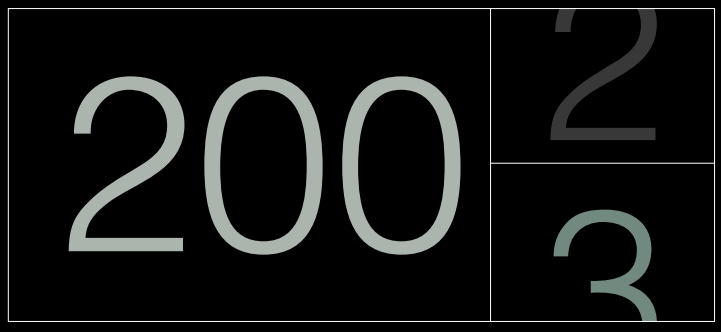
DNDN/ 2002



DENDREON CORPORATION
2002 ANNUAL REPORT

A SOLID FOUNDATION
FOR THE FUTURE

CHRISTOPHER S. HENNEY, Ph.D., D.Sc., Executive Chairman (left)
MITCHELL H. GOLD, M.D., Chief Executive Officer

Product Candidates in Clinical Trials

PHASE III: PROVENGE™
Androgen Independent Prostate Cancer: Trial D9901 (Completed)
Androgen Independent Prostate Cancer: Trial D9902
Androgen Dependent Prostate Cancer: Trial P11

PHASE II: MYLOVENGE™
Multiple Myeloma

PHASE I: APC8024
Breast, Ovarian, Colon Cancer

Product Candidates in Preclinical Development

ANTIBODIES:

Trp-p8 (lung, colon, breast, prostate cancers)
DN1924 (B-cell malignancies)
DN1921 (autoimmune diseases)

THERAPEUTIC VACCINE TARGETS:

Trp-p8 (lung, colon, breast, prostate cancers)
NY-ESO (bladder, lung, breast, prostate, ovarian/uterine cancers)
CEA (colon, lung, breast cancers)
MN (cervical, kidney, colon cancers)
Telomerase (many cancers)

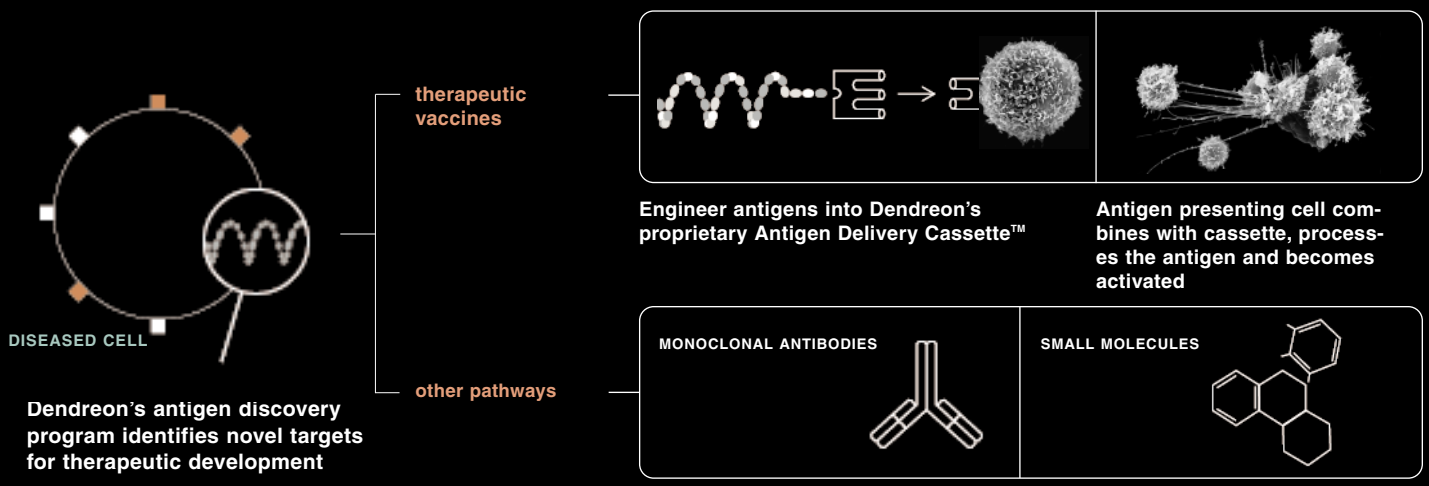
To our shareholders:

