Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-17999

ImmunoGen, Inc.

Massachusetts	**04-2726691**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

830 Winter Street, Waltham, MA 02451
(Address of principal executive offices, including zip code)

(781) 895-0600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	IMGN	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of common stock, par value $.01 per share: 174,542,115 shares outstanding as of July 30, 2020.

IMMUNOGEN, INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2020
TABLE OF CONTENTS

Forward looking statements

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts that are not yet determinable.

These statements also relate to our future prospects, developments, and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and other similar terms and phrases, including references to assumptions. These statements are contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections, as well as other sections of this report.

These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to be materially different from those contemplated by our forward-looking statements. These known and unknown risks, uncertainties, and other factors are described in detail in the "Risk Factors" section and in other sections of this report and our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020 as updated and/or supplemented in subsequent filings with the SEC. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

ITEM 1. ***Financial Statements***

IMMUNOGEN, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
In thousands, except per share amounts

	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 219,506	$ 176,225
Accounts receivable	313	7,500
Unbilled revenue/reimbursement	5	1,001
Contract assets	1,042	3,631
Non-cash royalty receivable	14,079	15,116
Prepaid and other current assets	6,426	5,425
Total current assets	241,371	208,898
Property and equipment, net of accumulated depreciation	5,902	6,993
Operating lease right-of-use assets	14,864	15,587
Other assets	7,591	3,784
Total assets	$ 269,728	$ 235,262
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Accounts payable	$ 12,739	$ 9,933
Accrued compensation	4,321	8,991
Other accrued liabilities	15,363	13,932
Current portion of liability related to the sale of future royalties, net of deferred financing costs of $470 and $635, respectively	55,213	41,274
Current portion of operating lease liability	3,163	2,971
Current portion of deferred revenue	80	309
Total current liabilities	90,879	77,410
Deferred revenue, net of current portion	126,535	127,123
Operating lease liability, net of current portion	20,171	21,798
Convertible 4.5% senior notes, net of deferred financing costs of $15 and $22, respectively	2,085	2,078
Liability related to the sale of future royalties, net of current portion and deferred financing costs of $699 and $859, respectively	51,994	82,267
Other long-term liabilities	2,587	707
Total liabilities	294,251	311,383
Commitments and contingencies (Note I)		
Shareholders' deficit:		
Preferred stock, $.01 par value; authorized 5,000 shares; no shares issued and outstanding as of June 30, 2020 and December 31, 2020	—	—
Common stock, $.01 par value; authorized 300,000 shares; issued and outstanding 174,540 and 150,136 shares as of June 30, 2020 and December 31, 2019, respectively	1,745	1,501
Additional paid-in capital	1,314,586	1,209,846
Accumulated deficit	(1,340,854)	(1,287,468)
Total shareholders' deficit	(24,523)	(76,121)
Total liabilities and shareholders' deficit	$ 269,728	$ 235,262

The accompanying notes are an integral part of the consolidated financial statements.

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)
In thousands, except per share amounts

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
License and milestone fees	$ 945	$ 5,079	$ 1,228	$ 5,158
Non-cash royalty revenue related to the sale of future royalties	14,075	10,412	27,072	18,900
Research and development support	5	51	12	68
Total revenues	15,025	15,542	28,312	24,126
Operating expenses:				
Research and development	22,921	28,559	50,329	67,452
General and administrative	9,767	8,700	18,631	19,478
Restructuring charge	699	19,342	1,524	19,901
Total operating expenses	33,387	56,601	70,484	106,831
Loss from operations	(18,362)	(41,059)	(42,172)	(82,705)
Investment income, net	62	1,287	708	2,709
Non-cash interest expense on liability related to the sale of future royalties and convertible senior notes	(6,081)	(3,818)	(11,783)	(7,250)
Interest expense on convertible senior notes	(23)	(23)	(47)	(47)
Other income (expense), net	106	167	(92)	96
Net loss	$ (24,298)	$ (43,446)	$ (53,386)	$ (87,197)
Basic and diluted net loss per common share	$ (0.14)	$ (0.29)	$ (0.31)	$ (0.59)
Basic and diluted weighted average common shares outstanding	174,354	148,129	171,055	147,972
Total comprehensive loss	$ (24,298)	$ (43,446)	$ (53,386)	$ (87,197)

The accompanying notes are an integral part of the consolidated financial statements.

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY
(UNAUDITED)
In thousands

	Common Stock		Additional Paid-In	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Deficit	(Deficit) Equity
Balance at December 31, 2018	**149,400**	**$ 1,494**	**$ 1,192,813**	**$ (1,183,335)**	**$ 10,972**
Net loss	—	—	—	(43,751)	(43,751)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	25	—	68	—	68
Stock option and restricted stock compensation expense	—	—	5,007	—	5,007
Directors' deferred share unit compensation	—	—	100	—	100
Balance at March 31, 2019	**149,425**	**$ 1,494**	**$ 1,197,988**	**$ (1,227,086)**	**$ (27,604)**
Net loss	—	—	—	(43,446)	(43,446)
Issuance of common stock pursuant to stock plans	354	3	667	—	670
Restricted stock award	106	1	(1)	—	—
Stock option and restricted stock compensation expense	—	—	2,106	—	2,106
Directors' deferred share unit compensation	—	—	100	—	100
Balance at June 30, 2019	**149,885**	**$ 1,498**	**$ 1,200,860**	**$ (1,270,532)**	**$ (68,174)**
Net loss	—	—	—	(21,750)	(21,750)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	30	—	73	—	73
Restricted stock award forfeitures	(227)	—	—	—	—
Stock option and restricted stock compensation expense	—	—	3,580	—	3,580
Directors' deferred share unit compensation	—	—	46	—	46
Balance at September 30, 2019	**149,688**	**$ 1,498**	**$ 1,204,559**	**$ (1,292,282)**	**$ (86,225)**
Net income	—	—	—	4,814	4,814
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	741	7	2,054	—	2,061
Restricted stock award, net of forfeitures	(293)	(4)	4	—	—
Stock option and restricted stock compensation expense	—	—	3,138	—	3,138
Directors' deferred share unit compensation	—	—	91	—	91
Balance at December 31, 2019	**150,136**	**$ 1,501**	**$ 1,209,846**	**$ (1,287,468)**	**$ (76,121)**
Net loss	—	—	—	(29,088)	(29,088)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	86	1	239	—	240
Issuance of common stock, net of issuance costs	24,524	245	97,499	—	97,744
Restricted stock units vested	2	—	—	—	—
Restricted stock award forfeitures	(487)	(4)	4	—	—
Stock option and restricted stock compensation expense	—	—	3,122	—	3,122
Balance at March 31, 2020	**174,261**	**$ 1,743**	**$ 1,310,710**	**$ (1,316,556)**	**$ (4,103)**
Net loss	—	—	—	(24,298)	(24,298)
Issuance of common stock pursuant to the exercise of stock options and employee stock purchase plan	122	1	424	—	425
Adjustment of issuance costs	—	—	(1)	—	(1)
Restricted stock units vested	157	1	(1)	—	—
Stock option and restricted stock compensation expense	—	—	3,409	—	3,409
Directors' deferred share unit compensation	—	—	45	—	45
Balance at June 30, 2020	**174,540**	**$ 1,745**	**$ 1,314,586**	**$ (1,340,854)**	**$ (24,523)**

The accompanying notes are an integral part of the consolidated financial statements.

