

SEATTLE GENETICS INC /WA

Form 424B5

January 14, 2008

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 14, 2008

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-147282**

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated December 11, 2007)

10,000,000 Shares

Common Stock

We are offering 10,000,000 shares of our common stock, par value \$0.001 per share.

Entities affiliated with one of our directors and principal stockholders, Felix Baker, have indicated an interest in purchasing up to 1,610,000 shares of our common stock in this offering at the public offering price. Because indications of interest are not binding agreements or commitments to purchase, the Baker entities may purchase fewer or no shares in this offering.

Our common stock is quoted on The Nasdaq Global Market under the symbol **SGEN**. On January 10, 2008, the last sale price of our common stock as reported on The Nasdaq Global Market was \$11.89 per share.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should read carefully the discussion of material risks of investing in our common stock under the heading Risk factors beginning on page S-13 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters the right to purchase up to 1,500,000 additional shares of common stock to cover any over-allotments. The underwriters can exercise this right at anytime within 30 days after this offering.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver shares against payment on _____, 2008.

JPMorgan

UBS Investment Bank

RBC Capital Markets

Needham & Company, LLC

William Blair & Company

The date of this prospectus supplement is _____

, 2008

Table of Contents

Table of contents

Prospectus supplement

	Page
<u>About this Prospectus Supplement</u>	S-ii
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-13
<u>Forward-Looking Statements</u>	S-25
<u>Use of Proceeds</u>	S-26
<u>Capitalization</u>	S-27
<u>Dilution</u>	S-28
<u>Price Range of Our Common Stock</u>	S-29
<u>Dividend Policy</u>	S-29
<u>Material United States Federal Income and Estate Tax Considerations for Non-United States Holders</u>	S-30
<u>Underwriting</u>	S-33
<u>Legal Matters</u>	S-37
<u>Experts</u>	S-37
<u>Where You Can Find More Information</u>	S-37
<u>Information Incorporated by Reference</u>	S-37

Prospectus

	Page
<u>Seattle Genetics, Inc.</u>	3
<u>About this Prospectus</u>	3
<u>Risk Factors</u>	4
<u>Special Note Regarding Forward-Looking Statements</u>	4
<u>Use of Proceeds</u>	5
<u>Description of Capital Stock</u>	5
<u>Plan of Distribution</u>	8
<u>Legal Matters</u>	10
<u>Experts</u>	10
<u>Where You Can Find More Information</u>	10
<u>Information Incorporated by Reference</u>	10

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we authorize to be distributed to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus when making your investment decision. You should also read and consider the information in the documents we have referred you to in the sections of this prospectus supplement entitled **Information Incorporated by Reference** and of the prospectus entitled **Where You Can Find More Information** and **Information Incorporated by Reference**.

Table of Contents

About this Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common stock. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

All references in this prospectus supplement and the accompanying prospectus to Seattle Genetics, the Company, we, us, our, or similar references refer to Seattle Genetics, Inc., and its subsidiary, except where the context otherwise requires or as otherwise indicated.

S-ii

Table of Contents

Prospectus Supplement Summary

*This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the factors described under the heading **Risk Factors** in this prospectus supplement and in our annual report on Form 10-K, and the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.*

Company Overview

We are a clinical stage biotechnology company focused on the development and commercialization of monoclonal antibody-based therapies for the treatment of cancer and autoimmune disease. Our pipeline of product candidates is based upon two technologies: engineered monoclonal antibodies and antibody-drug conjugates, or ADCs. We genetically engineer our antibodies to reduce non-human protein sequences, thereby lowering the potential for patients to develop a neutralizing immune response and extending the duration of their use in therapy. We also empower antibodies by attaching them through stable linkers to highly-potent, cell-killing drugs to form ADCs. The resulting ADCs are designed to be stable in the bloodstream but to release their drug payloads once internalized within tumor cells, thereby increasing antitumor activity and minimizing normal tissue toxicity.

We are developing three lead clinical product candidates, SGN-40, SGN-33 and SGN-35, each of which has demonstrated multiple objective responses as a single agent in clinical trials. SGN-40 is a humanized anti-CD40 monoclonal antibody in phase I and phase II clinical development for non-Hodgkin lymphoma and multiple myeloma pursuant to a worldwide collaboration with Genentech Inc. Under the terms of the Genentech collaboration, we received an upfront payment of \$60 million, and are entitled to receive potential milestone payments exceeding \$800 million and escalating double-digit royalties starting in the mid-teens on net sales of SGN-40. We also have an option to co-promote SGN-40 in the United States. Genentech funds development, manufacturing and commercialization expenses for SGN-40, including reimbursing us for costs incurred in connection with activities we conduct for the program. To date, we have achieved milestones triggering a total of \$20 million in payments from Genentech associated with SGN-40 clinical trial initiations. SGN-33, or lintuzumab, is a humanized anti-CD33 monoclonal antibody in phase I and phase II clinical development for acute myeloid leukemia, or AML, and myelodysplastic syndromes, or MDS. SGN-35 is an anti-CD30 ADC in phase I clinical development for Hodgkin lymphoma and T-cell lymphomas. We currently retain worldwide commercial rights to both SGN-33 and SGN-35.

We also have three preclinical product candidates that could provide us with new Investigational New Drug, or IND, filings in each of the next several years. We are planning to file an IND for SGN-70 in 2008 for the treatment of autoimmune disease and an IND for SGN-75 in 2009 for the treatment of hematologic malignancies and solid tumors. We are also developing an anti-CD19 ADC for the treatment of B-cell derived hematologic malignancies. We currently retain worldwide commercial rights to all three of these preclinical programs.

We have engaged in corporate partnering transactions with leading biotechnology and pharmaceutical companies to advance the development and commercialization of some of our product candidates, supplement our internal pipeline and generate cash flow and revenues. In addition to our SGN-40 collaboration with Genentech, we have licensed our ADC technology to Genentech, Bayer Pharmaceuticals Corporation, CuraGen Corporation, Progenics Pharmaceuticals, Inc. and MedImmune, Inc., which was recently acquired by AstraZeneca, Inc. We also have an ADC co-development agreement with Agensys, Inc., which recently announced plans to be acquired by Astellas Pharma, Inc.

Table of Contents**Product Development Pipeline**

The following table summarizes our product development pipeline:

Commercial			
Product	Description	Rights	Status
SGN-40	Humanized anti-CD40 antibody	Genentech (We have an option to co-promote in the United States)	Phase II single agent trial ongoing in diffuse large B-cell lymphoma, or DLBCL; expected to complete enrollment in 2008
			Phase Ib Revlimid® combination trial ongoing in multiple myeloma
			Randomized phase IIb Rituxan®-ICE chemotherapy combination trial ongoing in DLBCL
			Phase Ib Rituxan combination trial initiated by Genentech in follicular and marginal zone non-Hodgkin lymphoma
			Phase Ib Rituxan/Gemzar® combination trial planned to start in the first half of 2008 for DLBCL
SGN-33	Humanized anti-CD33 antibody	Seattle Genetics	Phase Ib Velcade® combination trial planned to be initiated by Genentech in the first half of 2008 for multiple myeloma
			Phase Ib trial ongoing in AML and MDS; expected to complete enrollment and report data in 2008
			Randomized phase IIb low dose cytarabine combination trial ongoing in AML
SGN-35	Anti-CD30 ADC	Seattle Genetics	Phase Ib Revlimid combination trial in MDS open for accrual
			Phase I single agent trial ongoing in Hodgkin lymphoma and CD30-positive T-cell lymphomas
			IND filing planned in 2008 for autoimmune disease
SGN-70	Humanized anti-CD70 antibody	Seattle Genetics	IND filing planned in 2009 for CD70-positive hematologic malignancies and solid tumors
			IND filing planned in 2009 for CD70-positive hematologic malignancies and solid tumors
SGN-75	Anti-CD70 ADC	Seattle Genetics	IND filing planned in 2009 for CD70-positive hematologic malignancies and solid tumors
Anti-CD19 ADC	Anti-CD19 ADC	Seattle Genetics	Future IND candidate for CD19-positive hematologic malignancies
SGN-40			

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SGN-40 is a humanized monoclonal antibody that is currently in phase I and phase II clinical trials for non-Hodgkin lymphoma and multiple myeloma under a worldwide collaboration with Genentech. SGN-40 targets the CD40 antigen, which is expressed on B-cell lineage hematologic malignancies, as well as solid tumors such as bladder, renal and ovarian cancer. We also believe SGN-40 may have applications in the treatment of autoimmune disease. We have received orphan drug designation from the U.S. Food and Drug Administration, or FDA, for SGN-40 in multiple myeloma and chronic lymphocytic leukemia.

S-2

Table of Contents

Market Opportunities

Non-Hodgkin lymphoma. Non-Hodgkin lymphoma is the most common form of hematologic malignancy. According to the American Cancer Society, during 2007 approximately 63,200 cases of non-Hodgkin lymphoma were expected to be diagnosed in the United States and approximately 18,700 people were expected to die from the disease. Advances made with combined chemotherapy and the use of Rituxan, a monoclonal antibody, have resulted in high remission rates for front-line therapy in early stage disease. However, therapeutic options for refractory or relapsed patients are still limited, and there are significant opportunities for new treatments in this patient population, especially in aggressive lymphoma subtypes such as DLBCL.

Multiple Myeloma. The American Cancer Society estimated that approximately 19,900 cases of multiple myeloma were expected to be diagnosed in the United States during 2007, and approximately 10,800 people were expected to die from the disease. Therapeutic advances in recent years, such as the approval of Velcade, Thalomid® and Revlimid by the FDA have expanded the treatment options for patients with multiple myeloma. However, multiple myeloma remains an incurable disease, and current therapies have limited response duration and significant toxic side effects. Therefore, we believe that a well-tolerated, monoclonal antibody represents a substantial opportunity in this disease either as a single agent or in combination with other treatments.