2002 was a year of unprecedented progress for Dendreon. We ended 2002 a much different company than when the year began, and we enter 2003 with several exciting opportunities ahead of us. Our accomplishments in the areas of clinical development, scientific research and business development are driven by our ongoing commitment to understanding and harnessing the power of the immune system. We would like to take this opportunity to recognize the efforts and achievements of our employees and to thank you, our shareholders, for your continued support during these difficult economic times.

Since our inception, we have focused on understanding how the immune system prevents and fights disease, and on translating the knowledge we gain into novel products with significant medical and commercial potential. In 2002 we took an important step in our corporate evolution, advancing from basic research and development activities toward our ultimate goal of bringing a significant product to market. The results from our first Phase III trial of Provenge™, our investigational vaccine for the treatment of prostate cancer, while not achieving the primary endpoint of the study, provided clear evidence that this product candidate can significantly impact disease progression in a large subset of patients.

DNDN/ PLATFORM

PROPRIETARY / INNOVATIVE / POWERFUL



The strength of our scientific platform enables us to develop targeted therapies for the treatment of cancer. Our success in identifying novel, disease-related antigens provides a robust portfolio of targets for our product development efforts. By pursuing therapeutic vaccines, monoclonal antibodies and small molecule drugs targeted to these novel antigens, we have multiple opportunities to create new therapies for patients and value for our shareholders.

Prostate cancer is the most common form of newly diagnosed cancer in men, and the second leading cause of male deaths from cancer. The American Cancer Society estimates that in the United States alone approximately 220,000 men will be diagnosed with prostate cancer and nearly 29,000 will die of the disease in 2003. Provenge activates the immune system to recognize and remove prostate cells in a highly targeted manner, reducing the incidence of adverse side effects seen with other non-specific therapies such as chemotherapy or radiation therapy.

The results of D9901 demonstrated that, in men with androgen independent prostate cancer, Provenge treatment resulted in a significant delay in both disease progression and onset of disease-related pain in patients with a Gleason score of seven or less. Patients with a Gleason score of seven or less who received Provenge had a more than two-fold higher probability of remaining progression free while on the study than did patients who received placebo (p=0.002). In these patients, the placebo group had a median time to disease progression of 9.0 weeks compared to 16.0 weeks in the Provenge treated group, an improvement of 78%. At six months' follow-up, Provenge treated patients had a greater than eight-fold advantage in progression-free survival. Additionally, for patients who received Provenge, the probability of remaining free of disease-related pain while on the study was over two and one-half times higher than for patients who received placebo (p=0.019). These data have generated a great deal of interest among physicians who treat prostate cancer, and we have worked with the U.S. Food and Drug Administration to establish a clinical development strategy that we believe provides a clear path to commercialization of Provenge.

"There exist only a small number of options for the treatment of advanced prostate cancer patients, so that the potential development of relatively non-toxic immunologic therapy is exciting."

Eric J. Small, M.D.
Professor of Medicine and Urology at the University of California, San Francisco, Provenge clinical investigator

DNDN/ **PRODUCT CANDIDATES**

2002

EFFECTIVE / TARGETED / VALIDATED

PROVENGE

D9901: PHASE III CLINICAL TRIAL

Evaluating the treatment in men with androgen independent prostate cancer.

Summary:

First randomized, double-blind, placebo-controlled Phase III study of a cancer vaccine.

Enrolled 127 patients.

Significant clinical benefit shown in men whose tumors have been classified as a Gleason score of seven or less, which accounts for approximately 75 percent of androgen independent patients.

Treatment well-tolerated with minimal side effects.

PROSTATE CANCER

APPROXIMATELY 220,000 NEW CASES OF PROSTATE CANCER ARE DIAGNOSED EACH YEAR.

