

THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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	:	
In re:	:	Chapter 11
	:	
DENDREON CORPORATION, <u>et al.</u> ,	:	Case No. 14-12515 (PJW)
	:	
Debtors. <sup>1</sup>	:	Jointly Administered
	:	
-----	X	

**NOTICE OF FILING OF DEBTORS' MONTHLY OPERATING REPORT  
FOR THE PERIOD OF NOVEMBER 2014**

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the "Debtors") have filed with the United States Bankruptcy Court for the District of Delaware the Debtors' Monthly Operating Report for the Period of November 2014,

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Dendreon Corporation (3193), Dendreon Holdings, LLC (8047), Dendreon Distribution, LLC (8598) and Dendreon Manufacturing, LLC (7123). The address of the Debtors' corporate headquarters is 1301 2nd Avenue, Seattle, Washington 98101.

attached hereto as Exhibit A (the "Monthly Operating Report").

Dated: Wilmington, Delaware  
December 24, 2014

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

/s/ Sarah E. Pierce

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**EXHIBIT A**

**MONTHLY OPERATING REPORT**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re DENDREON CORPORATION, et. al

Case No. 14-12515 (PJW)  
Reporting Period: November 2014

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>	<b>Affidavit/Supplement Attached</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b		X	
Copies of bank statements			X	
Cash disbursements journals			X	
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4		X	
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Debtor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Date

/s/ Gregory R. Cox  
Signature of Authorized Individual\*

December 23, 2014  
Date

Gregory R. Cox  
Printed Name of Authorized Individual

Interim Chief Financial Officer  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**NOTES**

Notes to the MOR:

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in the Bankruptcy Case and is in a format acceptable to the U.S. Trustee. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is preliminary and unaudited, and is not prepared in accordance with generally accepted accounting principles ("GAAP") in the United States. Accordingly, this MOR should not be used for investment purposes.

The financial statements presented in MOR-2 and MOR-3 are prepared on a consolidated company basis for the Debtors and non-debtor affiliates.

**1. SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

(\$ 000s)

For the period 11/10/14 - 11/28/14<sup>1</sup>

	Consolidated	Dendreon Corporation	Dendreon Holdings	Dendreon Distribution	Dendreon Manufacturing
Beginning Cash Balance <sup>2</sup>	\$ 92,248	\$ 92,248	\$ -	\$ -	\$ -
Total Cash Receipts	15,654	138	-	15,516	-
Total Cash Disbursements	(6,950)	(6,950)	-	-	-
Intercompany Transfer From / (To) Other Debtors	-	15,516	-	(15,516)	-
Intercompany Transfer From / (To) Non-Debtors	-	-	-	-	-
Net Cash Flow	\$ 8,704	\$ 8,704	\$ -	\$ -	\$ -
Ending Cash Balance <sup>2</sup>	\$ 100,952	\$ 100,952	\$ -	\$ -	\$ -

## Notes:

1. 11/28 represents last day of Debtors' November weekly cash forecast
2. Excludes restricted cash accounts
3. Cash Disbursements include amounts that were disbursed by Dendreon Corporation through its centralized cash management system for the benefit of subsidiary debtors. Accordingly, revised disbursement amounts (for the purposes of calculating US Trustee fees) are as follows:

Debtor	Amounts
Dendreon Corporation	4,682
Dendreon Holdings	-
Dendreon Distribution	938
Dendreon Manufacturing	1,330
	<u>6,950</u>

1a. BANK RECONCILIATION (OR COPIES OF DEBTORS' BANK RECONCILIATIONS)

As of 11/30/14

Bank Description	U.S. Bank			Restricted Cash Accounts	
	Operating Account	Morgan Stanley Smith Barney Investment Account	U.S. Bank <sup>1</sup> Payroll Account	U.S. Bank Escrow Account	Wells Fargo LC Account
Bank Balance	\$ 21,848,934	\$ 79,350,237	\$ 100,000	\$ 214,380	\$ 5,205,920
(+) Deposits in Transit	-	-	-	-	-
(-) Outstanding Checks	(347,096)	-	-	-	-
Other	-	-	-	-	-
Book Balance	\$ 21,501,837	\$ 79,350,237	\$ 100,000	\$ 214,380	\$ 5,205,920

Notes:

1. Account opened during postpetition period

**1b. SCHEDULE OF PROFESSIONAL FEES PAID**

For the period 11/10/14 - 11/30/14, no payments were made to retained professionals

**1c. COPIES OF BANK STATEMENTS**

The Debtors' bank statements are voluminous and not included herein, but copies will be provided upon request

**1d. CASH DISBURSEMENTS JOURNALS**

The Debtors' cash disbursement journals are voluminous and not included herein, but copies will be provided upon request

**2. STATEMENT OF OPERATIONS**

(\$ 000s)

