



Statistics:

NASDAQ Symbol:	ENDO	Fiscal year ends:	December 31
URL:	www.endocare.com	Market cap:	\$65.5 million
52-week price range:	\$5.03 – 10.00	Average daily volume:	10,710
Recent price (5/29/08):	\$5.55	Common shares outstanding:	11.8 million

Market Makers: Automated Trading Desk Financial Services; Citadel Derivatives Group; Citigroup Global Markets; Collins Stewart; Credit Suisse Securities; Domestic Securities; E*Trade Capital Markets; Goldman, Sachs; Jefferies; Knight Equity Markets; Maxim Group; Merrill Lynch, Pierce, Fenner & Smith; Nasdaq Execution Services; Natexis Bleichroeder; Sterne, Agee & Leach; UBS Securities; Weeden

First Quarter Ended: March 31

(Unaudited, 000s omitted)

	Three Months Ended	
	<u>3/31/08</u>	<u>3/31/07</u>
Total revenues	\$8,143	\$7,546
Loss from operations	\$(1,799)	\$(3,284)
Net loss	\$(1,690)	\$(3,259)
Net loss per share basic & diluted	\$(0.14)	\$(0.32)
Weighted avg. shares of common stock outstanding	11,785	10,313

Analyst Coverage:

MDB CAPITAL GROUP, Jonathan Hickman

The projections, analyses and opinions presented in this analyst's report are those of the author and are not endorsed or adopted by ENDO.

Business Summary:

Endocare, Inc. (NASDAQ: ENDO) is a specialty medical device company that develops, manufactures and markets cryoablation (freezing tissue and tumors) technology to treat various cancers in the body. The Endocare Cryocare[®] and Cryocare CS[™] Systems were cleared for use by the FDA in 1998 and 2003, respectively, and Medicare approved coverage of the procedures in 1999 for primary treatment and 2001 for salvage treatment, respectively. This technology combines cryosurgery with ultrasound and temperature monitoring, enabling physicians to visualize the freezing process and destroy an entire tumor while sparing surrounding tissue, thereby improving safety and long term survival rates and reducing morbidity associated with traditional prostate cancer treatments.

The Company has successfully penetrated the market as a treatment for prostate cancer. Cryoablation has proven to be an efficacious long-term treatment for both primary prostate cancer and for those cancers where radiation treatment has failed and the cancer reoccurred.

In 2004, the Company entered the interventional radiology and oncology markets targeting the treatment of liver cancer, lung cancer and pain associated with metastatic bone cancer. Clinical trials are underway to demonstrate clinical efficacy and provide valuable clinical information that can be used for securing federal and private payor reimbursement. These trials have already produced promising results and scientific papers are being published on an ongoing basis related to these additional markets.

Outlook:

Each day in the U.S., more than 75 men die of prostate cancer. The American Cancer Society in 2008 estimated there will be 186,000 new cases of prostate cancer diagnosed and more than \$5 billion spent on treatment. The high incidence of prostate cancer has led to increased awareness of the disease and improved diagnostic and treatment methods. Although 28,000 American men will die from prostate cancer this year, 60% of all prostate cancers are found while they are still confined to the prostate—and the 5-year relative survival rate for men with localized prostate cancer is 100%.

In July 1999, Medicare began covering the cost of targeted cryosurgery as a primary therapy for localized prostate cancer. As a result of this decision, Medicare beneficiaries who have cancer that has not spread beyond the prostate began receiving reimbursement for Endocare's Cryocare procedure, which is a lower cost alternative than either brachytherapy or radical surgery. Most of the major private payors in the U.S. have followed suit, creating specific reimbursement codes for cryoablation. In 2001, Medicare also approved coverage of cryosurgery as a secondary or "salvage" therapy after a patient has failed another type of treatment. Recent 10-year follow-up data from a peer-reviewed, retrospective study demonstrated that cryoablation as a first-line treatment for prostate cancer can be equally as effective or more effective than either radical prostatectomy or brachytherapy, without the potentially toxic side effects of radioactive seeds.