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
In thousands

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	$ (53,386)	$ (87,197)
Adjustments to reconcile net loss to net cash used for operating activities:		
Non-cash royalty revenue related to sale of future royalties	(27,072)	(18,900)
Non-cash interest expense on liability related to sale of future royalties and convertible senior notes	11,783	7,250
Depreciation and amortization	1,045	2,438
(Gain) loss on sale/disposal of fixed assets and impairment charges	(691)	2,404
Operating lease right-of-use asset impairment	—	559
Stock and deferred share unit compensation	6,576	7,313
Change in operating assets and liabilities:		
Accounts receivable	7,187	1,701
Unbilled revenue/reimbursement	996	(1,857)
Contract asset	2,589	500
Prepaid and other current assets	(1,001)	(2,187)
Operating lease right-of-use assets	723	664
Other assets	(3,807)	1,859
Accounts payable	2,161	(3,199)
Accrued compensation	(4,191)	9,238
Other accrued liabilities	2,832	(5,346)
Deferred revenue	(817)	65,129
Operating lease liability	(1,435)	(1,179)
Net cash used for operating activities	(56,508)	(20,810)
Cash flows from investing activities:		
Purchases of property and equipment	(44)	(2,355)
Proceeds from sale of equipment	1,426	—
Net cash provided by (used for) investing activities	1,382	(2,355)
Cash flows from financing activities:		
Proceeds from issuance of common stock under stock plans	664	738
Proceeds from common stock issuance, net of $230 of transaction costs	97,743	—
Net cash provided by financing activities	98,407	738
Net change in cash and cash equivalents	43,281	(22,427)
Cash and cash equivalents, beginning of period	176,225	262,252
Cash and cash equivalents, end of period	$ 219,506	$ 239,825

The accompanying notes are an integral part of the consolidated financial statements.

IMMUNOGEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

A. Nature of Business and Plan of Operations

ImmunoGen, Inc. (the Company) was incorporated in Massachusetts in 1981 and is focused on the development of antibody-drug conjugates, or ADCs. The Company has generally incurred operating losses and negative cash flows from operations since inception, incurred a net loss of $53.4 million during the six months ended June 30, 2020, and has an accumulated deficit of approximately $1.3 billion as of June 30, 2020. The Company has primarily funded these losses through payments received from its collaborations and equity, convertible debt, and other financings. To date, the Company has no product revenue and management expects operating losses to continue for the foreseeable future.

At June 30, 2020, the Company had $219.5 million of cash and cash equivalents on hand. The Company anticipates that its current capital resources will enable it to meet its operational expenses and capital expenditures for more than twelve months after the date these financial statements are issued. The Company may raise additional funds through equity, debt, or other financings, or generate revenues from collaborators through a combination of upfront license payments, milestone payments, royalty payments, and research funding. There can be no assurance that the Company will be able to obtain additional debt, equity, or other financing or generate revenues from collaborators on terms acceptable to the Company or at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company's business, results of operations, and financial condition and require the Company to defer or limit some or all of its research, development, and/or clinical projects.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, the development by its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, manufacturing and marketing limitations, complexities associated with managing collaboration arrangements, third-party reimbursements, and compliance with governmental regulations.

B. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, ImmunoGen Securities Corp., ImmunoGen Europe Limited, ImmunoGen BioPharma (Ireland) Limited, and Hurricane, LLC. All intercompany transactions and balances have been eliminated. The consolidated financial statements include all of the adjustments, consisting only of normal recurring adjustments, which management considers necessary for a fair presentation of the Company's financial position in accordance with accounting principles generally accepted in the U.S. for interim financial information. The December 31, 2019 consolidated balance sheet presented for comparative purposes was derived from the Company's audited financial statements, and certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. The preparation of interim financial statements requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenditures during the reported periods. The results of the interim periods are not necessarily indicative of the results for the entire year. Accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 11, 2020.

Subsequent Events

The Company has evaluated all events or transactions that occurred after June 30, 2020, up through the date the Company issued these financial statements. The Company did not have any material recognized or unrecognized subsequent events during this period.

Revenue Recognition

The Company enters into licensing and development agreements with collaborators for the development of ADCs. The terms of these agreements contain multiple promised goods and services which may include (i) licenses, or options to obtain licenses, to the Company's ADC technology, (ii) rights to future technological improvements, and (iii)

miscellaneous other activities to be performed on behalf of the collaborative partner. Payments to the Company under these agreements may include upfront fees, option fees, exercise fees, payments for miscellaneous other activities, payments based upon the achievement of certain milestones, and royalties on product sales. The Company follows the provisions of Accounting Standards Codification Topic 606 - *Revenue from Contracts with Customers* (ASC 606) in accounting for these agreements.

Revenue is recognized when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under the agreements, the Company performs the following five steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when or as the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations, based on whether each promised good or service is distinct from other promised goods and services. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the selling price for each performance obligation that was identified in the contract, which is discussed in further detail below.

At June 30, 2020, the Company had the following types of material agreements with the parties identified below:

- Development and commercialization licenses, which provide the counterparty with the right to use the Company’s ADC technology and/or certain other intellectual property to develop and commercialize anticancer compounds to a specified antigen target:

  Bayer (one exclusive single-target license)

  Biotest (one exclusive single-target license – pending termination)

  CytomX (two exclusive single-target licenses)

  Debiopharm (one exclusive single-compound license)

  Fusion Pharmaceuticals (one exclusive single-target license)

  Novartis (five exclusive single-target licenses)

  Oxford BioTherapeutics/Menarini (one exclusive single target license sublicensed from Amgen)

  Roche, through its Genentech unit (five exclusive single-target licenses)

  Sanofi (five fully-paid, exclusive single-target licenses)

  Takeda, through its wholly owned subsidiary, Millennium Pharmaceuticals, Inc. (one exclusive single-target license – pending termination)

- Collaboration and option agreement for a defined period of time to secure a license to develop and commercialize a specified anticancer compound on established terms:

  Jazz Pharmaceuticals

- Collaboration and license agreement to co-develop and co-commercialize a specified anticancer compound on established terms:

  MacroGenics

There are no performance, cancellation, termination, or refund provisions in any of the arrangements that contain material financial consequences to the Company.

Development and Commercialization Licenses

The obligations under a development and commercialization license agreement generally include the license to the Company's ADC technology with respect to a specified antigen target, and may also include obligations related to rights to future technological improvements and miscellaneous other activities to be performed on behalf of the collaborative partner.

Generally, development and commercialization licenses contain non-refundable terms for payments and, depending on the terms of the agreement, provide that the Company will earn payments upon the achievement of certain milestones and royalty payments, generally until the later of the last applicable patent expiration or a fixed period of years after product launch. Royalty rates may vary over the royalty term depending on the Company's intellectual property rights and/or the presence of comparable competing products. In the case of Sanofi, its licenses are fully-paid and no further milestones or royalties will be received. In the case of Debiopharm, no royalties will be received. The Company may also provide technical assistance and share any technology improvements with its collaborators during the term of the collaboration agreements. The Company does not directly control when or whether any collaborator will request research, achieve milestones, or become liable for royalty payments.