Clinical Results and Development Plan

We reported preliminary phase I data from our non-Hodgkin lymphoma and multiple myeloma studies at the American Society of Hematology, or ASH, annual meeting in December 2006. In both studies, patients received escalating doses of SGN-40 to determine tolerability, safety profile, immunogenicity and pharmacokinetic parameters. In the non-Hodgkin lymphoma study, we reported data from the first 35 patients enrolled with various subtypes of disease, including diffuse large B-cell, follicular, mantle cell, marginal zone and small lymphocytic lymphomas. Out of 31 evaluable patients, five had objective responses, including one complete response ongoing after 41 weeks. Four patients achieved partial responses, three of which were ongoing with durations of 10, 18 and 31 weeks, and eight patients had stable disease. Notably, of the five objective responses, three were in patients with DLBCL. In the multiple myeloma study, we reported data from the first 32 patients, showing that SGN-40 was well-tolerated with evidence of antitumor activity. Based on the data observed and to explore additional aspects of the dose and schedule, the multiple myeloma protocol was amended to test higher doses of SGN-40. We expect to report final phase I data from both studies during 2008.

In collaboration with Genentech, we are conducting a broad development plan for SGN-40 that includes six clinical trials of SGN-40 both as a single agent and combined with standard therapies for non-Hodgkin lymphoma and multiple myeloma. These include:

Phase II Single Agent Study. In December 2006, we initiated a phase II single agent study of SGN-40 in patients with relapsed or refractory DLBCL. This study is designed to assess the antitumor activity, tolerability and pharmacokinetic profile of SGN-40 in approximately 40 patients at multiple sites in the United States. We expect to complete enrollment of this study during 2008.

Phase Ib Revlimid Combination Study. In November 2007, we initiated a phase Ib combination study of SGN-40 plus Revlimid in patients with relapsed or refractory multiple myeloma. This study is expected to enroll up to approximately 40 patients at multiple sites in the United States. Patients will receive escalating doses of SGN-40 in combination with Revlimid and weekly dexamethasone, a steroid. The study is designed to assess safety and tolerability, preliminary activity and pharmacokinetics of the combination therapy. Initiation of this study triggered a \$4 million milestone payment from Genentech.

Phase IIb R-ICE Combination Study. In December 2007, we initiated a phase IIb randomized, double blind, placebo-controlled combination study of Rituxan and ifosfamide, carboplatin and

Table of Contents

etoposide, or ICE, chemotherapy plus or minus SGN-40. This trial, which is named SeaGen MARINER, is expected to enroll approximately 220 relapsed or refractory DLBCL patients at more than 60 sites worldwide. Patients will receive either R-ICE plus SGN-40 or R-ICE plus placebo. The primary endpoint of the study is complete response rate. Additional endpoints include safety, tolerability, failure-free survival and overall survival. Initiation of this study triggered a \$12 million milestone payment from Genentech.

Phase Ib Rituxan Combination Study. In January 2008, Genentech initiated a phase Ib combination study of SGN-40 plus Rituxan in patients with relapsed or refractory follicular or marginal zone non-Hodgkin lymphoma. This study, which is being conducted at multiple U.S. sites, is designed to assess safety, pharmacokinetics and preliminary activity of escalating doses of SGN-40 when combined with Rituxan. Initiation of this study triggered a \$4 million milestone payment from Genentech.

Phase Ib Rituxan/Gemzar Combination Study. We plan to initiate a phase Ib combination study of SGN-40 plus Rituxan and Gemzar in patients with relapsed or refractory DLBCL during the first half of 2008. This trial, which we plan to conduct at multiple U.S. sites, will assess safety, pharmacokinetics and preliminary activity of escalating doses of SGN-40 plus the combination therapy.

Phase Ib Velcade Combination Study. Pursuant to our joint development plan, Genentech plans to initiate a phase Ib combination study of SGN-40 plus Velcade in patients with relapsed or refractory multiple myeloma during the first half of 2008. This trial, which we expect to be conducted at multiple sites in the United States and Europe, will assess safety, pharmacokinetics and preliminary activity of escalating doses of SGN-40 combined with Velcade.

SGN-33 (Lintuzumab)

SGN-33, or lintuzumab, is a humanized monoclonal antibody that targets the CD33 antigen, which is highly expressed on myeloid malignancies and several myeloproliferative disorders. We are currently conducting phase I and phase II clinical development of SGN-33 in patients with AML or MDS, and have received orphan drug designation from the FDA for SGN-33 in both diseases. We have retained worldwide commercial rights to SGN-33.

Market Opportunities

Acute Myeloid Leukemia. AML, the most common type of acute leukemia in adults, results in uncontrolled growth and accumulation of malignant cells, or blasts, which fail to function normally and inhibit the production of normal blood cells. Progression of AML often leads to a deficiency of red cells, platelets and normal white cells in the blood, which can cause infections and bleeding. According to the American Cancer Society, approximately 13,400 cases of AML were expected to be diagnosed in the United States during 2007, and 9,000 people were expected to die of the disease. Approximately two-thirds of AML patients are over 60 years of age at diagnosis, and median survival for these patients is less than six months. Currently approved therapies for AML include chemotherapy drugs such as cytarabine, daunorubicin or mitoxantrone and an ADC, Mylotarg®. However, these therapies have low cure rates, usually lead to relatively short disease remissions and can have life-threatening side effects such as severe neutropenia, especially in older patients. In addition, stem cell transplantation, which may offer a higher probability of cure, is not an option for many patients due to potential toxicity of this treatment or the absence of an appropriate stem cell donor. As such, we believe there is a significant need for well-tolerated, targeted therapies for patients who cannot tolerate chemotherapy or stem cell transplant.

Myelodysplastic Syndromes. MDS includes a heterogeneous group of hematologic myeloid malignancies that occur when blood cells remain in an immature stage within the bone marrow and never develop into mature cells capable of performing their necessary functions. Eventually, the bone marrow may be

Table of Contents

filled with immature cells, which suppresses normal cell development. According to the American Cancer Society, 10,000 to 15,000 new cases of MDS are diagnosed annually in the United States, with this number increasing each year. Mean survival rates range from approximately six months to six years for the different stages of MDS, with approximately 30 percent of MDS cases eventually transforming into AML. MDS patients must often rely on blood transfusions or growth factors to manage symptoms of fatigue, bleeding and frequent infections. Many MDS patients die from complications of the disease prior to developing acute leukemia, establishing a critical unmet medical need for new therapies targeting the cause of the condition and helping to restore normal blood cell production as well as delay the onset of leukemia.

Clinical Results and Development Plan

During 2007, we completed a phase Ia single agent dose escalation study of SGN-33 in patients with AML or MDS who were not eligible for intensive chemotherapy or stem cell transplantation or had failed previous therapy. This study, which was conducted at multiple U.S. sites, was designed to evaluate safety, pharmacokinetic profile and antitumor activity of escalating doses of SGN-33 from 1.5 to 8 milligrams per kilogram. The data from this study was reported at the ASH annual meeting in December 2007 and demonstrated that SGN-33 induced objective responses in seven out of 17 AML patients treated, including four complete remissions, one complete remission with incomplete platelet recovery and two partial remissions. In this study SGN-33 also showed signs of activity in MDS, with six out of ten patients experiencing stable disease, several of whom had improving blood counts or increased transfusion independence. Overall, SGN-33 was well-tolerated in this study, with no dose-limiting toxicities or immunogenicity identified, and high CD33 bone marrow saturation levels were achieved at the top dose of 8 milligrams per kilogram. Based on this data, we have advanced SGN-33 into a phase Ib single-agent study in 50 additional AML and MDS patients to further evaluate the response rate and duration of response to single-agent SGN-33. Enrollment in this study is underway and we expect data to be available in 2008.

In November 2007, we also initiated a randomized, double blind, placebo-controlled, phase IIb study of low-dose cytarabine chemotherapy plus or minus SGN-33 in approximately 210 patients with AML. This study is enrolling newly diagnosed AML patients over 60 years old who decline or are ineligible for induction chemotherapy. Currently, a significant percentage of older AML patients do not receive treatment with any chemotherapy, and even those who do receive chemotherapy have a median survival of less than six months. The primary goal of this study is to determine whether the addition of SGN-33 prolongs survival of older AML patients who do not receive aggressive chemotherapy. In addition, the trial will evaluate whether patients receiving SGN-33 experience reduced infections, transfusion independence, fewer hospitalizations and improved quality of life. We believe there is a compelling opportunity in this patient population to combine a well-tolerated antibody with low-dose cytarabine to potentially prolong survival without meaningful added toxicity. We expect data from this study to be available in late 2009 or early 2010.

In addition to treatment of older AML patients, we are pursuing opportunities for SGN-33 in MDS, as well as considering strategies for expanding into treatment of younger AML patients. Our phase Ib study evaluating the combination of SGN-33 and Revlimid for patients with intermediate and high-risk MDS is open for accrual. Preclinical data demonstrate that Revlimid can augment immune effector function, which is a primary mechanism of action for SGN-33. This study will enroll approximately 30 patients with intermediate or high-risk MDS at escalating doses of SGN-33 combined with Revlimid to evaluate both tolerability and antitumor activity. We are also considering potential combination studies of SGN-33 plus other standard therapies in MDS, such as Vidaza® or Dacogen®, based on emerging clinical data with both drugs.

SGN-35

SGN-35 is an ADC composed of an anti-CD30 monoclonal antibody attached by our proprietary, enzyme-cleavable linker to a derivative of the highly potent class of cell-killing drugs called auristatins. The CD30 antigen is an attractive target for cancer therapy because it is expressed on hematologic malignancies

Table of Contents

including Hodgkin lymphoma and several types of T-cell lymphoma but has limited expression on normal tissues. We are currently conducting a phase I dose escalation study of SGN-35 for patients with relapsed or refractory CD30-positive malignancies, primarily Hodgkin lymphoma. We have received orphan drug designation from the FDA for SGN-35 in Hodgkin lymphoma, and have retained worldwide commercial rights to the program.