The prostate cancer market consists of more than 180,000 men diagnosed per year. Renal cancers, the fastest growing segment of Endocare's potential patient population, represent more than 27,000 applicable procedures annually. Additionally, according to estimates, between 18,000 to 25,000 men will fail radiation therapy per year and again be forced to make a difficult decision. Their only options are radical salvage prostatectomy, cryoablation or watchful waiting.

The new markets of lung and liver cancers, along with pain associated with metastatic bone cancer, are predicted to grow from less than 30,000 procedures in 2005 to more than 200,000 by 2010.

Recent Developments:

- **May 21** – Endocare announced that cryoablation was the focus of 17 clinical studies presented at the six-day annual meeting of the American Urological Association (AUA) in Orlando, which is the largest urology meeting of the year. Also, a total of six post-graduate educational courses and workshops related to cryoablation were sponsored by the AUA and, for the first time, the AUA adopted a specific set of prostate cancer clinical guidelines for cryoablation. A panel, led by Richard J. Babaian M.D. professor and senior medical director at M.D. Anderson Physician Network, announced a set of best practice statements for primary cryoablation, salvage cryoablation and focal cryoablation.
- **May 13** – Endocare announced that it made an investor presentation at the Seventh Annual JMP Securities Research Conference on May 20, 2008.
- **May 1** – Endocare reported solid growth in revenues, cryoprobe sales and procedures and continued expense reductions in the three months ended March 31, 2008, resulting in a 48.1 percent reduction in net loss compared to the first quarter of 2007. For the first quarter of 2008, total revenues were \$8.1 million, up 7.9 percent from \$7.5 million in the first quarter of 2007 and up sequentially 17.8 percent from the \$6.9 million in the fourth quarter of 2007. Cryoprobe sales in the 2008 first quarter totaled 12,203, an 8.8 percent increase from the 11,211 sold in the first quarter of 2007. The estimated number of domestic cryoablation procedures performed was 2,568, up from 2,315 in the prior-year period. Net loss for the 2008 first quarter was \$1.7 million, or \$0.14 loss per share. For the first quarter of 2007, the net loss was \$3.3 million, or \$0.32 loss per share.
- **March 26** – Endocare made an investor presentation at the B. Riley & Co. 9th Annual Las Vegas Investor Conference on April 4.
- **January 8** – Endocare announced that a Gold Supplement to the December edition of the journal *Urology* is focused on a series of 12 peer-reviewed studies on the use of focal therapy in the treatment of prostate cancer. The studies were conducted by a group of leading urologists and radiologists led by David Bostwick, M.D., a pathologist specializing in urology, and Gary Onik, M.D., an interventional radiologist, both of whom served as co-editors of the supplement. This is the first published scientific compendium dedicated solely to focal prostate cancer treatment. One of the leading focal treatment methods is cryoablation, or the minimally invasive freezing of the cancerous tumors to destroy them.
- **November 27** – Endocare announced that the National Cancer Institute (NCI) of the National Institutes of Health (NIH) is supporting a multi-center study comparing the pain-reducing palliative effects of cryoablation and radiation therapy for patients who are experiencing focal pain from cancer that has metastasized to their bones. The prospective, randomized study, called Cryoablation And Radiation Effectiveness (CARE) for Bone Pain and led by interventional radiologist Matthew Callstrom, M.D., PhD, of Mayo Clinic, will evaluate the efficacy of percutaneous cryoablation compared to external beam radiation therapy (RT) as measured by pain relief, quality of life, analgesic use and complication rates. Dr. Callstrom is also leading another multi-center study on cryoablation of painful metastatic disease.

Financial Highlights:

<u>Fiscal year: December 31</u>	<u>2007</u>	<u>2006*</u>	<u>2005*</u>	<u>2004*</u>
(000's omitted except EPS)				
Total revenues	\$29,687	\$27,990	\$28,274	\$24,181
Loss from continuing operations	\$(8,941)	\$(11,076)	\$(14,838)	\$(31,901)
Net basic & diluted loss per share – continuing operations	\$(0.80)**	\$(0.37)	\$(0.51)	\$(1.31)
Shares used in computing basic & diluted loss per share	11,122**	30,253	28,978	24,263

* Excluding the results of the Timm Medical unit, which was divested in February 2006

** Reflecting reverse stock split of 3-1 effective August 21, 2007

Corporate Information:

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Chart provided by
Nasdaq.com



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