In determining the performance obligations, management evaluates whether the license is distinct, and has significant standalone functionality, from the undelivered elements to the collaborative partner based on the consideration of the relevant facts and circumstances for each arrangement. Factors considered in this determination include the research capabilities of the partner and the availability of ADC technology research expertise in the general marketplace and whether technological improvements are required for the continued functionality of the license. If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, upfront fees allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license.

The Company estimates the selling prices of the license and all other performance obligations based on market conditions, similar arrangements entered into by third parties, and entity-specific factors such as the terms of the Company's previous collaborative agreements, recent preclinical and clinical testing results of therapeutic products that use the Company's ADC technology, the Company's pricing practices and pricing objectives, the likelihood that technological improvements will be made, and, if made, will be used by the Company's collaborators, and the nature of the other services to be performed on behalf of its collaborators and market rates for similar services.

The Company recognizes revenue related to other services as they are performed. The Company is compensated at negotiated rates that are consistent with what other third parties would charge. The Company records amounts received for services performed as a component of research and development support revenue.

The Company recognizes revenue related to the rights to future technological improvements over the estimated term of the applicable license.

The Company's development and commercialization license agreements have milestone payments which for reporting purposes are aggregated into three categories: (i) development milestones, (ii) regulatory milestones, and (iii) sales milestones. Development milestones are typically payable when a product candidate initiates or advances into different clinical trial phases. Regulatory milestones are typically payable upon submission for marketing approval with the U.S. Food and Drug Administration (FDA) or other countries' regulatory authorities or on receipt of actual marketing approvals for the compound or for additional indications. Sales milestones are typically payable when annual sales reach certain levels.

At the inception of each arrangement that includes development and regulatory milestone payments, the Company evaluates whether the achievement of each milestone specifically relates to the Company's efforts to satisfy a performance obligation or transfer a distinct good or service within a performance obligation. If the achievement of a milestone is considered a direct result of the Company's efforts to satisfy a performance obligation or transfer a distinct good or service and the receipt of the payment is based upon the achievement of the milestone, the associated milestone value is allocated to that distinct good or service. If the milestone payment is not specifically related to the Company's effort to satisfy a performance obligation or transfer a distinct good or service, the amount is allocated to all performance

obligations using the relative standalone selling price method. In addition, the Company evaluates the milestone to determine whether the milestone is considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price to be allocated; otherwise, such amounts are considered constrained and excluded from the transaction price. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development or regulatory milestones and any related constraint and, if necessary, adjusts its estimate of the transaction price. Any such adjustments to the transaction price are allocated to the performance obligations on the same basis as at contract inception. Amounts allocated to a satisfied performance obligation shall be recognized as revenue, or as a reduction of revenue, in the period in which the transaction price changes.

For development and commercialization license agreements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied) in accordance with the royalty recognition constraint. Under the Company's development and commercialization license agreements, except for the Sanofi and Debiopharm licenses, the Company receives royalty payments based upon its licensees' net sales of covered products. Generally, under the development and commercialization agreements, the Company receives royalty reports and payments from its licensees approximately one quarter in arrears. The Company estimates the amount of royalty revenue to be recognized based on historical and forecasted sales and/or sales information from its licensees if available.

Collaboration and Option Agreements/Right-to-Test Agreements

The Company's right-to-test agreements provide collaborators the right to test the Company's ADC technology for a defined period of time through a research, or right-to-test, license. Under both right-to-test agreements and collaboration and option agreements, collaborators may (a) take options, for a defined period of time, to specified targets and (b) upon exercise of those options, secure or "take" licenses to develop and commercialize products for the specified targets on established terms. Under these agreements, fees may be due to the Company (i) at the inception of the arrangement (referred to as "upfront" fees or payments), (ii) upon the opt-in to acquire a development and commercialization license(s) (referred to as exercise fees or payments earned, if any, when the development and commercialization license is "taken"), (iii) at the collaborator's request, after providing other services at negotiated prices, which are generally consistent with what other third parties would charge, or (iv) upon some combination of all of these fees.

The accounting for collaboration and option agreements and right-to-test agreements is dependent on the nature of the options granted to the collaborative partner. Options are considered distinct performance obligations if they provide a collaborator with a material right. Factors that are considered in evaluating whether options convey a material right include the overall objective of the arrangement, the benefit the collaborator might obtain from the agreement without exercising the options, the cost to exercise the options relative to the fair value of the licenses, and the additional financial commitments or economic penalties imposed on the collaborator as a result of exercising the options. As of June 30, 2020, all right-to-test agreements have expired.

If the Company concludes that an option provides the customer a material right, and therefore is a separate performance obligation, the Company then determines the estimated selling prices of the option and all other units of accounting using the following inputs: (a) estimated fair value of each program, (b) the amount the partner would pay to exercise the option to obtain the license, and (c) probability of exercise.

The Company does not control when or if any collaborator will exercise its options for development and commercialization licenses. As a result, the Company cannot predict when or if it will recognize revenues in connection with any of the foregoing.

Upfront payments on development and commercialization licenses may be recognized upon delivery of the license if facts and circumstances dictate that the license has stand-alone functionality and is distinct from the undelivered elements.

In determining whether a collaboration and option agreement is within the scope of ASC 808, *Collaborative Arrangements*, management evaluates the level of involvement of both companies in the development and

commercialization of the products to determine if both parties are active participants and if both parties are exposed to risks and rewards dependent on the commercial success of the licensed products. If the agreement is determined to be within the scope of ASC 808, the Company segregates the research and development activities and the related cost sharing arrangement. Payments made by the Company for such activities will be recorded as research and development expense and reimbursements received from its partner will be recognized as an offset to research and development expense.

Transaction Price Allocated to Future Performance Obligations

Remaining performance obligations represent the transaction price of contracts for which work has not been performed (or has been partially performed) and includes unexercised contract options that are considered material rights. As of June 30, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations comprising deferred revenue was $126.6 million. The Company expects to recognize revenue on approximately 90% and 10% of the remaining performance obligations over the next 13 to 60 months and 61 to 120 months, respectively; however, it does not control when or if any collaborator will exercise its options for, or terminate existing development and commercialization licenses.

Contract Balances from Contracts with Customers

The following table presents changes in the Company's contract assets and contract liabilities during the six months ended June 30, 2020 and 2019 (in thousands):

Six months ended June 30, 2020	Balance at December 31, 2019	Additions	Deductions	Impact of Netting	Balance at June 30, 2020
Contract asset	$ 3,631	$ —	$ (3,000)	$ 411	$ 1,042
Contract liabilities	$ 127,432	$ —	$ (1,228)	$ 411	$ 126,615

Six months ended June 30, 2019	Balance at December 31, 2018	Additions	Deductions	Balance at June 30, 2019
Contract asset	$ 500	$ —	$ (500)	$ —
Contract liabilities	$ 80,802	$ 65,287	$ (158)	$ 145,931

The Company recognized the following revenues as a result of changes in contract asset and contract liability balances in the respective periods (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue recognized in the period from:				
Amounts included in contract liabilities at the beginning of the period	$ 945	$ 79	$ 1,228	$ 158
Performance obligations satisfied in previous periods	$ —	$ 5,000	$ —	$ 5,000

During the six months ended June 30, 2020, the Company recorded $200,000 as license and milestone fee revenue for delivery of certain materials to CytomX that had been previously deferred, and $1.0 million of amortization related to numerous collaborators' rights to technological improvements, which includes $870,000 related to a notice of termination of the license agreement with Takeda. Additionally, a contract asset of $2.7 million, net of a $0.3 million related contract liability, was recorded for a probable milestone in 2019 pursuant to a license agreement with CytomX, which was subsequently achieved and paid during the six months ended June 30, 2020.