Market Opportunities

According to the American Cancer Society, approximately 8,200 cases of Hodgkin lymphoma were expected to be diagnosed in the United States during 2007, and an estimated 1,100 people were expected to die of the disease. An additional 2,000 to 3,000 patients per year in the United States are diagnosed with anaplastic large cell lymphoma, a T-cell lymphoma that expresses the CD30 antigen. Advances made in the use of combined chemotherapy and radiotherapy for malignant lymphomas have resulted in high remission rates for front-line therapy in early stage lymphomas. However, a significant number of these patients relapse and require additional treatments including other chemotherapy regimens and autologous stem cell transplant, or ASCT. We believe there is a strong need for therapies that can maintain patients in remission prior to and after ASCT and provide a high rate of durable responses in post-ASCT relapses. According to a recognized cancer database and primary market research we conducted with physicians, we believe that there are several thousand newly relapsed or refractory Hodgkin lymphoma patients in the United States each year who would be eligible for treatment with SGN-35, and that the United States prevalence population of these patients is roughly 10,000 to 12,000 individuals.

Clinical Results and Development Plan

We are currently conducting a phase I clinical trial of SGN-35 in patients with relapsed or refractory CD30-positive hematologic malignancies, primarily Hodgkin lymphoma. This single-agent, dose-escalation study is designed to evaluate the safety, pharmacokinetic profile and antitumor activity of SGN-35 administered every three weeks, and is expected to enroll up to approximately 50 patients at multiple sites in the United States. We presented preliminary data from this study at the 7th International Symposium on Hodgkin Lymphoma in Cologne, Germany during November 2007. Of the first 23 patients treated at doses from 0.1 up to 1.8 milligrams per kilogram, there were four patients who achieved partial responses, 12 patients with stable disease and seven patients with progressive disease. More than 75 percent of patients treated across all dose levels had measurable reductions in tumor volume. SGN-35 was well-tolerated with no dose-limiting toxicities or immunogenicity observed. Dose escalation is currently ongoing at the 2.7 milligram per kilogram cohort.

We believe this reported clinical data on SGN-35, although preliminary, indicates the therapeutic potential of our ADC technology to empower antibodies. We previously conducted clinical trials of an unconjugated anti-CD30 monoclonal antibody, SGN-30, which is the same antibody used in SGN-35. At the ASH annual meeting in December 2005, we reported data from a phase II single agent trial of SGN-30, where the antibody alone was not sufficiently active as a single agent to demonstrate any objective responses in 35 patients with relapsed or refractory Hodgkin lymphoma treated at weekly doses up to 12 milligrams per kilogram. In contrast, SGN-35 has demonstrated multiple objective responses in a similar patient population at much lower doses with a less frequent dosing schedule.

We are continuing dose-escalation of SGN-35 in the ongoing phase I trial and plan to report further data, including additional objective responses, during the first half of 2008. We are also planning to initiate a second phase I study of SGN-35 during the first quarter of 2008, which will further investigate the promising tolerability observed to date to evaluate more frequent dosing of SGN-35. Our future clinical trial plans and registration strategy for SGN-35 will be guided by the response rate, duration of response and safety profile observed in our ongoing and planned phase I trials.

SGN-70

SGN-70 is a humanized anti-CD70 monoclonal antibody with potent effector function and intrinsic cell-killing ability. We believe that SGN-70 has significant application for the treatment of autoimmune diseases

Table of Contents

where the body's immune system malfunctions and attacks its own healthy cells. Many therapies for autoimmune disease rely on suppressing the immune system to prevent further damage to normal tissues, but have the unwanted side effect of making the patient more susceptible to infection or cancer. The CD70 antigen is expressed on activated T- and B-cells but is absent on these cells when in a resting state. Since resting T- and B-cells make up the majority of those types of cells circulating in the body, SGN-70 may be able to prevent or reduce a damaging immune response without globally suppressing the patient's immune system. We have presented preclinical data demonstrating that SGN-70 selectively depletes CD70-positive activated T-cells and limits expansion of CD70-positive lymphocytes. During 2008, we plan to present additional data demonstrating activity of SGN-70 in preclinical models of autoimmune disease at scientific meetings and to file an IND for SGN-70 in an autoimmune disease indication.

SGN-75

SGN-75 is an ADC composed of an anti-CD70 monoclonal antibody linked to a potent auristatin derivative using our proprietary ADC technology. The CD70 antigen has a broad expression profile in multiple types of cancer, including multiple myeloma, lymphoma, renal cancer, glioblastoma and several other solid tumors. We presented data at the American Academy of Cancer Research annual meetings in both April 2006 and April 2007 demonstrating that CD70 has high expression in primary renal cell samples and that SGN-75 has potent antitumor activity at well-tolerated doses in preclinical models of renal cell cancer. We are planning to file an IND for SGN-75 in hematologic malignancies and solid tumors during 2009.

Anti-CD19 ADC

We are conducting preclinical development of an anti-CD19 ADC for the treatment of hematologic malignancies. CD19 is a B-cell antigen that is expressed in non-Hodgkin lymphoma, chronic lymphocytic leukemia and acute lymphocytic leukemia. We reported data at the American Association for Cancer Research-National Cancer Institute-European Organization for Research and Treatment of Cancer conference in October 2007 demonstrating that our anti-CD19 ADC effectively binds to target cells with high affinity, internalizes and induces potent cancer-cell-killing activity and durable tumor regressions at low doses in multiple cancer models.

Research Programs

In addition to our pipeline of product candidates and antibody-based technologies, we have internal research programs directed towards identifying novel antigen targets and monoclonal antibodies, advancing our antibody engineering initiatives and developing new classes of stable linkers and potent, cell-killing drugs.

Novel Antigen Targets and Monoclonal Antibodies. We are actively engaged in internal efforts to identify and develop monoclonal antibodies and ADCs with novel specificities and activities against selected antigen targets. We focus on proteins that are highly expressed in cancer to identify molecules that are located on the surface of cancer cells that may serve as targets for monoclonal antibodies or ADCs. We then create and screen panels of cancer-reactive monoclonal antibodies in our laboratories to identify those with the desired specificity. We supplement these internal efforts by evaluating opportunities to in-license targets and antibodies from academic groups and other biotechnology and pharmaceutical companies, such as our ongoing collaboration with Agensys.

Antibody Engineering. We have substantial internal expertise in antibody engineering, both for antibody humanization and engineering of antibodies to improve drug linkage sites for use with our ADC technology. By modifying the number and type of drug-linkage sites found on our antibodies, we believe we can improve the robustness and cost-effectiveness of our manufacturing processes for conjugation of ADCs.

New Cell-Killing Drugs. We continue to study new cell-killing drugs that can be linked to antibodies, such as the auristatins that we currently use in our ADC technology. We are evaluating multiple auristatin derivatives, as well as other classes of cell-killing drugs, for potential applications as ADCs.

Table of Contents

Corporate Collaborations

We seek collaborations with leading biotechnology and pharmaceutical companies to advance the development and commercialization of our product candidates and to supplement our internal pipeline. When partnering, we seek to retain significant future participation in product sales through either profit-sharing or royalties paid on annual net sales. We also license our ADC technology to collaborators to empower their own antibodies. These ADC deals benefit us in many ways, including generating revenues that partially offset expenditures on our internal research and development programs, expanding our knowledge base regarding ADCs across multiple targets and antibodies provided by our collaborators and providing us with future pipeline opportunities through co-development or opt-in rights to new ADC product candidates.

In addition to our SGN-40 product collaboration with Genentech, we have the following principal collaborations:

ADC Collaborations. We have active ADC collaborations with each of Genentech, Bayer, CuraGen, Progenics and MedImmune. Under the terms of these multi-year agreements, we exclusively license our ADC technology on per target basis in exchange for upfront payments, research and material supply fees, progress-dependent milestone payments and royalties on net sales of any resulting ADC products. Our collaborators are responsible for all costs associated with the development, manufacturing and marketing of any ADC products generated under the collaborations. One of our collaborators, CuraGen, is currently conducting phase I clinical development of CR011-ADC for the treatment of metastatic melanoma, and several others are planning INDs for their ADC product candidates during 2008 and 2009.

Agensys Co-Development Agreement. In January 2007, we entered into an agreement with Agensys to jointly develop and commercialize ADCs for cancer. The collaboration encompasses combinations of our ADC technology with fully-human antibodies developed by Agensys to proprietary cancer targets. Under the terms of the multi-year agreement, we and Agensys will jointly screen ADCs to an initial target that has already been selected, co-fund all preclinical and clinical development and share equally in any profits. Agensys will also conduct further preclinical studies aimed at identifying ADCs for up to three additional targets. We have the right to exercise a co-development option for one of these additional ADCs at IND filing, and Agensys has the right to develop and commercialize the other two ADCs on its own, subject to paying us fees, milestones and royalties. Either party may opt out of co-development and profit-sharing in return for receiving milestones and royalties from the continuing party. We and Agensys are currently collaborating on preclinical development of AGS-5 ADC for the treatment of solid tumors.

Our Strategy

Our goal is to become a leading developer and marketer of monoclonal antibody-based therapies for cancer and autoimmune disease. Key elements of our strategy are to:

Advance our Three Lead Clinical Programs towards Regulatory Approval and Commercialization. Our primary goal is to advance our three lead clinical product candidates, SGN-40, SGN-33 and SGN-35, through late-stage clinical trials to regulatory approval and commercialization. During 2007, we substantially expanded our clinical group and continued to broaden our relationships with experts in hematology and oncology at leading cancer centers in the United States and Europe to support aggressive advancement of our ongoing and planned clinical trials. We have also built strong internal expertise in our development and regulatory groups and entered into key relationships with scientific advisors, research organizations and contract manufacturers to supplement our internal efforts.

Enter into Strategic Partnering Transactions to Generate Capital and Supplement our Internal Resources. We enter into collaborations at appropriate stages in our drug development process to accelerate clinical trials and commercialization of our product candidates. Collaborations can

Table of Contents

generate significant capital, supplement our own internal expertise in key areas such as manufacturing, regulatory affairs and clinical development and provide us with access to our collaborators' marketing, sales and distribution capabilities. When establishing strategic collaborations, we seek strong financial terms and endeavor to retain significant product rights, such as our SGN-40 collaboration with Genentech.