For the period 11/1/14 - 11/30/14

	Consolidated <sup>1</sup>	Dendreon Corporation	Dendreon Holdings	Dendreon Distribution	Dendreon Manufacturing
Product Revenue, net	\$ 21,968	\$ 21,968	\$ -	\$ -	\$ -
Royalty and Other Revenue	-	-	-	-	-
Total Revenue	\$ 21,968	\$ 21,968	\$ -	\$ -	\$ -
<b>Operating Expenses:</b>					
Cost Of Product Revenue	10,849	10,849	-	-	-
Inventory Impairment / (Recovery)	(14,434)	(14,434)	-	-	-
Research and Development	2,924	2,924	-	-	-
Selling, General and Administrative	11,486	11,486	-	-	-
Less: Payroll Expense Included In Categories Above <sup>2</sup>	(9,350)	(9,350)	-	-	-
Payroll Expense <sup>2,3</sup>	9,350	2,841	-	2,750	3,759
Restructuring	1,179	1,179	-	-	-
Total Operating Expenses	\$ 12,005	\$ 5,496	\$ -	\$ 2,750	\$ 3,759
Income / (Loss) from Operations	\$ 9,964	\$ 16,473	\$ -	\$ (2,750)	\$ (3,759)
<b>Other Income / (Expense):</b>					
Interest Income	17	17	-	-	-
Interest Expense	(1,580)	(1,580)	-	-	-
Other Income / (Expense)	4	4	-	-	-
Net Income / (Loss)	\$ 8,405	\$ 14,914	\$ -	\$ (2,750)	\$ (3,759)

**Notes:**

1. The Debtors maintain their accounting records and prepare financial statements on a consolidated basis only. This modified presentation reflects cash basis payroll of the subsidiary entities, which is funded by Dendreon Corp.

2. The Debtors' consolidated statement of operations reflects an allocation of payroll expenses among several operating expense categories (i.e., Cost of Product Revenue, R&D and SG&A). For the purpose of presenting payroll by entity without double-counting of such expenses, the cash basis payroll must be deducted before being included separately

3. Payroll Expense (noted above) includes payroll, payroll taxes and 401(k). These amounts are funded to ADP via the US Bank Operating account. For taxation purposes, each legal entity pays separate state employment taxes for the states in which it operates

**3. BALANCE SHEET**

(\$ 000s)

As of 11/30/14

	<u>Consolidated</u> <sup>1</sup>
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 78,332
Short-Term Investments	23,122
Trade Accounts Receivable	29,586
Inventory	63,809
Prepaid Expenses and Other Current Assets	29,645
Total Current Assets	<u>\$ 224,494</u>
Property and Equipment, net	104,034
Long-Term Investments	5,179
Other Assets	3,597
Total Assets	<u>\$ 337,304</u>
<u>Current Liabilities</u> <sup>2</sup> :	
Accounts Payable	\$ 2,442
Accrued Liabilities	24,002
Accrued Compensation	14,500
Restructuring Liability	4,880
Current Portion of Capital Lease Obligations	2,455
Current Portion of Facility Lease Obligations	692
Total Current Liabilities	<u>\$ 48,971</u>
<u>Long-Term Liabilities</u> <sup>2</sup> :	
Long-Term Accrued Liabilities	5,766
Capital Lease Obligations, Less Current Portion	1,120
Facility Lease Obligations, Less Current Portion	9,429
Total Long-Term Liabilities	<u>\$ 16,315</u>
<u>Liabilities Subject to Compromise</u> <sup>2</sup> :	
Accounts Payable	5,339
Convertible Senior Notes due 2016, Net of Discount	583,533
Other <sup>2</sup>	TBD
Total Liabilities Subject to Compromise	<u>\$ 588,872</u>
Total Liabilities	<u>\$ 654,158</u>
<u>Stockholders' Equity:</u>	
Common Stock	155
Additional Paid-In Capital	2,005,460
Accumulated Other Comprehensive Income	9
Accumulated Deficit	(2,322,478)
Total Stockholders' Equity (Deficit)	<u>\$ (316,854)</u>
Total Liabilities and Stockholders' Equity	<u>\$ 337,304</u>

Notes:

1. The Debtors maintain their accounting records and prepare financial statements on a consolidated basis only

2. The Debtors are currently working with their independent auditor to determine the proper balance and reporting for Liabilities Subject to Compromise. Once determined, certain liabilities are likely to be reclassified from Current and Long-Term Liabilities to Liabilities Subject to Compromise

**4. STATUS OF POSTPETITION TAXES**

Other than the item noted below, all postpetition taxes were current as of 11/30/14 and paid in the ordinary course by the Debtors:

- On 11/17/14, the City of Seattle notified the Debtors of unpaid B&O (wholesaling) tax amounts of \$2,058 and \$1,464 for 2012 and 2013, respectively. The Debtors have reviewed the assessments provided by the City and plan to process for payment during December 2014

**5. SUMMARY OF UNPAID POSTPETITION DEBTS**

As of 11/30/14

	Total	Days Outstanding			
		1 - 30	31 - 60	61 - 90	91 +
Postpetition Accounts Payable	\$ 2,442,032	\$ 2,442,032	\$ -	\$ -	\$ -

## 6. ACCOUNTS RECEIVABLE RECONCILIATION &amp; AGEING

As of 11/30/14

	Total	Days Outstanding			
		1 - 30	31 - 60	61 - 90	91 +
Gross Accounts Receivable	\$ 34,719,350	\$ 28,374,342	\$ 6,416,195	\$ (25,860)	\$ (45,327)
Accounts Receivable Offset - Chargebacks	(5,133,021)				
Net Accounts Receivable	\$ 29,586,329				

**7. DEBTOR QUESTIONNAIRE**

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3	X	

**Notes:**

5. Post filing, the Debtors opened a separate payroll account with US Bank in order to issue physical payroll checks, as this service was no longer offered by ADP