A contract asset of $500,000 was recorded for a probable milestone in 2018 pursuant to a license agreement with Fusion Pharmaceuticals, which was subsequently paid during the six months ended June 30, 2019. During the three and six months ended June 30, 2019, the Company received a $5.0 million regulatory milestone payment earned under its license agreement with Genentech, a member of the Roche Group. The full amount of the milestone was recognized as revenue in the period as the amount allocated to future rights to technological improvements was not material. Also during the six months ended June 30, 2019, $65.2 million was recorded as deferred revenue as a result of a sale of the Company's residual rights to receive royalty payments on commercial sales of Kadcyla® (ado-trastuzumab emtansine) as discussed in

Note E, and $158,000 of amortization of deferred revenue was recorded related to numerous collaborators' rights to technological improvements.

The timing of revenue recognition, billings, and cash collections results in billed receivables, contract assets, and contract liabilities on the consolidated balance sheets. When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the products or services is transferred to the customer and all revenue recognition criteria have been met.

Financial Instruments and Concentration of Credit Risk

Cash and cash equivalents are primarily maintained with three financial institutions in the U.S. Deposits with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and, therefore, bear minimal risk. The Company's cash equivalents consist of money market funds with underlying investments primarily being U.S. Government-issued securities and high quality, short term commercial paper. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, and marketable securities. The Company held no marketable securities as of June 30, 2020 and December 31, 2019. The Company's investment policy, approved by the Board of Directors, limits the amount it may invest in any one type of investment, thereby reducing credit risk concentrations.

Cash and Cash Equivalents

All highly liquid financial instruments with maturities of three months or less when purchased are considered cash equivalents. As of June 30, 2020 and December 31, 2019, the Company held $219.5 million and $176.2 million, respectively, in cash and money market funds, which were classified as cash and cash equivalents.

Non-cash Investing and Financing Activities

The Company had $645,000 of accrued capital expenditures as of June 30, 2020 which have been treated as a non-cash investing activity and, accordingly, are not reflected in the consolidated statement of cash flows. The Company had no accrued capital expenditures as of December 31, 2019.

Fair Value of Financial Instruments

Fair value is defined under ASC Topic 820, *Fair Value Measurements and Disclosures*, as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a hierarchy to measure fair value which is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of June 30, 2020, the Company held certain assets that are required to be measured at fair value on a recurring basis. The following table represents the fair value hierarchy for the Company's financial assets measured at fair value on a recurring basis as of June 30, 2020 (in thousands):

	Fair Value Measurements at June 30, 2020 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 204,807	$ 204,807	$ —	$ —

As of December 31, 2019, the Company held certain assets that are required to be measured at fair value on a recurring basis. The following table represents the fair value hierarchy for the Company's financial assets measured at fair value on a recurring basis as of December 31, 2019 (in thousands):

	Fair Value Measurements at December 31, 2019 Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 163,674	$ 163,674	$ —	$ —

The fair value of the Company's cash equivalents is based on quoted prices from active markets.

The carrying amounts reflected in the consolidated balance sheets for accounts receivable, unbilled revenue, prepaid and other current assets, accounts payable, accrued compensation, and other accrued liabilities approximate fair value due to their short-term nature. The estimated fair value of the convertible 4.5% senior notes (the "Convertible Notes") and gross carrying value is $3.0 million and $2.1 million, respectively, as of June 30, 2020 and had the same values as of December 31, 2019. The fair value of the Convertible Notes is influenced by interest rates, the Company's stock price and stock price volatility, and by prices observed in trading activity for the Convertible Notes. However, because there have been no trades involving the Convertible Notes since September 2019, the fair value as of June 30, 2020 and December 31, 2019 uses Level 3 inputs.

Unbilled Revenue/Reimbursement

Unbilled revenue/reimbursement substantially represents research funding earned based on actual resources utilized and external expenses incurred under certain of the Company's collaboration agreements.

Clinical Trial Accruals

Clinical trial expenses are a significant component of research and development expenses, and the Company outsources a significant portion of these costs to third parties. Third party clinical trial expenses include investigator fees, site costs (patient costs), clinical research organization costs, and costs for central laboratory testing and data management. The accrual for site and patient costs includes inputs such as estimates of patient enrollment, patient cycles incurred, clinical site activations, and other pass-through costs. These inputs are required to be estimated due to a lag in receiving the actual clinical information from third parties. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected on the consolidated balance sheets as prepaid assets or accrued clinical trial costs. These third party agreements are generally cancelable, and related costs are recorded as research and development expenses as incurred. Non-refundable advance payments for goods or services that will be used or rendered for future R&D activities are recorded as a prepaid asset and recognized as expense as the related goods are delivered or the related services are performed. The Company also records accruals for estimated ongoing clinical research and development costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies, including the phase or completion of events, invoices received, and contracted costs. Significant judgments and estimates may be made in determining the accrued balances at the end of any reporting period. Actual results could differ from the estimates made by the Company. The historical clinical accrual estimates made by the Company have not been materially different from the actual costs.

Leases

Effective January 1, 2019, the Company adopted ASU 2016-2, *Leases (Topic 842)*, the details of which are further discussed in Note H. The Company determines if an arrangement is a lease at inception. Operating leases include right-of-use ("ROU") assets and operating lease liabilities (current and non-current), which are recorded in the Company's consolidated balance sheets. Single payment capital leases for equipment that are considered finance leases are included in property and equipment in the Company's consolidated balance sheets. As the single payment obligations have all been made, there is no related liability recorded.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when readily determinable. As a number of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate applicable to the Company based on the information

available at the commencement date in determining the present value of lease payments. As the Company has no existing or proposed collateralized borrowing arrangements, to determine a reasonable incremental borrowing rate, the Company considers collateral assumptions, the lease term, the Company's current credit risk profile, and rates for existing borrowing arrangements for comparable peer companies. The Company accounts for the lease and fixed non-lease components as a single lease component. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Computation of Net Loss per Common Share

Basic and diluted net loss per share is calculated based upon the weighted average number of common shares outstanding during the period. During periods of income, participating securities are allocated a proportional share of income determined by dividing total weighted average participating securities by the sum of the total weighted average common shares and participating securities (the "two-class method"). Shares of the Company's restricted stock participate in any dividends that may be declared by the Company and are therefore considered to be participating securities. Participating securities have the effect of diluting both basic and diluted earnings per share during periods of income. During periods of loss, no loss is allocated to participating securities since they have no contractual obligation to share in the losses of the Company. Diluted (loss) income per share is computed after giving consideration to the dilutive effect of stock options, convertible notes, and restricted stock that are outstanding during the period, except where such non-participating securities would be anti-dilutive.