Maintain a Strong Product Pipeline by Advancing our Preclinical Programs towards Clinical Trials. We believe it is important to maintain a diverse pipeline of antibody-based product candidates to sustain our future growth. To accomplish this, we are currently conducting preclinical development of three lead preclinical programs, SGN-70, SGN-75 and an anti-CD19 ADC. These programs could provide us with new IND filings in each of the next several years. We also have an ADC co-development agreement with Agensys that provides us with the opportunity to co-develop up to two ADCs targeting solid tumors.

Continue to Leverage our Industry-Leading ADC Technology. We have developed proprietary ADC technology designed to empower monoclonal antibodies. We are currently developing several product candidates that employ our ADC technology, including SGN-35, SGN-75 and an anti-CD19 ADC. We also license our ADC technology to leading biotechnology and pharmaceutical companies to generate near-term revenue and funding, as well as potential future milestones and royalties. Presently, we have active ADC collaborations with Genentech, Bayer, CuraGen, Progenics, MedImmune and Agensys. Our technology licensing deals have generated more than \$60 million through a combination of upfront and research support fees, milestones and equity purchases.

Ensure Future Growth of our Pipeline through Internal Research Efforts and Strategic In-Licensing. We have internal research programs directed towards identifying novel antigen targets and monoclonal antibodies, creating new antibody engineering techniques and developing new classes of stable linkers and potent, cell-killing drugs for our ADC technology. In addition, we supplement these internal efforts through ongoing initiatives to identify products and technologies to in-license from biotechnology and pharmaceutical companies and academic institutions. We have entered into such license agreements with Bristol-Myers Squibb, PDL BioPharma, Eli Lilly (formerly ICOS Corporation), University of Miami, Arizona State University, Mabtech AB and CLB Research and Development, among others.

Corporate Information

We were incorporated in Delaware on July 15, 1997. Our principal executive offices are located at 21823 30th Drive SE, Bothell, WA 98021. Our telephone number is (425) 527-4000. Our web site is www.seattlegenetics.com. The information contained in, or that can be accessed through, our website is not part of this prospectus supplement or the accompanying prospectus and should not be considered part of this prospectus supplement or the accompanying prospectus.

Seattle Genetics® is our registered trademark in the United States. All other trademarks, tradenames and service marks appearing in this prospectus supplement are the property of their respective owners.

Table of Contents

The Offering

Issuer	Seattle Genetics, Inc.
Common stock we are offering	10,000,000 shares
Common stock to be outstanding after this offering	77,524,182 shares
Use of proceeds	We intend to use the net proceeds of this offering to fund our research and development efforts, including clinical trials, and for general corporate purposes, including working capital. See Use of Proceeds.
Nasdaq Global Market symbol	SGEN
Transfer Agent	Mellon Investor Services
Risk Factors	See Risk Factors beginning on page S-13 for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Entities affiliated with one of our directors and principal stockholders, Felix Baker, have indicated an interest in purchasing up to 1,610,000 shares of our common stock in this offering at the public offering price. Because indications of interest are not binding agreements or commitments to purchase, the Baker entities may purchase fewer or no shares in this offering.	

The total shares of our common stock outstanding immediately before this offering is based on 67,524,182 shares of common stock outstanding as of December 31, 2007 and excludes:

7,458,214 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$7.02 per share;

5,460,000 shares of common stock reserved for issuance under our 2000 Directors' Stock Option Plan and our 2007 Equity Incentive Plan;

588,275 shares of common stock reserved for issuance under our 2000 employee stock purchase plan; and

1,925,000 shares of our common stock subject to warrants outstanding at an exercise price of \$6.25 per share. Unless otherwise indicated, all information contained in this prospectus supplement assumes:

No exercise of the underwriters' over-allotment option to purchase 1,500,000 additional shares of our common stock; and

No exercise of outstanding options or warrants to purchase shares of common stock.

Table of Contents**Summary Consolidated Financial Data**

The tables below present our summary consolidated statement of operations and balance sheet data. We have derived our summary consolidated statement of operations data for the years ended December 31, 2006, 2005 and 2004 from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006 and incorporated by reference in this prospectus supplement and the accompanying prospectus. We have derived our summary consolidated statement of operations data for the nine months ended September 30, 2007 and 2006 and our summary consolidated balance sheet data as of September 30, 2007 from our unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 and incorporated by reference in this prospectus supplement and the accompanying prospectus. The unaudited consolidated financial statements include, in our opinion, all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the nine months ended September 30, 2007 are not necessarily indicative of the results that may be expected in the fiscal year ending December 31, 2007 or any other period. The as adjusted balance sheet data gives effect to the issuance of 10,000,000 shares of our common stock in this offering at an assumed price of \$11.89 per share, the closing price of our common stock on January 10, 2008, after deductions, underwriting discounts and commissions and estimated offering expenses payable by us.

This information is summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes contained in our periodic reports on file with the SEC and incorporated by reference in this prospectus supplement and the accompanying prospectus.

Statements of operations data:	Years Ended December 31,			Nine Months Ended September 30,	
	2006	2005	2004	2007	2006
	(unaudited)				
	(in thousands, except per share amounts)				
Revenues	\$ 10,005	\$ 9,757	\$ 6,701	\$ 14,584	\$ 7,422
Operating Expenses:					
Research and development	40,136	34,683	37,208	44,719	29,055
General and administrative	10,074	7,145	7,161	8,931	7,328
Loss from operations	(40,205)	(32,071)	(37,668)	(39,066)	(28,961)
Investment income, net	4,190	2,638	2,229	5,075	2,966
Net loss	(36,015)	(29,433)	(35,439)	(33,991)	(25,995)
Non-cash preferred stock deemed dividend			(36,558)		
Net loss attributable to common stockholders	\$ (36,015)	\$ (29,433)	\$ (71,997)	\$ (33,991)	\$ (25,995)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.74)	\$ (0.70)	\$ (1.80)	\$ (0.57)	\$ (0.54)
Weighted-average shares used in computing basic and diluted net loss per share	48,659	42,238	39,985	59,228	47,862

Table of Contents

Balance sheet data:	As of September 30, 2007	
	Actual	As adjusted⁽¹⁾
	(unaudited, in thousands)	
Cash, cash equivalents and short and long-term investments	\$ 124,228	\$ 235,991
Working capital	77,417	189,180
Total assets	141,345	253,108
Stockholders' equity	64,669	176,432

- (1) Each \$1.00 increase or decrease in the assumed offering price per share would increase or decrease the as adjusted figure shown above for each of cash, cash equivalents and short and long-term investments, working capital, total assets and stockholders' equity by approximately \$9.4 million, after deducting estimated underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 shares in the number of shares offered by us at the assumed offering price would increase or decrease the as adjusted figure above for each of cash, cash equivalents and short and long-term investments, working capital, total assets, and stockholders' equity by approximately \$11.2 million, after deducting estimated underwriting discounts and commissions.

Table of Contents

Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this prospectus supplement and the accompanying prospectus, before purchasing shares of our common stock. Investing in our common stock involves a high degree of risk. If any of the events described in the following risk factors occurs, our business, operating results and financial condition could be seriously harmed. In addition, the trading price of our common stock could decline due to the occurrence of any of such events, and you may lose all or part of your investment.

Risks Related to Our Business

Our product candidates are at early stages of development and, if we are not able to successfully develop and commercialize them, we may not generate sufficient revenues to continue our business operations.

The drug discovery and development process is highly uncertain and we have not developed, and may never develop, a product candidate that ultimately leads to a commercially viable product. All of our product candidates are in early stages of development. Significant further research and development, financial resources and personnel will be required to develop commercially viable products and obtain regulatory approvals. Currently, SGN-40, SGN-33 and SGN-35 are in clinical trials and SGN-70, SGN-75 and an anti-CD19 ADC are in preclinical development. We expect that much of our effort and many of our expenditures over the next few years will be devoted to these clinical and preclinical product candidates. We have no products that have received regulatory approval for commercial sale.

The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. Our ability to commercialize our product candidates depends on first receiving FDA approval. Thereafter, the commercial success of these product candidates will depend upon their acceptance by physicians, patients, third party payors and other key decision-makers as therapeutic and cost-effective alternatives to currently available products. With respect to SGN-40, commercial success will depend in large part on Genentech's actions to commercialize the product candidate. Additionally, our product candidates may not gain market acceptance among physicians, patients, healthcare payors and the medical community. The degree of market acceptance of any approved product candidate will depend on a number of factors, including: establishment and demonstration of clinical efficacy and safety; cost-effectiveness of a product; its potential advantage over alternative treatment methods; and marketing and distribution support for the product. If we fail to gain approval from the FDA or to produce a commercially successful product, we may not be able to earn sufficient revenues to continue as a going concern.

Clinical trials for our product candidates are expensive, time consuming and their outcome is uncertain.

Neither we nor our collaboration partners are permitted to market our product candidates in the United States until we obtain marketing approval from the FDA or other foreign regulatory authorities. Obtaining marketing approval is a lengthy, expensive and uncertain process and approval is never assured. In addition, failure to comply with FDA and other applicable United States and foreign regulatory requirements may subject us to administrative or judicially imposed sanctions. An application for marketing approval must be supported by complete preclinical development and extensive clinical trials in humans to demonstrate its safety and efficacy, as well as extensive information regarding manufacturing, process and controls to demonstrate the safety and effectiveness of the product candidate. Each of these trials requires the investment of substantial expense and time. We are currently conducting multiple phase I and phase II clinical trials of our clinical product candidates, and we expect to commence additional trials of these and other product candidates in the future. There are numerous factors that could delay each of these clinical trials or prevent us from completing these trials successfully, including:

obtaining regulatory approval to commence a clinical trial;

reaching agreement on acceptable terms with prospective clinical research organizations, or CROs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;

Table of Contents

manufacturing sufficient quantities of a product candidate for use in clinical trials;

obtaining institutional review board, or IRB, approval to conduct a clinical trial at a prospective site;

recruiting and enrolling patients to participate in clinical trials for reasons including competition from other clinical trial programs for the same or similar indications; and

retaining patients who have initiated a clinical trial but may be prone to withdraw due to side effects from the therapy, lack of efficacy or personal issues, or who are lost to further follow-up.