IT IS THE MOST COMMONLY DIAGNOSED CANCER IN AMERICAN MEN.

NEARLY 29,000 AMERICAN MEN LOSE THEIR LIVES TO PROSTATE CANCER EACH YEAR.

THERE ARE NO APPROVED THERAPEUTIC OPTIONS FOR ASYMPTOMATIC MEN WITH ANDROGEN INDEPENDENT PROSTATE CANCER.

We believe that the impressive and growing body of data from patients receiving Provenge supports the utility of this product candidate as an important new approach to treating prostate cancer, and validates our leading cancer vaccine platform. With the worldwide market for prostate cancer therapies approaching $3 billion, we believe that Provenge will benefit patients while also providing value to our shareholders.

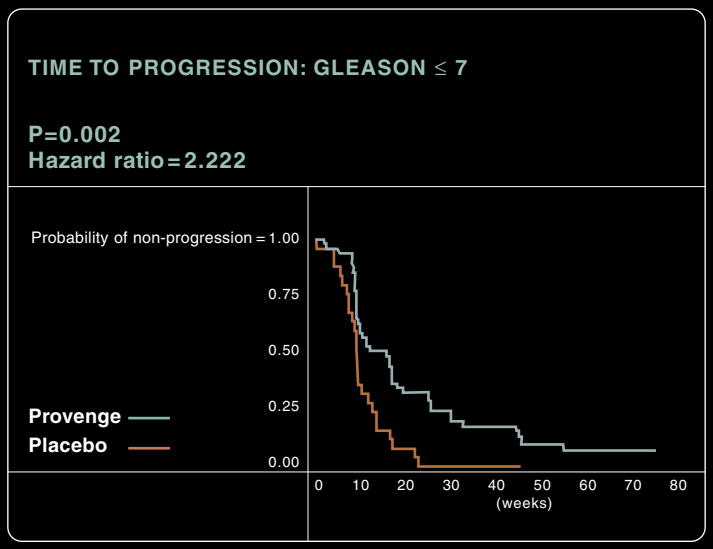
The success of Provenge is an important driver for our future growth, but Dendreon also has a number of other programs with great medical and commercial potential in preclinical and clinical development. During 2002 we reported promising data from an early trial of APC8024, a vaccine that may have utility in treating breast, ovarian and colon cancer. APC8024 was developed from the same vaccine platform technology as Provenge, and the data we have generated in animal studies and in early human clinical trials make us very optimistic about the potential for this product candidate. Our analysis indicates that the potential market size for APC8024 in the advanced breast, ovarian, colon and lung cancer indications could be more than $3 billion. We intend to complete the APC8024 Phase I program and finalize the Phase II trial design in 2003.

Dendreon's expertise in harnessing the power of the immune system provides us with significant product opportunities beyond our vaccine platform, and we capitalized on this in 2002. Our efforts to identify cancer antigens have yielded novel targets for ongoing drug development activities across a variety of therapeutic approaches. Our Trp-p8 gene platform is an example of how the identification of cancer antigens can expand our product and collaboration horizons. The Trp-p8 gene is expressed at high levels in

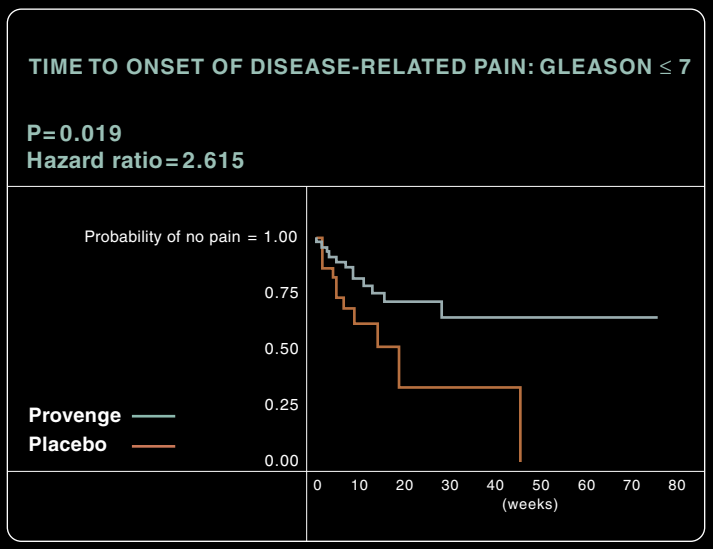
"The majority of patients newly diagnosed with hormone resistant prostate cancer are graded in the 6 or 7 category. That Provenge provided a statistically significant benefit for this cohort is a very encouraging finding."