The Company's common stock equivalents, as calculated in accordance with the treasury-stock method for the options and unvested restricted stock and the if-converted method for the Convertible Notes, are shown in the following table (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Options outstanding to purchase common stock, shares issuable under the employee stock purchase plan, and unvested restricted stock/units at end of period	19,065	20,223	19,065	20,223
Common stock equivalents under treasury stock method for options, shares issuable under the employee stock purchase plan, and unvested restricted stock	982	432	1,204	1,005
Shares issuable upon conversion of convertible notes at end of period	501	501	501	501
Common stock equivalents under if-converted method for convertible notes	501	501	501	501

The Company's common stock equivalents have not been included in the net loss per share calculation because their effect is anti-dilutive due to the Company's net loss position.

Stock-Based Compensation

As of June 30, 2020, the Company was authorized to grant future awards under three employee share-based compensation plans, which are the ImmunoGen, Inc. 2018 Employee, Director and Consultant Equity Incentive Plan, as amended (the 2018 Plan), the Employee Stock Purchase Plan (ESPP), and the ImmunoGen Inducement Equity Incentive Plan, as amended (the Inducement Plan). At the annual meeting of shareholders on June 20, 2018, the 2018 Plan was approved and provides for the issuance of Stock Grants, the grant of Options, and the grant of Stock-Based Awards for up to 7,500,000 shares of the Company's common stock, as well as up to 19,500,000 shares of common stock which represent awards granted under the previous stock option plans, the ImmunoGen, Inc. 2016 and 2006 Employee, Director and Consultant Equity Incentive Plans, that forfeit, expire, or cancel without delivery of shares of common stock or which resulted in the forfeiture of shares of common stock back to the Company subsequent to June 19, 2018. The Inducement Plan was approved the by Board of Directors in December 2019, and pursuant to subsequent amendments, provides for the issuance of non-qualified option grants for up to 1,500,000 shares of the Company's common stock. Options awarded under the two plans are granted with an exercise price equal to the market price of the Company's stock at the date of grant. Options vest at various periods of up to four years and may be exercised within ten years of the date of grant.

The stock-based awards are accounted for under ASC Topic 718, *Compensation-Stock Compensation*. Pursuant to Topic 718, the estimated grant date fair value of awards is charged to the statement of operations and comprehensive loss over the requisite service period, which is the vesting period. Such amounts have been reduced by an estimate of forfeitures of all unvested awards. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the weighted average assumptions noted in the following table. As the Company has not paid dividends since inception, nor does it expect to pay any dividends for the foreseeable future, the expected dividend yield assumption is zero. Expected volatility is based exclusively on historical volatility of the Company's stock. The expected term of stock options granted is based exclusively on historical data and represents the period of time that stock options granted are expected to be outstanding. The expected term is calculated for and applied to one group of stock options as the Company does not expect substantially different exercise or post-vesting termination behavior among its option recipients. The risk-free rate is based on the U.S. Treasury rate in effect at the time of grant for the expected term of the stock options.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Dividend	None	None	None	None
Volatility	88.0%	80.3%	84.7%	73.8%
Risk-free interest rate	.41%	2.04%	1.30%	2.46%
Expected life (years)	6.0	6.0	6.0	6.0

Using the Black-Scholes option-pricing model, the weighted average grant date fair values of options granted during the three months ended June 30, 2020 and 2019 were $3.39 and $1.63 per share, respectively, and $3.26 and $3.39 for options granted during the six months ended June 30, 2020 and 2019, respectively.

A summary of option activity under the Company's equity plans as of June 30, 2020, and changes during the six-month period then ended is presented below (in thousands, except weighted-average data):

	Number of Stock Options	Weighted-Average Exercise Price
Outstanding at December 31, 2019	13,518	$ 7.53
Granted	6,686	4.57
Exercised	(130)	2.78
Forfeited/Canceled	(1,306)	9.87
Outstanding at June 30, 2020	18,768	$ 6.35

In September 2018, the Company granted 295,200 performance stock options to certain employees that will vest in two equal installments upon the achievement of specified performance goals. At June 30, 2020, 139,100 of these options are still outstanding. In the six months ended June 30, 2020, the Company issued 2.5 million additional performance stock options that will vest in four installments upon the achievement of specified performance goals. The Company determined it is not currently probable that these performance goals will be achieved and, therefore, no expense has been recorded to date. The fair value of the performance-based options that could be expensed in future periods, net of estimated forfeitures, is $8.9 million.

A summary of restricted stock and restricted stock unit activity, inclusive of performance-based restricted stock awards, under the Company's equity plans as of June 30, 2020, and changes during the six-month period then ended is presented below (in thousands):

	Number of Restricted Stock Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2019	1,297	$ 2.97
Vested	(513)	2.62
Forfeited	(487)	3.62
Unvested at June 30, 2020	297	2.55

In 2016, 2017, and 2019, the Company granted shares of performance-based restricted common stock to certain employees of the Company. All but 57,400 of these granted shares have since been forfeited. The restrictions on these

shares will lapse in three equal installments upon the achievement of specified performance goals. The Company determined it is not currently probable that these performance goals will be achieved and, therefore, no expense has been recorded to date. The fair value of the performance-based shares that could be expensed in future periods, net of estimated forfeitures, is $142,000.

During the six months ended June 30, 2020, holders of options issued under the Company's equity plans exercised their rights to acquire an aggregate of approximately 130,000 shares of common stock at prices ranging from $2.47 to $3.05 per share. The total proceeds to the Company from these option exercises were $362,000.

In June 2018, the Company's Board of Directors, with shareholder approval, adopted the Employee Stock Purchase Plan, or ESPP. An aggregate of 1,000,000 shares of common stock have been reserved for issuance under the ESPP. On June 30, 2020 and June 30, 2019, 78,000, and 323,000 shares, respectively, were issued to participating employees at a fair value of $1.86 and $1.63 per share, respectively. The fair value of each ESPP award is estimated on the first day of the offering period using the Black-Scholes option-pricing model. The assumptions used in the calculations for each offering period are noted in the table below. The Company recognizes share-based compensation expense equal to the fair value of the ESPP awards on a straight-line basis over the offering period.

	June 30, 2020	June 30, 2019
Dividend	None	None
Volatility	85.7%	67.3%
Risk-free interest rate	1.57%	2.51%
Expected life (years)	0.5	0.5

Stock compensation expense related to stock options and restricted stock awards granted under the stock plans and related to the ESPP was $3.4 million and $6.5 million during the three and six months ended June 30, 2020, respectively, compared to stock compensation expense of $2.1 million and $7.1 million for the three and six months ended June 30, 2019, respectively. Stock compensation expense related to the ESPP was $140,000 and $292,000 for the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, the estimated fair value of unvested employee awards, exclusive of performance awards, was $23.2 million, net of estimated forfeitures. The weighted-average remaining vesting period for these awards is approximately three years.

Segment Information

During the six months ended June 30, 2020, the Company continued to operate in one operating segment, which is the business of development of monoclonal antibody-based anticancer therapeutics.