In addition, a clinical trial may be suspended or terminated by us, the FDA or other regulatory authorities due to a number of factors, including:

failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;

inspection of the clinical trial operations or trial sites by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;

new information suggesting unacceptable risk to subjects, or unforeseen safety issues or any determination that a trial presents unacceptable health risks; or

lack of adequate funding to continue the clinical trial, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional trials and studies and increased expenses associated with the services of our CROs and other third parties.

Commercialization of our product candidates will ultimately depend upon successful completion of additional research and development and testing in both clinical trials and preclinical models. At the present time, SGN-40, SGN-33 and SGN-35 are our only product candidates in clinical development and SGN-70, SGN-75 and an anti-CD19 ADC are our lead preclinical product candidates. As a result, any delays or difficulties we encounter with these product candidates may impact our ability to generate revenue and cause our stock price to decline significantly.

Our clinical trials may fail to demonstrate acceptable levels of safety and efficacy of our product candidates, which could prevent or significantly delay their regulatory approval.

Ongoing and future clinical trials of our product candidates may not show sufficient safety or efficacy to obtain requisite regulatory approvals. We still only have limited efficacy data from our phase I and phase II clinical trials of SGN-40, SGN-33 and SGN-35. Phase I and phase II clinical trials are not primarily designed to test the efficacy of a product candidate but rather to test safety, to study pharmacokinetics and pharmacodynamics and to understand the product candidate's side effects at various doses and dosing schedules. Furthermore, success in preclinical and early clinical trials does not ensure that later large-scale trials will be successful nor does it predict final results. Acceptable results in early trials may not be repeated in later trials. We believe that any clinical trial designed to test the efficacy of SGN-40, SGN-33 or SGN-35, whether phase II or phase III, will likely involve a large number of patients to achieve statistical significance and will be expensive. We may conduct lengthy and expensive clinical trials of SGN-40, SGN-33 or SGN-35, only to learn that the product candidate is not an effective treatment. We may experience significant setbacks in advanced clinical trials, even after promising results in earlier trials, such as unexpected adverse events that occur when our product candidates are combined with other therapy which often occurs in later-stage clinical trials. For example, we are conducting phase II clinical trials with both SGN-40 and SGN-33 combined with other therapy, including chemotherapy, and may experience unexpected adverse events as a result of these combinations. In addition, clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Negative or inconclusive results or adverse medical events during a clinical trial could cause it to be redone or terminated. For example, based on data from our phase I and phase II clinical trials of SGN-30, during 2006 we decided to prioritize our other programs and collaborate with the National Cancer Institute (NCI) to conduct further SGN-30 clinical trials in combination with chemotherapy and to cease Company-sponsored clinical trials of SGN-30. Even if we believe the

data collected from clinical trials of our product candidates are

S-14

Table of Contents

promising, such data may not be sufficient to support approval by the FDA or any other U.S. or foreign regulatory authority. In addition, failure to construct appropriate clinical trial protocols could result in the test or control group experiencing a disproportionate number of adverse events and could cause a clinical trial to be redone or terminated. The length of time necessary to complete clinical trials and to submit an application for marketing approval for a final decision by the FDA or another regulatory authority may also vary significantly based on the type, complexity and novelty of the product involved, as well as other factors. The FDA has substantial discretion in the approval process, and when or whether regulatory approval will be obtained for any product we develop. Our business and reputation may be harmed by any failure or significant delay in receiving regulatory approval for the sale of any products resulting from our product candidates. If we or our collaborators receive regulatory approval for our product candidates, we will also be subject to ongoing FDA obligations and oversight, including adverse event reporting requirements, marketing restrictions and potential post-marketing obligations, all of which may result in significant expense and limit our ability to commercialize such products. The FDA's policies may also change and additional government regulations may be enacted that could prevent or delay regulatory approval of our product candidates or further restrict or regulate post-approval activities. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are not able to maintain regulatory compliance, we may be subject to civil and criminal penalties, we may not be permitted to market our products and our business could suffer.

Our clinical trials may take longer to complete than we project or they may not be completed at all.

The timing of the commencement, continuation and completion of clinical trials may be subject to significant delays relating to various causes, including scheduling conflicts with participating clinicians and clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria, failure of patients to complete the clinical trial, delay or failure to obtain institutional review board, or IRB, approval to conduct a clinical trial at a prospective site, and shortages of available drug supply. Patient enrollment is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the existence of competing clinical trials and the availability of alternative or new treatments. In addition, future SGN-40 clinical trials will be coordinated with Genentech, which may delay the commencement or affect the continuation or completion of these trials. We have experienced enrollment-related delays in our current and previous clinical trials and may experience similar delays in our future trials, particularly as we attempt to significantly increase patient size to those required for phase III studies. We depend on medical institutions and clinical research organizations to conduct our clinical trials and to the extent they fail to enroll patients for our clinical trials or are delayed for a significant time in achieving full enrollment, we may be affected by increased costs, program delays or both, which may harm our business. In addition, we may conduct clinical trials in foreign countries in the future which may subject us to further delays and expenses as a result of increased drug shipment costs, additional regulatory requirements and the engagement of foreign clinical research organizations, as well as expose us to risks associated with foreign currency transactions insofar as we might desire to use U.S. dollars to make contract payments denominated in the foreign currency where the trial is being conducted.

Clinical trials must be conducted in accordance with FDA or other applicable foreign government guidelines and are subject to oversight by the FDA, other foreign governmental agencies and institutional review boards at the medical institutions where the clinical trials are conducted. In addition, clinical trials must be conducted with supplies of our product candidates produced under the FDA's current Good Manufacturing Practices and other requirements in foreign countries, and may require large numbers of test patients. We, the FDA or other foreign governmental agencies could delay or halt our clinical trials of a product candidate for various reasons, including:

- deficiencies in the conduct of the clinical trial, including failure to conduct the clinical trial in accordance with regulatory requirements or clinical protocols;

- deficiencies in the clinical trial operations or trial sites resulting in the imposition of a clinical hold;

- the product candidate may have unforeseen adverse side effects;

Table of Contents

the time required to determine whether the product candidate is effective may be longer than expected;

fatalities or other adverse events arising during a clinical trial due to medical problems that may not be related to clinical trial treatments;

the product candidate may not appear to be more effective than current therapies;

quality or stability of the product candidate may fall below acceptable standards; or

we may not be able to produce sufficient quantities of the product candidate to complete the trials.

In addition, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. Due to these and other factors, our current product candidates or any of our other future product candidates could take a significantly longer time to gain regulatory approval than we expect or may never gain approval, which could reduce or eliminate our revenue by delaying or terminating the potential commercialization of our product candidates.

In some circumstances we rely on collaborators to assist in the research and development of our product candidates, as well as to utilize our ADC technology. If we are not able to locate suitable collaborators or if our collaborators do not perform as expected, it may affect our ability to commercialize our product candidates and/or generate revenues through technology licensing.

We have established and intend to continue to establish alliances with third-party collaborators to develop and market some of our current and future product candidates. We entered into an exclusive worldwide collaboration agreement with Genentech in January 2007 for the development and commercialization of our SGN-40 product candidate. We also have active ADC collaborations with Genentech, Bayer, CuraGen, Progenics and MedImmune and an ADC co-development agreement with Agensys. These collaborations provide us with cash and revenues through technology access and license fees, sponsored research fees, equity sales and potential milestone and royalty payments, as well as potential revenues from future product sales in the case of Agensys. We use these funds to partially fund the development costs of our internal pipeline of product candidates. Collaborations can also create and strengthen our relationships with leading biotechnology and pharmaceutical companies and may provide synergistic benefits by combining our technologies with the technologies of our collaborators.

Under certain conditions, our collaborators may terminate their agreements with us and discontinue use of our technologies. In addition, we cannot control the amount and timing of resources our collaborators may devote to products incorporating our technology. Moreover, our relationships with our collaborators divert significant time and effort of our scientific staff and management team and require effective allocation of our resources to multiple internal and collaborative projects. Our collaborators may separately pursue competing products, therapeutic approaches or technologies to develop treatments for the diseases targeted by us or our collaborators. Even if our collaborators continue their contributions to the collaborative arrangements, they may nevertheless determine not to actively pursue the development or commercialization of any resulting products. Our collaborators may fail to perform their obligations under the collaboration agreements or may be slow in performing their obligations. If any of our collaborators terminate or breach our agreements with them, or otherwise fail to complete their obligations in a timely manner, it may have a detrimental effect on our financial position by reducing or eliminating the potential for us to receive technology access and license fees, milestones and royalties, as well as possibly requiring us to devote additional efforts and incur costs associated with pursuing internal development of product candidates. In particular, if Genentech determines to terminate the SGN-40 collaboration, we would not receive milestone payments or royalties for development or sale of SGN-40. Moreover, we would have to engage another collaborator to complete the development process or complete the process ourselves internally, either of which could significantly delay the development process and increase our costs. In turn, this could significantly harm our financial position, adversely affect our stock price and require us to incur all the costs of developing and commercializing SGN-40, which are now being

Table of Contents

reimbursed by Genentech. Furthermore, if our collaborators do not prioritize and commit substantial resources to programs associated with our product candidates, we may be unable to commercialize our product candidates, which would limit our ability to generate revenue and become profitable. In the future, we may not be able to locate third party collaborators to develop and market our product candidates and we may lack the capital and resources necessary to develop all our product candidates alone.

We depend on a small number of collaborators for most of our current revenue. The loss of any one of these collaborators could result in a substantial decline in our revenue.

