDUSTRIAL GROWTH

Clean Technology
Craig Irwin (212) 938-9926
David Giesecke (212) 938-9925

Environmental Services
Al Kaschalk (213) 688-4539

Industrial Biotechnology
Liana Moussatos, Ph.D. (415) 263-6626
Christopher N. Marai, Ph.D. (415) 274-6861

Water and Renewable Energy Solutions
David Rose, CFA (213) 688-4319

TECHNOLOGY, MEDIA AND TELECOM

Communications Equipment
Rohit Chopra (212) 668-9871
Sanjit Singh (212) 938-9922
Ryan Flanagan (212) 938-9942

Computer Services: Financial Technology
Gil B. Luria (213) 688-4501

Enterprise Software
Steve Koenig (415) 274-6801

Entertainment: Retail
Michael Pachter (213) 688-4474
Nick McKay (213) 688-4343
Alicia Reese (212) 938-9927

Entertainment: Software
Michael Pachter (213) 688-4474
Nick McKay (213) 688-4343

Internet and E-Commerce
Michael Pachter (213) 688-4474
Nick McKay (213) 688-4343
Alicia Reese (212) 938-9927

Media
James Dix, CFA (213) 688-4315
Alicia Reese (212) 938-9927

Movies and Entertainment
Michael Pachter (213) 688-4474
Nick McKay (213) 688-4343
Alicia Reese (212) 938-9927

Semiconductors
Betsy Van Hees (415) 274-6869
Ryan Jue, CFA (415) 263-6669

Telecommunications Software
Scott P. Sutherland, CFA (213) 688-4522

Wireless Equipment
Scott P. Sutherland, CFA (213) 688-4522

LIFE SCIENCES

Biotechnology/Biopharmaceuticals/BioDefense
Gregory R. Wade, Ph.D. (415) 274-6863
David M. Nierengarten, Ph.D. (415) 274-6862
Christopher N. Marai, Ph.D. (415) 274-6861

Cardiovascular, Hepatic and Devices
Akiva Felt (415) 263-6648

Emerging Pharmaceuticals
Liana Moussatos, Ph.D. (415) 263-6626
Richard Lau (415) 274-6851
Christopher N. Marai, Ph.D. (415) 274-6861

Healthcare Services - Managed Care
Sarah James (213) 688-4503
Daniel Patt (212) 938-9937

Medical Diagnostics and Life Sciences Tools
Zarak Khurshid (415) 274-6823

EQUITY SALES		EQUITY TRADING	
Los Angeles	(213) 688-4470 / (800) 444-8076	Los Angeles	(213) 688-4470 / (800) 421-0178
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CORPORATE HEADQUARTERS
1000 Wilshire Blvd., Los Angeles, CA 90017-2465
Tel: (213) 688-8000 www.wedbush.com