Paul Schellhammer, M.D.
Professor and Chief of Urology at Eastern Virginia Medical School, Provenge clinical investigator

IN PATIENTS WITH A GLEASON SCORE OF SEVEN OR LESS, AT SIX MONTHS' FOLLOW-UP, PROVENGE TREATED PATIENTS HAD A GREATER THAN EIGHT-FOLD ADVANTAGE IN PROGRESSION-FREE SURVIVAL.



IN PATIENTS WITH A GLEASON SCORE OF SEVEN OR LESS, THOSE RECEIVING PROVENGE REMAINED PAIN FREE 2.6 TIMES LONGER THAN THOSE RECEIVING PLACEBO.



breast, prostate, colon and lung cancers, and the characteristics of the Trp-p8 protein make it an appropriate target for vaccine, monoclonal antibody and small molecule drug development strategies. This provides us with a number of product opportunities, in terms of the types of products we develop, as well as the types of cancer against which these products may be used, giving rise to multiple revenue opportunities.

The enormous potential of the Trp-p8 gene platform is reflected in the value of the collaboration we established with Genentech in 2002. In addition to an up-front payment and purchase of Dendreon stock made when the collaboration was established, Genentech also will make payments, potentially in excess of $110 million, to Dendreon if we achieve specific development milestones. These milestone payments offer potential near- and mid-term funding while allowing us to retain a significant portion of the program's long-term value by co-developing products in the United States with Genentech and retaining full commercialization rights in several other territories. We believe that Genentech's impressive track record in developing and bringing to market products with clinical and commercial value will be extended through this collaboration.

The Trp-p8 gene platform is just one of our promising research programs, and we believe that other programs in our research and development portfolio have tremendous value with respect to both collaboration and product opportunities. This portfolio encompasses monoclonal antibodies for the treatment of B-cell leukemias and autoimmune diseases and therapeutic vaccines that may have utility in more than a dozen types of cancer. We expect to diversify our pipeline opportunities further as we pursue small molecule

"Trp-p8 is a very promising target because it is widely expressed in cancer and also has a functional role within the cell. We believe this target will prove to be a prolific source of new drug candidates in the future."

Reiner Laus, M.D.
VP Research and Development,
Dendreon Corporation

DNDN/ **OPPORTUNITIES**

200 2 3

STRATEGIC / DIVERSE / EXCITING

- **Advance Provenge pivotal clinical trial program.**
- **Pursue marketing collaboration for Provenge.**
- **Complete Phase I program and finalize design of Phase II program for APC8024.**
- **Identify product opportunities in Trp-p8 collaboration with Genentech.**
- **Continue advancement of preclinical therapeutic vaccine and antibody programs.**
- **Pursue additional strategic collaborations to enhance pipeline and balance sheet.**

WORLDWIDE PROSTATE CANCER THERAPEUTIC SALES
$2.76 BILLION IN 2001

(Source: Med Ad News and IMS Health)

POTENTIAL MARKET SIZE FOR APC8024
ESTIMATED AT $3 BILLION

(Source: Company analysis and estimates)

drugs in the context of our Trp-p8 program. The exciting opportunities in this portfolio reflect the strength of our scientific foundation and exemplify the enormous power of our technologies. Already we have used this foundation to advance Provenge and we are committed to making Provenge the first of many therapies that we will bring to thousands of patients in need of new treatment options.