We have collaborations with a limited number of companies. To date, almost all of our revenue has resulted from payments made under agreements with our corporate collaborators, and we expect that most of our future revenue will continue to come from corporate collaborations until the approval and commercialization of one or more of our product candidates and even then we may still be highly dependent on the collaborator for the approved product. For example, if SGN-40 receives regulatory approval, our revenues will still be dependent on Genentech's ability to market the approved product. The failure of our collaborators to perform their obligations under their agreements with us, including paying license or technology fees, milestone payments or royalties, could have a material adverse effect on our financial performance. In addition, a significant portion of revenue received from our corporate collaborators is derived from research and material supply fees, and a decision by any of our corporate collaborators to conduct more research and development activities themselves could significantly reduce the revenue received from these collaborations. Payments under our existing and future collaboration agreements are also subject to significant fluctuations in both timing and amount, which could cause our revenue to fall below the expectations of securities analysts and investors and cause a decrease in our stock price.

We currently rely on third-party manufacturers and other third parties for production of our drug products and our dependence on these manufacturers may impair the development of our product candidates.

We do not currently have the ability to manufacture ourselves the drug products that we need to conduct our clinical trials and rely upon a limited number of manufacturers to supply our drug products. For SGN-40, we have contracted with Abbott Laboratories for clinical and potential future commercial supplies. Decisions on future SGN-40 drug supply will be made jointly by us and Genentech through our collaboration. For SGN-33, we received clinical-grade material from PDL BioPharma to support ongoing and planned phase I trials, entered into a contract manufacturing arrangement with Laureate Pharma and are in the process of seeking regulatory approval from the FDA to use this material to supplement current supplies and provide later-stage clinical supplies. For the monoclonal antibody used in SGN-35, we also have contracted with Abbott Laboratories for clinical and potential future commercial supplies. We have also contracted with Laureate Pharma to manufacture the antibody component of SGN-70 and SGN-75 to enable future initiation of clinical trials. For our ADC technology, several contract manufacturers, including Albany Molecular and SAFC, supply us with drug-linker and several other contract manufacturers perform conjugation of the drug-linker to the antibody. In addition, we rely on other third parties to perform additional steps in the manufacturing process, including vialing and storage of our product candidates. For the foreseeable future, we expect to continue to rely on contract manufacturers and other third parties to produce, vial and store sufficient quantities of our product candidates for use in our clinical trials. If our contract manufacturers or other third parties fail to deliver our product candidates for clinical use on a timely basis, with sufficient quality, and at commercially reasonable prices, and we fail to find replacement manufacturers or to develop our own manufacturing capabilities, we may be required to delay or suspend clinical trials or otherwise discontinue development and production of our product candidates. In addition, we depend on outside vendors for the supply of raw materials used to produce our product candidates. If the third party suppliers were to cease production or otherwise fail to supply us with quality raw materials and we were unable to contract on acceptable terms for these raw materials with alternative suppliers, our ability to have our product candidates manufactured and to conduct preclinical testing and clinical trials of our product candidates would be adversely affected.

We do not yet have agreements for the supply of our product candidates in quantities sufficient for phase III clinical trials or commercial sale and may not be able to establish or maintain commercial manufacturing arrangements on commercially reasonable terms. Securing phase III and commercial quantities of our product

Table of Contents

candidates from contract manufacturers will require us to commit significant capital and resources. We may also be required to enter into long-term manufacturing agreements that contain exclusivity provisions and/or substantial termination penalties. In addition, contract manufacturers have a limited number of facilities in which our product candidates can be produced and any interruption of the operation of those facilities due to events such as equipment malfunction or failure or damage to the facility by natural disasters could result in the cancellation of shipments, loss of product in the manufacturing process or a shortfall in available product candidates.

Our contract manufacturers are required to produce our clinical product candidates under FDA current Good Manufacturing Practices, or cGMP, in order to meet acceptable standards for our clinical trials. If such standards change, the ability of contract manufacturers to produce our product candidates on the schedule we require for our clinical trials may be affected. In addition, contract manufacturers may not perform their obligations under their agreements with us or may discontinue their business before the time required by us to successfully produce and market our product candidates. We and our contract manufacturers are subject to ongoing periodic unannounced inspection by the FDA and corresponding state and foreign authorities to ensure strict compliance with cGMP and other applicable government regulations and corresponding foreign standards. We do not have control over a third-party manufacturer's compliance with these regulations and standards. Any difficulties or delays in our contractors' manufacturing and supply of product candidates or any failure of our contractors to maintain compliance with the applicable regulations and standards could increase our costs, cause us to lose revenue, make us postpone or cancel clinical trials, or cause our products to be recalled or withdrawn.

The FDA requires that we demonstrate structural and functional comparability between the same product candidates manufactured by different organizations. Because we have used or intend to use multiple sources to manufacture many of our product candidates, we will need to conduct comparability studies to assess whether manufacturing changes have affected the product safety, identity, purity or potency of any recently manufactured product candidate compared to the product candidate used in prior clinical trials. If we are unable to demonstrate comparability, the FDA could require us to conduct additional clinical trials, which would be expensive and may significantly delay our clinical progress and the possible commercialization of such product candidates. Similarly, if we believe there may be comparability issues with any one of our product candidates, we may postpone or suspend manufacture of the product candidate to conduct further process development of such product candidate in order to alleviate such product comparability concerns, which may significantly delay the clinical progress of such product candidate or increase its manufacturing costs.

Our ADC technology is still at an early-stage of development.

Our ADC technology, utilizing proprietary stable linkers and highly potent cell-killing drugs, is still at a relatively early stage of development. This ADC technology is used in our SGN-35, SGN-75 and anti-CD19 ADC product candidates and is the basis of our collaborations with Genentech, Bayer, CuraGen, Progenics, MedImmune and Agensys. We and our corporate collaborators are conducting toxicology, pharmacology, pharmacokinetics and other preclinical studies and, although both we and CuraGen initiated clinical trials of ADC product candidates during 2006, significant additional studies may be required before other ADC product candidates enter human clinical trials. For example, we have observed evidence of toxicity in some preclinical models with certain drug-linkers and are focusing our efforts on drug-linkers with the best efficacy and lowest toxicity in order to maximize the therapeutic window of our ADC technology. In addition, preclinical models to study anti-cancer activity of compounds are not necessarily predictive of toxicity or efficacy of these compounds in the treatment of human cancer and there may be substantially different results in clinical trials from the results obtained in preclinical studies. Any failures or setbacks in our ADC program, including adverse effects resulting from the use of this technology in humans, could have a detrimental impact on our internal product candidate pipeline and our ability to maintain and/or enter into new corporate collaborations regarding these technologies, which would negatively affect our business and financial position.

We have a history of net losses. We expect to continue to incur net losses and may not achieve or maintain profitability for some time, if at all.

We have incurred substantial net losses in each of our years of operation and, as of September 30, 2007, we had an accumulated deficit of approximately \$213.6 million. We expect to make substantial expenditures to

Table of Contents

further develop and commercialize our product candidates, some of which will be reimbursed by Genentech as part of our SGN-40 collaboration, and anticipate that our rate of spending will accelerate as the result of the increased costs and expenses associated with research, development, clinical trials, manufacturing, regulatory approvals and commercialization of our potential products. In the near term, we expect our revenues to be derived from technology licensing fees, sponsored research fees and milestone payments under existing and future collaborative arrangements. In the longer term, our revenues may also include royalties from collaborations with current and future strategic partners and commercial product sales. However, our revenue and profit potential is unproven and our limited operating history makes our future operating results difficult to predict. We have never been profitable and may never achieve profitability and if we do achieve profitability, it may not be sustainable.

We will continue to need significant amounts of additional capital that may not be available to us.

We expect to make additional capital outlays and to increase operating expenditures over the next several years as we hire additional employees and support our preclinical development, manufacturing and clinical trial activities. Some of these expenditures will be reimbursed by Genentech as part of our SGN-40 collaboration; however, we may need to seek additional funding through public or private financings, including equity financings, and through other means, such as collaborations and license agreements. In addition, changes in our business may occur that would consume available capital resources sooner than we expect. If adequate funds are not available to us, we will be required to delay, reduce the scope of or eliminate one or more of our development programs. We do not know whether additional financing will be available when needed, or that, if available, we will obtain financing on terms favorable to our stockholders or us. Our future capital requirements will depend upon a number of factors, including:

the size, complexity, timing, and number of clinical programs;

our receipt of milestone-based payments or other revenue from our collaborations or license arrangements, including reimbursements for expenses pursuant to our SGN-40 collaboration with Genentech;

the ability to manufacture sufficient drug supply to complete clinical trials;

progress with clinical trials;

the time and costs involved in obtaining regulatory approvals;

the costs associated with acquisitions or licenses of additional products, including licenses we may need to commercialize our products;

the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;

the potential costs associated with state and federal taxes;

the timing and cost of milestone payment obligations as our product candidates progress towards commercialization;

competing technological and market developments; and

preparation for product commercialization.

To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. To the extent that we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish some rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us.

We rely on license agreements for certain aspects of our product candidates and technology. Failure to maintain these license agreements or to secure any required new licenses could prevent us from developing or commercializing our product candidates and technology.

We have entered into agreements with third-party commercial and academic institutions to license technology for use in our product candidates and ADC technology. Currently, we have license agreements with

S-19

Table of Contents

Bristol-Myers Squibb, Arizona State University, Genentech, PDL BioPharma, CLB Research and Development, Eli Lilly (formerly ICOS), Mabtech AB, and the University of Miami, among others. Some of these license agreements contain diligence and milestone-based termination provisions, in which case our failure to meet any agreed upon diligence requirements or milestones may allow the licensor to terminate the agreement. Many of our license agreements grant us exclusive licenses to the underlying technologies. If our licensors terminate our license agreements or if we are unable to maintain the exclusivity of our exclusive license agreements, we may be unable to continue to develop and commercialize our product candidates. In addition, continued development and commercialization of our product candidates will likely require us to secure licenses to additional technologies. We may not be able to secure these licenses on commercially reasonable terms, if at all.