During the three and six months ended June 30, 2020, 94% and 96%, respectively, of revenues were from Roche, consisting primarily of non-cash royalty revenue, compared to 99% of revenue from Roche in each of the three and six month periods ended June 30, 2019. There were no other customers of the Company that generated significant revenues in the three or six months ended June 30, 2020 and 2019.

Recently Adopted Accounting Pronouncements

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*, which clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer. In addition, ASU 2018-18 adds unit-of-account guidance to ASC Topic 808, *Collaborative Arrangements*, in order to align this guidance with ASC 606 and also precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those annual reporting periods. The Company adopted the standard on January 1, 2020, and it did not have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions, and forecasts. The ASU is effective for interim and annual periods beginning after December 15, 2019. Adoption of the ASU is on a modified retrospective basis. The Company adopted the standard on January 1, 2020, and it did not have a material effect on the Company's consolidated financial statements.

No other recently issued or effective ASUs had, or are expected to have, a material effect on the Company's results of operations, financial condition, or liquidity.

C. Agreements

Significant Collaborative Agreements

Roche

In May 2000, the Company granted Genentech, now a member of the Roche Group, an exclusive license to use the Company's maytansinoid ADC technology. Pursuant to this agreement, Roche developed and received marketing approval for its HER2-targeting ADC compound, Kadcyla, in the U.S., Europe, Japan, and numerous other countries. The Company receives royalty reports and royalty payments related to sales of Kadcyla from Roche one quarter in arrears. In accordance with the Company's revenue recognition policy, $27.1 million and $18.9 million of non-cash royalties on net sales of Kadcyla were recorded and included in non-cash royalty revenue for the six months ended June 30, 2020 and 2019, respectively. Kadcyla sales occurring after January 1, 2015 were covered by a royalty purchase agreement whereby the associated cash, except for a residual tail, was remitted to Immunity Royalty Holdings, L.P, or IRH. In January 2019, the Company sold its residual tail to OMERS, the defined benefit pension plan for municipal employees in the Province of Ontario, Canada, for a net payment of $65.2 million, as discussed further in Note E. Simultaneously, OMERS purchased IRH's right to the royalties the Company previously sold as described above, therefore obtaining the rights to 100% of the royalties received from that date on.

On May 3, 2019, Roche notified the Company that the FDA approved Kadcyla for adjuvant (after surgery) treatment of people with HER2-positive early breast cancer who have residual invasive disease after neoadjuvant (before surgery) taxane and Herceptin® (trastuzumab)-based treatment, resulting in a $5 million regulatory milestone payment to the Company for a first extended indication, which is included in license and milestone fees for the three and six months ended June 30, 2019. The Company is entitled to receive up to a total of $44 million in milestone payments pursuant to the license agreement, of which the Company has received $39 million to date. The next potential milestone the Company will be entitled to receive will be a $5 million regulatory milestone for marketing approval of Kadcyla for a second extended indication as defined in the license.

CytomX

In 2016, the Company granted CytomX an exclusive development and commercialization license to the Company's maytansinoid ADC technology for use with Probodies™ that target CD166 under a now expired reciprocal right-to-test agreement. Pursuant to the license agreement, the Company is entitled to receive up to a total of $160.0 million in milestone payments plus royalties on the commercial sales of any resulting product. The total milestones are categorized as follows: development milestones—$10.0 million; regulatory milestones—$50.0 million; and sales milestones—$100.0 million. In December 2019, a development milestone related to dosing of a first patient in a Phase 2 clinical trial became probable of being attained, which resulted in $3.0 million of license and milestone fee revenue being recorded in 2019. In February 2020, CytomX enrolled its first patient in the aforementioned Phase 2 clinical trial, and subsequently remitted the $3.0 million milestone payment to the Company in March 2020. CytomX is responsible for the manufacturing, development, and marketing of any products resulting from the development and commercialization license taken by CytomX under this collaboration.

Terminated Agreements

During the second quarter, the Company received notice of termination of the exclusive development and commercialization licenses granted to each of Biotest and Takeda. The Company had $870,000 of deferred revenue remaining related to the portion of the upfront license fee from Takeda previously allocated to the right to future technological improvements. In consideration that no technological improvements would be further used by Takeda and, therefore, no unsatisfied obligations were remaining related to the license, the $870,000 was recorded as revenue and is included in license and milestone fees for the three and six months ended June 30, 2020. At the time of notification, there were no unsatisfied performance obligations or balances remaining related to the agreement with Biotest.

For additional information related to these agreements, as well as the Company's other significant collaborative agreements, please read Note C, *Agreements - Significant Collaborative Agreements*, to the consolidated financial statements included within the Company's 2019 Annual Report on Form 10-K filed with the SEC on March 11, 2020.

D. Convertible 4.5% Senior Notes

In 2016, the Company issued Convertible Notes with an aggregate principal amount of $100 million, of which $2.1 million remains outstanding as of June 30, 2020. The Convertible Notes are governed by the terms of an indenture between the Company, as issuer, and Wilmington Trust, National Association, as the trustee. The Convertible Notes are senior unsecured obligations and bear interest at a rate of 4.5% per year, payable semi-annually in arrears on January 1 and July 1 of each year, commencing on January 1, 2017. The Company recorded $47,000 of interest expense in each of the six months ended June 30, 2020 and 2019, respectively. The Convertible Notes will mature on July 1, 2021, unless earlier repurchased or converted. Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding the stated maturity date. Upon conversion, the Company will deliver for each $1,000 principal amount of converted notes a number of shares equal to the conversion rate, which will initially be 238.7775 shares of common stock, equivalent to an initial conversion price of approximately $4.19. The conversion rate will be subject to adjustment in some circumstances, but will not be adjusted for any accrued and unpaid interest.

E. Liability Related to Sale of Future Royalties

In 2015, IRH purchased the right to receive 100% of the royalty payments on commercial sales of Kadcyla subsequent to December 31, 2014, arising under the Company's development and commercialization license with Genentech, until IRH had received aggregate royalties equal to $235 million or $260 million, depending on when the aggregate royalties received by IRH reach a specified milestone. Once the applicable threshold was met, if ever, the Company would thereafter have received 85% and IRH would have received 15% of the Kadcyla royalties for the remaining royalty term. At consummation of the transaction, the Company received cash proceeds of $200 million. As part of this sale, the Company incurred $5.9 million of transaction costs, which are presented net of the liability in the accompanying consolidated balance sheet and are being amortized to interest expense over the estimated life of the royalty purchase agreement. Although the Company sold its rights to receive royalties from the sales of Kadcyla, as a result of its then ongoing involvement in the cash flows related to these royalties, the Company continues to account for these royalties as revenue and recorded the $200 million in proceeds from this transaction as a liability related to sale of future royalties (Royalty Obligation) that will be amortized using the interest method over the estimated life of the royalty purchase agreement.