While 2002 was a year of unprecedented success for Dendreon, we intend to maintain our momentum in 2003 and beyond. We have set ambitious goals for the year to come. These include advancing the Provenge clinical development program, increasing our product opportunities, strengthening our financial resources and evaluating strategic transactions. We believe that we have the technology, people and collaborators to reach those goals. We thank you for your continued support of our efforts and look forward to sharing our progress with you in the months ahead.

Sincerely,

MITCHELL H. GOLD, M.D.
Chief Executive Officer

CHRISTOPHER S. HENNEY, PH.D., D.SC.
Executive Chairman

CORPORATE INFORMATION

EXECUTIVE OFFICERS

Christopher S. Henney, Ph.D., D.Sc.
Executive Chairman

Mitchell H. Gold, M.D.
Chief Executive Officer

David L. Urdal, Ph.D.
President, Chief Scientific Officer

T. Dennis George, J.D.
Senior VP Corporate Affairs,
General Counsel

Martin A. Simonetti, M.S., M.B.A.
Senior VP Finance,
Chief Financial Officer and Treasurer

EXECUTIVE MANAGEMENT

Lizabeth J. Cardwell
VP Quality

Deborah Elvins, J.D.
VP Legal Affairs

Reiner Laus, M.D.
VP Research and Development

Madhusudan V. Peshwa, Ph.D.
VP Manufacturing

Grant E. Pickering, M.B.A.
VP Operations

Israel Rios, M.D.
VP Clinical Affairs

Elizabeth C. Smith
VP Regulatory Affairs

BOARD OF DIRECTORS

Gerardo Canet
IntegraMed America, Inc.

William Crouse
HealthCare Ventures LLC

Bogdan Dziurzynski
Consultant in Regulatory Affairs

Mitchell H. Gold, M.D.
Dendreon Corporation

Timothy Harris, Ph.D.
Structural GenomiX, Inc.

Christopher S. Henney, Ph.D., D.Sc.
Executive Chairman
Dendreon Corporation

Ruth Kunath
Vulcan Inc.

Ralph Shaw, J.D.
Shaw Venture Partners

David L. Urdal, Ph.D.
Dendreon Corporation

Douglas Watson
Pittencrieff Glenn Associates

CORPORATE HEADQUARTERS

3005 First Avenue
Seattle, WA 98121
(206) 256-4545

WEB SITE

www.dendreon.com

INDEPENDENT AUDITORS

Ernst & Young LLP

TRANSFER AGENT AND REGISTRAR

Mellon Investor Services LLC
85 Challenger Road
Ridgefield Park, NJ 07660
(800) 522-6645
www.mellon-investor.com
Foreign Shareholders:
(201) 329-8660

STOCKHOLDER INQUIRIES

Investor Relations/Communications
Dendreon Corporation
3005 First Avenue
Seattle, WA 98121
(206) 256-4545
ir@dendreon.com

COMPANY INFORMATION

The Dendreon Corporation web site offers individuals the opportunity to receive company press releases and calendar updates by email. To register, visit www.dendreon.com.

STOCK EXCHANGE AND SYMBOLS

Dendreon Corporation Common Stock is listed on the Nasdaq National Market under the symbol DNDN.

FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, this Annual Report to Shareholders contains forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ materially from the results discussed in the forward-looking statements, particularly those risks and uncertainties inherent in the process of discovering, developing and commercializing drugs that are safe and effective for use as human therapeutics. Factors that may cause such a difference include risks related to Dendreon's limited operating history, risks associated with completing Dendreon's clinical trials, the risk that the results obtained in one clinical trial will not be obtained in a subsequent clinical trial, the risk that the safety or efficacy results of a clinical trial will not support an application for a biologics license, the risk that the FDA will not approve a product for which a biologics license has been applied, the uncertainty of Dendreon's future access to capital, the failure by Dendreon to secure and maintain relationships with collaborators, dependence on the efforts of third parties, and dependence on intellectual property. Further information on the factors and risks that could affect Dendreon's business, financial condition, and results of operations are contained in Dendreon's public disclosure filings with the U.S. Securities and Exchange Commission and in Dendreon's 2002 Annual Report on Form 10-K which is included with this Annual Report to Shareholders.

Graphics for illustration only.

DENDREON
CORPORATION®