We rely on third parties to provide services in connection with our preclinical and clinical development programs. The inadequate performance by or loss of any of these service providers could affect our product candidate development.

Several third parties provide services in connection with our preclinical and clinical development programs, including *in vitro* and *in vivo* studies, assay and reagent development, immunohistochemistry, toxicology, pharmacokinetics and other outsourced activities. If these service providers do not adequately perform the services for which we have contracted or cease to continue operations and we are not able to quickly find a replacement provider or we lose information or items associated with our product candidates, our development programs may be delayed.

If we are unable to enforce our intellectual property rights, we may not be able to commercialize our product candidates. Similarly, if we fail to sustain and further build our intellectual property rights, competitors may be able to develop competing therapies.

Our success depends, in part, on obtaining and maintaining patent protection and successfully defending these patents against third party challenges in the United States and other countries. We own multiple U.S. and foreign patents and pending patent applications for our technologies. We also have rights to issued U.S. patents, patent applications, and their foreign counterparts, relating to our monoclonal antibody and drug-based technologies. Our rights to these patents and patent applications are derived in part from worldwide licenses from Bristol-Myers Squibb, Arizona State University and PDL BioPharma, among others. In addition, we have licensed our U.S. and foreign patents and patent applications to third parties.

Changes in either the patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property. In particular, the U.S. Patent and Trademark Office recently issued revised regulations affecting prosecution before that office, and various pieces of legislation, including the Patent Reform Act of 2007, have been introduced or discussed in the U.S. Senate and Congress in the past few years. If implemented, these new regulations or legislation could, among other things, restrict our ability to prosecute applications in the U.S. Patent and Trademark Office, limit the number of patent claims in applications that we have previously filed or intend to file, and may lower the threshold required for competitors to challenge our patents in the U.S. Patent and Trademark Office after they have been granted.

The standards that the U.S. Patent and Trademark Office and foreign patent offices use to grant patents are not always applied predictably or uniformly and can change. Consequently, our pending patent applications may not be allowed and, if allowed, may not contain the type and extent of patent claims that will be adequate to conduct our business as planned. Additionally, any issued patents we currently own or obtain in the future may not contain claims that will permit us to stop competitors from using similar technology. Similarly, the standards that courts use to interpret patents are not always applied predictably or uniformly and may evolve, particularly as new technologies develop. As a result, the protection, if any, given by our patents if we attempt to enforce them or if they are challenged in court is uncertain.

We rely on trade secrets and other proprietary information where we believe patent protection is not appropriate or obtainable. However, trade secrets and other proprietary information are difficult to protect. We have taken measures to protect our unpatented trade secrets and know-how, including the use of confidentiality

Table of Contents

and assignment of inventions agreements with our employees, consultants and certain contractors. It is possible, however, that these persons may breach the agreements or that our competitors may independently develop or otherwise discover our trade secrets or other proprietary information.

Our research collaborators may publish data and information to which we have rights. If we cannot maintain the confidentiality of our technology and other confidential information in connection with our collaborations, then our ability to receive patent protection or protect our proprietary information may be impaired.

We may incur substantial costs and lose important rights as a result of litigation or other proceedings relating to patent and other intellectual property rights.

We may face potential patent infringement suits by companies that own or control patents for products similar to our product candidates or suits alleging infringement of such companies' other intellectual property. Because patent applications can take many years to publish, there may be currently pending applications of which we are unaware that may later result in issued patents that affect the commercial development of our product candidates. In addition, we are monitoring the progress of multiple pending patent applications of other companies that, if granted, may require us to license or challenge their validity upon commercialization of our products.

The defense and enforcement of intellectual property rights in a court of law, U.S. Patent and Trademark Office interference proceedings and related legal and administrative proceedings in the United States and elsewhere involve complex legal and factual questions. These proceedings are costly and time-consuming. If we become involved in any litigation, interference or other administrative proceedings, we will incur substantial expense and it will divert the efforts of our technical and management personnel. An adverse determination may subject us to significant liabilities or require us to seek licenses that may not be available from third parties on commercially reasonable terms, if at all. We may be restricted or prevented from developing and commercializing our product candidates in the event of an adverse determination in a judicial or administrative proceeding, or if we fail to obtain necessary licenses.

If we lose our key personnel or are unable to attract and retain additional qualified personnel, our future growth and ability to compete would suffer.

We are highly dependent on the efforts and abilities of the principal members of our senior management. Additionally, we have scientific personnel with significant and unique expertise in monoclonal antibodies and related technologies. The loss of the services of any one of the principal members of our managerial or scientific staff may prevent us from achieving our business objectives.

In addition, the competition for qualified personnel in the biotechnology field is intense, and our future success depends upon our ability to attract, retain and motivate highly skilled scientific, technical and managerial employees. In order to commercialize our products successfully, we will be required to expand our workforce, particularly in the areas of manufacturing, clinical trials management, regulatory affairs, business development and sales and marketing. These activities will require the addition of new personnel, including management, and the development of additional expertise by existing management personnel. We face intense competition for qualified individuals from numerous pharmaceutical and biotechnology companies, as well as academic and other research institutions. To the extent we are not able to attract and retain these individuals on favorable terms, our business may be harmed.

We face intense competition and rapid technological change, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The biotechnology and pharmaceutical industries are highly competitive and subject to significant and rapid technological change. We are aware of many pharmaceutical and biotechnology companies that are actively engaged in research and development in areas related to antibody therapy. Some of these competitors have successfully commercialized antibody products or are developing or testing product candidates that do or may in the future compete directly with our product candidates. For example, we believe that companies including

Table of Contents

Genentech, Amgen, ImmunoGen, Biogen IDEC, Celgene, Medarex, Novartis, Pharmion and Wyeth are developing and/or marketing products or technologies that may compete with ours. Other potential competitors include large, fully integrated pharmaceutical companies and more established biotechnology companies, which have significant resources and expertise in research and development, manufacturing, testing, obtaining regulatory approvals and marketing. Also, academic institutions, government agencies and other public and private research organizations conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and marketing. It is possible that these competitors will succeed in developing technologies that are more effective than our product candidates or that would render our technology obsolete or noncompetitive. Our competitors may, among other things:

develop safer or more effective products;

implement more effective approaches to sales and marketing;

develop less costly products;

obtain quicker regulatory approval;

have access to more manufacturing capacity;

form more advantageous strategic alliances; or

establish superior proprietary positions.

In addition, if we receive regulatory approvals, we may compete with well-established, FDA-approved therapies that have generated substantial sales over a number of years. We anticipate that we will face increased competition in the future as new companies enter our market and scientific developments surrounding other cancer therapies continue to accelerate.

We have no experience in commercializing products on our own and, to the extent we do not develop this ability or contract with a third party to assist us, we may not be able to successfully sell our product candidates.

We do not have a sales and marketing force and may not be able to develop this capacity. If we are unable to establish sales and marketing capabilities, we will need to enter into sales and marketing agreements to market our products in the United States, except for SGN-40 for which Genentech will lead the sales and marketing efforts while we retain an ability to co-promote that product. For sales outside the United States, excluding SGN-40, we plan to enter into third-party arrangements. In these foreign markets, if we are unable to establish successful distribution relationships with pharmaceutical companies, we may fail to realize the full sales potential of some of our product candidates. Even if we are able to establish distribution agreements with pharmaceutical companies, we generally do not have control over the resources or degree of effort that any of these third-parties may devote to our collaborations, and if they fail to devote sufficient time and resources to our the marketing of our product candidates, or if their performance is substandard, it will adversely affect the sale of our product candidates.

Moreover, government health administrative authorities, private health insurers and other organizations are increasingly challenging both the need for and the price of new medical products and services. Consequently, uncertainty exists as to the reimbursement status of newly approved therapeutics and diagnostics. For these and other reasons, physicians, patients, third-party payors and the medical community may not accept and utilize any product candidates that we develop and even if they do, reimbursement may not be available for our products to enable us to maintain price levels sufficient to realize an appropriate return on our investment in research and product development. Similarly, even if we do receive reimbursement, the target market for our products may be small or the focus of intense competition and we may not realize an appropriate return on our investment in research and product development.

Table of Contents

We face product liability risks and may not be able to obtain adequate insurance to protect us against losses.

We currently have no products that have been approved for commercial sale. However, the current and future use of our product candidates by us and our corporate collaborators in clinical trials, and the sale of any approved products in the future, may expose us to liability claims. These claims might be made directly by consumers or healthcare providers or indirectly by pharmaceutical companies, our corporate collaborators or others selling such products. We may experience financial losses in the future due to product liability claims. We have obtained limited general commercial liability insurance coverage for our clinical trials. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for any of our product candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Our operations involve hazardous materials and are subject to environmental, health and safety controls and regulations.

We are subject to environmental, health and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with environmental, health and safety regulations is substantial. Our business activities involve the controlled use of hazardous materials and we cannot eliminate the risk of accidental contamination or injury from these materials. In the event of an accident or environmental discharge, we may be held liable for any resulting damages, which may materially harm our business, financial condition and results of operations.

We may engage in future acquisitions that increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We actively evaluate various strategic transactions on an ongoing basis, including licensing or acquiring complementary products, technologies or businesses. Any potential acquisitions may entail numerous risks, including increased operating expenses and cash requirements, assimilation of operations and products, retention of key employees, diversion of our management's attention and uncertainties in our ability to maintain key business relationships of the acquired entities. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

Legislative actions, potential new accounting pronouncements and higher insurance costs are likely to impact our future financial position or results of operations.

Future changes in financial accounting standards may cause adverse, unexpected revenue fluctuations and affect our financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with frequency in the past and may occur again in the future and as a result we may be required to make changes in our accounting policies, for example the recent requirement to expense stock options. Compliance with new regulations regarding corporate governance and public disclosure may result in additional expenses. As a result, we intend to invest all reasonably necessary resources to comply with evolving standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from science and business activities to compliance activities. For example, we have incurred and expect to continue to incur substantial costs and expend significant resources to comply with the regulations promulgated under Section 404 of the Sarbanes-Oxley Act of 2002.