In January 2019, the Company sold its residual rights to receive royalty payments on commercial sales of Kadcyla to OMERS, the defined benefit pension plan for municipal employees in the Province of Ontario, Canada, for a net payment of $65.2 million (amount is net of $1.5 million in contingent broker fees). Simultaneously, OMERS purchased IRH's right to the royalties the Company previously sold as described above, therefore obtaining the rights to 100% of the royalties received from that date on. Because the Company will not be involved with the cash flows related to the residual royalties, the $65.2 million of net proceeds received from the sale of its residual rights to receive royalty payments was recorded as long-term deferred revenue and will be amortized as the cash related to the residual rights is received using the units of revenue approach. During the six months ended June 30, 2020, the Company did not receive any royalties related to the residual rights, therefore, no revenue from this sale was recognized. Additionally, the purchase of IRH's interest by OMERS did not result in an extinguishment or modification of the original instrument and, accordingly, the Company will continue to account for the remaining obligation as a liability as outlined above.

The following table shows the activity within the liability account during the six-month period ended June 30, 2020 (in thousands):

	Six Months Ended June 30, 2020
Liability related to sale of future royalties, net — beginning balance	$ 123,541
Kadcyla royalty payments received and paid	(28,109)
Non-cash interest expense recognized	11,775
Liability related to sale of future royalties, net — ending balance	$ 107,207

As royalties are remitted to IRH and subsequently OMERS, the balance of the Royalty Obligation will be effectively repaid over the life of the agreement. In order to determine the amortization of the Royalty Obligation, the Company is required to estimate the total amount of future royalty payments to be received and remitted as noted above over the life of the underlying license agreement with Genentech covering Kadcyla. The sum of these amounts less the

$200 million proceeds the Company received will be recorded as interest expense over the life of the Royalty Obligation. Since inception, the Company's estimate of this total interest expense results in an effective annual interest rate of 10.5%, and a current effective interest rate of 20.5% as of June 30, 2020. The Company periodically assesses the estimated royalty payments to IRH/OMERS and to the extent such payments are greater or less than its initial estimates, or the timing of such payments is materially different than its original estimates, the Company will prospectively adjust the amortization of the Royalty Obligation. There are a number of factors that could materially affect the amount and timing of royalty payments from Genentech, most of which are not within the Company's control. Such factors include, but are not limited to, changing standards of care, the introduction of competing products, manufacturing or other delays, biosimilar competition, patent protection, adverse events that result in governmental health authority imposed restrictions on the use of the drug products, significant changes in foreign exchange rates as the royalties are paid in U.S. dollars (USD) while significant portions of the underlying sales of Kadcyla are made in currencies other than USD, and other events or circumstances that could result in reduced royalty payments from Kadcyla, all of which would result in a reduction of non-cash royalty revenues and the non-cash interest expense over the life of the Royalty Obligation. Conversely, if sales of Kadcyla are more than expected, the non-cash royalty revenues and the non-cash interest expense recorded by the Company would be greater over the term of the Royalty Obligation.

In addition, the royalty purchase agreement grants IRH/OMERS the right to receive certain reports and other information relating to the royalties and contains other representations and warranties, covenants, and indemnification obligations that are customary for a transaction of this nature.

F. Capital Stock

Compensation Policy for Non-Employee Directors

Pursuant to the Compensation Policy for Non-Employee Directors, Non-Employee Directors are granted deferred share units for their annual retainers which vest quarterly over approximately one year from the date of grant, contingent upon the individual remaining a director of ImmunoGen as of each vesting date. The number of deferred share units awarded is fixed per the plan on the date of the award. All unvested deferred share units will automatically vest immediately prior to the occurrence of a change of control. The redemption amount of deferred share units issued will be paid in shares of common stock of the Company on the date a director ceases to be a member of the Board.

In addition to the deferred share units, the Non-Employee Directors are also entitled to receive a fixed number of stock options on the date of the annual meeting of shareholders. These options vest quarterly over approximately one year from the date of grant. Any new directors will receive a pro-rated award, depending on their date of election to the Board.

In June 2020, the Compensation Policy for Non-Employee Directors was amended, resulting in annual deferred share units grants increasing from 4,000 to 17,000 units, and annual stock option grants increasing from 18,000 to 50,000 options. There were no substantial changes to the terms of the awards.

The directors received a total of 300,000 and 108,000 options in June 2020 and 2019, respectively, and the related compensation expense for the three and six months ended June 30, 2020 and 2019 is included in the amounts discussed in the "Stock-Based Compensation" section of Note B above.

G. Restructuring Charge

2019 Corporate Restructuring

On June 26, 2019, the Board of Directors approved a plan to restructure the business to focus resources on continued development of mirvetuximab soravtansine and a select portfolio of three earlier-stage product candidates, resulting in a significant reduction of the Company's workforce, with a majority of these employees separating from the business by mid-July 2019 and most of the remaining affected employees transitioning over varying periods of time of up to 12 months. Communication of the plan to the affected employees was substantially completed on June 27, 2019.

As a result of the workforce reduction, during the three months ended June 30, 2019, the Company recorded a $16.0 million charge for severance related to a pre-existing plan in accordance with ASC 712, *Compensation-Nonretirement Postemployment Benefits*, as such amounts were probable and reasonably estimable. The estimate was later reduced to $15.3 million due to minor adjustments to the plan. The related cash payments were substantially paid out by June 30, 2020. In addition, a charge of $4.0 million was incurred for incremental retention benefits over the same time

period, of which $2.4 million was recorded during the year ended December 31, 2019 and $1.6 million was recorded during the six months ended June 30, 2020.

A summary of activity against the corporate restructuring charge related to the employee terminations in 2020 is as follows:

	Employee Termination Benefits Costs
Balance at December 31, 2019	$ 4,087
Additional charges/adjustments during the period	(116)
Payments during the period	(2,242)
Balance at June 30, 2020	$ 1,729

In addition to the termination benefits and other related charges, the Company is seeking to sub-lease laboratory and office space at 830 Winter Street in Waltham, Massachusetts no longer used in the business. The financial impact of these efforts is dependent on the length of time it takes to find tenant(s) and the terms of the sub-lease(s). The decision to vacate part of its corporate office resulted in a change in asset groupings and also represented an impairment indicator. The Company determined and continues to believe that the right-of-use asset and leasehold improvements are recoverable based on expected sub-lease income, and therefore, no impairment has been recorded.

Charge Related to Unoccupied Office Space

The Company has sought to sub-lease 10,281 square feet of unoccupied office space at 930 Winter Street in Waltham, Massachusetts that was leased in 2016. During the six months ended June 30, 2019, the Company recorded a $559,000 impairment charge related to this lease, which represented the remaining balance of the right to use asset as the likelihood of finding a sub-lessor had diminished significantly as the lease approached termination.

H. Leases

The Company currently has two real estate leases. The first is an agreement with CRP/King 830 Winter L.L.C. for the rental of approximately 120,000 square feet of laboratory and office space at 830 Winter Street, Waltham, Massachusetts through March 2026. The Company uses this space for its corporate headquarters and other operations. The Company may extend the lease for two additional terms of five years and is required to pay certain operating expenses for the leased premises subject to escalation charges for certain expense increases over a base amount. The Company is actively seeking to sub-lease approximately 65,000 square feet of this space and, during the six months ended June 30, 2020, executed three subleases for approximately 47,000 square feet through the remaining initial term of the lease. The second real estate lease is an agreement with PDM 930 Unit, LLC for the rental of 10,281 square feet of additional office space at 930 Winter Street, Waltham, Massachusetts through August 31, 2021. The Company is required to pay certain operating expenses for the leased premises based on its pro-rata share of such expenses for the entire rentable space of the building. The Company is actively seeking to sub-lease this space.