Risks Related to Our Stock and this Offering

Our stock price may be volatile and our shares may suffer a decline in value.

The market prices for securities of biotechnology companies have in the past been, and are likely to continue in the future to be, very volatile. During the fourth quarter of 2007, our stock price fluctuated between \$9.70 and \$13.44 per share. As a result of fluctuations in the price of our common stock, you may be unable to

Table of Contents

sell your shares at or above the price you paid for them. The market price of our common stock may be subject to substantial volatility in response to many risk factors listed in this section, and others beyond our control, including:

announcements regarding the results of discovery efforts and preclinical and clinical activities by us or our competitors;

termination of or changes in our existing corporate partnerships or licensing arrangements, especially our SGN-40 collaboration with Genentech;

establishment of new corporate partnering or licensing arrangements by us or our competitors;

our ability to raise capital;

developments or disputes concerning our proprietary rights;

issuance of new or changed analysts' reports and recommendations regarding us or our competitors;

share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

changes in government regulations; and

economic or other external factors.

Our existing stockholders have significant control of our management and affairs.

Our executive officers and directors and holders of greater than five percent of our outstanding voting stock, together with entities that may be deemed affiliates of, or related to, such persons or entities, beneficially owned approximately 51 percent of our voting power as of December 31, 2007. As a result, these stockholders, acting together, may be able to control our management and affairs and matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying, deferring or preventing a change in control, including a merger, consolidation, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control, which might affect the market price of our common stock.

Anti-takeover provisions could make it more difficult for a third party to acquire us.

Our Board of Directors has the authority to issue up to 3,360,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the stockholders. The rights of the holders of common stock may be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of Seattle Genetics without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. Further, certain provisions of our charter documents, including provisions eliminating the ability of stockholders to take action by written consent and limiting the ability of stockholders to raise matters at a meeting of stockholders without giving advance notice, may have the effect of delaying or preventing changes in control or management of Seattle Genetics, which could have an adverse effect on the market price of our stock. In addition, our charter documents provide for a classified board, which may make it more difficult for a third party to gain control of our Board of Directors. Similarly, state anti-takeover laws in Delaware and Washington related to corporate takeovers may prevent or delay a change of control of Seattle Genetics.

You will experience immediate dilution in the book value per share of the common stock you purchase.

Since the price per share of our common stock being offered is substantially higher than the book value per share of our common stock, you will suffer substantial dilution in the net tangible book value of the common stock you purchase in this offering. Based on the public offering price of \$11.89 per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of \$9.60 per share in the net tangible book value of the common stock. See the section entitled **Dilution** below for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering.

S-24

Table of Contents

Forward-Looking Statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference in these documents include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities-Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Any statement that is not a statement of historical fact should be considered a forward-looking statement. We often use words or phrases of expectation or uncertainty like believe, anticipate, plan, expect, intent, project, future, may, will, could, would and similar forward-looking statements. Forward-looking statements involve risks and uncertainties. Our actual results could differ significantly from the results discussed in these forward-looking statements, which include, but are not necessarily limited to, those relating to:

our financial resources and future use of cash;

future product research and development activities, including preclinical studies, clinical trials and

collaborations;

regulatory review and potential approval of our product candidates; and

competition.

Many factors could cause or contribute to these differences, including the factors described above under the caption Risk Factors. We caution you not place undue reliance on our forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in these documents, particularly the section entitled Risk Factors, before you make an investment decision.

Table of Contents

Use of Proceeds

Based on an assumed offering price of \$11.89 per share, we estimate that the net proceeds from this offering will be approximately \$111.8 million, or \$128.6 million if the underwriters' over-allotment option is exercised in full, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

A \$1.00 increase or decrease in the public offering price per share would increase or decrease the expected net proceeds by approximately \$9.4 million. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 shares in the number of shares offered by us would increase or decrease the expected net proceeds from this offering by approximately \$11.2 million. We do not expect that a change in the offering price or the number of shares by these amounts would have a material effect on our uses of the proceeds from this offering.

We intend to use the net proceeds from this offering to fund our research and development efforts, including clinical trials for our proprietary candidates, and for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire or invest in complementary businesses, technologies, product candidates or other intellectual property, although we have no present commitments or agreements to do so. We expect that our net cash used in operating activities in 2008 will range from \$55 million to \$65 million. This statement reflects our current views about future events and is subject to significant risks and uncertainties, including those discussed below, those described more fully in other reports filed by us with the SEC and those described in the section entitled "Risk Factors" in this prospectus supplement. Because this statement reflects our current expectations concerning future events, our actual results could differ materially. The factors that could cause actual results to differ from our expectations include, but are not limited to, the timing of our manufacturing campaigns, accrual of patients to clinical trials, collaborative activities, the cost of filing and enforcing our patent claims and other intellectual property rights, competing technological and market developments and the progress of our collaborators.

The amounts and timing of these expenditures will depend on a number of factors, such as the timing and progress of our research and development efforts, technological advances and the competitive environment for our product candidates. As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. Accordingly, we will retain broad discretion over the use of these proceeds. Pending application of the net proceeds as described above, we intend to temporarily invest the proceeds in short and long-term interest bearing instruments.

Table of Contents**Capitalization**

The following table sets forth our consolidated cash, cash equivalents and short and long-term investments, and capitalization as of September 30, 2007:

on an actual basis; and

on an as adjusted basis after giving effect to our sale of 10,000,000 shares of common stock in this offering at an assumed public offering price of \$11.89 per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

You should read this table along with Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and related notes and the other financial information included and incorporated by reference in this prospectus supplement and the accompanying prospectus.

Each \$1.00 increase or decrease in the offering price per share would increase or decrease the as adjusted figure shown below for cash, cash equivalents and short and long-term investments, additional paid-in-capital, total stockholders' equity and total capitalization by approximately \$9.4 million, after deducting estimated underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. An increase or decrease of 1,000,000 shares in the number of shares offered by us would increase or decrease the as adjusted figure below for cash, cash equivalents and short and long-term investments, additional paid-in-capital, total stockholders' equity and total capitalization by approximately \$11.2 million, after deducting estimated underwriting discounts and commissions.

	As of September 30, 2007	
	Actual	As adjusted
	(unaudited)	
	(in thousands, except	
	share and per share data)	
Cash, cash equivalents and short and long-term investments	\$ 124,228	\$ 235,991
Long-term debt	\$	\$
Stockholders' equity:		
Preferred stock, par value \$0.001 per share; 5,000,000 shares authorized; no shares issued and outstanding, actual and as adjusted		
Common stock, par value \$0.001 per share; 100,000,000 shares authorized; 67,206,418 shares issued and outstanding, actual; 77,206,418 shares issued and outstanding, as adjusted	67	77
Additional paid-in-capital	278,131	389,884
Accumulated other comprehensive gain	51	51
Accumulated deficit	(213,580)	(213,580)
Total stockholders' equity	64,669	176,432
Total capitalization	\$ 64,669	\$ 176,432

The outstanding shares of our common stock outstanding excludes as of September 30, 2007:

7,611,130 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$6.92 per share;

1,177,115 shares of common stock reserved for issuance under our 2000 Directors' Stock Option Plan and our 1998 Stock Option Plan;

588,275 shares of common stock reserved for issuance under our 2000 employee stock purchase plan; and

1,925,000 shares of our common stock subject to warrants outstanding at an exercise price of \$6.25 per share.

S-27

Table of Contents**Dilution**

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share you pay in this offering and the net tangible book value per share of our common stock immediately after this offering. As of September 30, 2007, our unaudited net tangible book value was \$64.7 million, or approximately \$0.96 per share. Net tangible book value is total assets minus the sum of liabilities and intangible assets. Net tangible book value per share is net tangible book value divided by the total number of shares of common stock outstanding.

Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the net tangible book value per share of our common stock immediately after completion of this offering. After giving effect to the sale of 10,000,000 shares of our common stock in this offering at an assumed public offering price of \$11.89 per share and after deducting the underwriting discounts and commissions and our estimated offering expenses, our adjusted net tangible book value as of September 30, 2007 would have been approximately \$176.4 million, or \$2.29 per share. The difference represents an immediate increase in net tangible book value of \$1.33 per share to existing stockholders and an immediate and substantial dilution in net tangible book value of \$9.60 per share to purchasers of common stock in this offering, as illustrated in the following table:

Assumed public offering price per share	\$ 11.89
Net tangible book value per share as of September 30, 2007	\$ 0.96
Increase per share attributable to new investors	1.33
As adjusted net tangible book value per share after the offering	2.29
Dilution per share to new investors	\$ 9.60

Each \$1.00 increase or decrease in the offering price per share would increase or decrease the as adjusted net tangible book value by \$9.4 million and the dilution to investors in the offering by \$0.88 per share, assuming that the number of shares offered in this offering, as set forth on the cover page of this prospectus supplement, remains the same. A 1,000,000 share increase or decrease in the number of shares offered would increase or decrease the as adjusted net tangible book value by \$11.2 million and the dilution to investors in the offering by \$0.12 per share, assuming that the offering price per share as set forth on the cover page of this prospectus supplement, remains the same. The as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of the offering is subject to adjustment based on the actual offering price of our common stock and other terms of this offering determined at pricing.

If the underwriters exercise the over-allotment option granted by us in full, the as adjusted net tangible book value as of September 30, 2007, will increase to approximately \$2.46 per share, representing an increase to existing stockholders of approximately \$1.50 per share, and there will be an immediate dilution of approximately \$9.43 per share to new investors.

The information in the foregoing table does not take into account further dilution to new investors that could occur upon exercise of outstanding options having a per share exercise price less than the per share offering price to the public in this offering. As of September 30, 2007, there were 67,206,418 shares of common stock outstanding, which does not include:

7,611,130 shares of common stock issuable upon exercise of outstanding stock options at a weighted average exercise price of \$6.92 per share;

1,177,115 shares of common stock reserved for issuance under our 2000 Directors' Stock Option Plan and our 1998 Stock Option Plan;