Upon adoption of ASC 842 in January 2019, a ROU asset of $17.6 million and a lease liability of $27.3 million were recorded and are identified separately in the Company's consolidated balance sheets for the existing operating leases. There was no impact to the consolidated statements of operations. Upon adoption, the amount of the ROU assets recorded was offset by the applicable unamortized lease incentive and straight-line lease liability balances of $9.7 million and, therefore, there was no impact to accumulated deficit. There were no initial direct costs related to the leases to consider. The Company's operating lease liabilities related to its real estate lease agreements were calculated using a collateralized incremental borrowing rate. The weighted average discount rate for the operating lease liability is approximately 11%. A 100 basis point change in the incremental borrowing rate would result in less than a $1 million impact to the ROU assets and liabilities recorded. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term, which for the six months ended June 30, 2020 and 2019 was $2.0 million and $2.3 million, respectively, and is included in operating expenses in the consolidated statement of operations. During the six months ended June 30, 2019, the Company recorded $559,000 of impairment charges related to its 930 Winter Street lease, which represented the remaining balance of the ROU asset as the likelihood of finding a sub-lessor had diminished significantly as the lease approached termination. Cash paid against operating lease liabilities during the six months ended June 30,

2020 and 2019 was $2.7 million and $2.6 million, respectively. As of June 30, 2020, the Company's ROU asset and lease liability for operating leases totaled $14.9 million and $23.3 million, respectively, and the weighted average remaining term of the operating leases is 5.6 years.

The maturities of operating lease liabilities discussed above are as follows (in thousands):

2020 (six months remaining)	$	2,753
2021		5,323
2022		5,389
2023		5,510
2024		5,470
Thereafter		6,865
Total lease payments		31,310
Less imputed interest		(7,976)
Total lease liabilities	$	23,334

In addition to the amounts in the table above, the Company is also responsible for variable operating costs and real estate taxes that are expected to approximate $3.4 million per year through March 2026.

Sublease Income

In January, March, and April 2020, the Company executed three agreements to sublease a total of 47,160 square feet of the Company's leased space at 830 Winter Street, Waltham, Massachusetts through March 2026. During the six months ended June 30, 2020, the Company recorded $713,000 of sublease income, which is included as an offset to operating expenses in the consolidated statement of operations.

Two of the three sublease agreements include an early termination option after certain periods of time for an agreed-upon fee. Assuming no early termination option is exercised, the Company will receive approximately $13.0 million in minimum rental payments over the remaining term of the subleases, which is not included in the operating lease liability table above. The sublessees are also responsible for their proportionate share of variable operating expenses and real estate taxes.

I. Commitments and Contingencies

Manufacturing Commitments

In 2018, the Company executed a commercial agreement with one of its manufacturers for the future production of antibody through calendar 2025. In May 2019, the agreement was amended to reduce the number of committed antibody batches for an agreed-upon exit fee, which was recorded as research and development expense in the first quarter of 2019. After further negotiations, the Company's noncancelable commitment for future production is approximately €11 million at June 30, 2020.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following information should be read in conjunction with the unaudited financial information and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and the consolidated financial statements and notes thereto for the year ended December 31, 2019 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission, or the SEC, on March 11, 2020.

OVERVIEW

We are a clinical-stage biotechnology company focused on developing the next generation of ADCs to improve outcomes for cancer patients. By generating targeted therapies with enhanced anti-tumor activity and favorable tolerability profiles, we aim to disrupt the progression of cancer and offer patients more good days. We call this our commitment to ‘‘target a better now.’’

An ADC with our proprietary technology comprises an antibody that binds to a target found on tumor cells and is conjugated to one of our potent anti-cancer agents as a ‘‘payload’’ to kill the tumor cell once the ADC has bound to its target. ADCs are an expanding approach to the treatment of cancer, with eight approved products and the number of agents in development growing significantly in recent years.

We have established a leadership position in ADCs with a portfolio of differentiated product candidates to address both solid tumors and hematological malignancies.

Managing the Impact of the COVID-19 Pandemic

During the first quarter of 2020, we moved forward with our clinical studies, while adapting to meet the evolving challenges of the COVID-19 pandemic. With the benefit of early indications of the impact of COVID-19 in the Boston area, we implemented business continuity plans in the first half of March 2020, which allowed our organization to effectively transition to working from home. Since then, we have worked closely with our external partners to monitor progress across our studies and to respond to new developments as they arise. From a manufacturing and supply chain perspective, we entered the pandemic with ample drug product and believe we have sufficient inventory on hand for all of our ongoing mirvetuximab monotherapy and combination trials, IMGN632 expansion studies, and to support the planned Phase 1 study for IMGC936. Furthermore, our supply partners have taken prospective measures that we believe will ensure our currently activated study sites have sufficient safety stock of drug product to weather disruptions in transportation or supply. In addition, from a regulatory perspective, since the beginning of the pandemic we have received timely reviews of our submissions to the FDA and other health authorities covering our clinical trial applications.

While we have maintained a high level of productivity over the last quarter, the impact of COVID-19 has slowed site activation and patient enrollment for SORAYA, our single-arm clinical trial to support accelerated approval of mirvetuximab, which we believe will result in a limited delay of six- to eight-weeks in the readout of topline data. With conditions improving in Europe, we expect to accelerate both SORAYA and MIRASOL, our confirmatory study for mirvestuximab monotherapy, over the remainder of 2020 and continue to anticipate filing the biologics license application for mirvetuximab in the second half of 2021. We continue to actively monitor trial progress on a global scale and maintain close contact with our clinical research partners, study sites, and internal review boards to ensure activation of sites, enrollment of patients and data collection are proceeding in accordance with good clinical practice.

Our Business

Our lead program is mirvetuximab soravtansine, a first-in-class investigational ADC targeting folate receptor alpha, or FRα, a cell-surface protein overexpressed in a number of epithelial tumors, including ovarian, endometrial, and non-small-cell lung cancers. In March 2019, we announced that FORWARD I, our Phase 3 clinical trial evaluating mirvetuximab compared to chemotherapy in women with FRα-positive platinum-resistant epithelial ovarian, primary peritoneal, or fallopian tube cancer, which we refer to collectively as PROC, did not meet the primary endpoint in either the entire treatment population or the pre-specified high FRα expression population. Data from FORWARD I did, however, show promising efficacy signals across a range of parameters in the pre-specified subset of patients with high FRα expression. In post hoc exploratory analyses using a PS2+ scoring method, in the FRα-high population scored by the PS2+ method, mirvetuximab was associated with longer progression free survival, by blinded independent review committee, a higher overall response rate, and longer overall survival.

Following consultation with the FDA, we moved forward with two new trials of mirvetuximab: SORAYA, a single-arm clinical trial that, if successful, could lead to accelerated approval of mirvetuximab; and MIRASOL, a randomized Phase 3 clinical trial that, if successful, could lead to full approval of mirvetuximab. We are actively enrolling both studies and now expect to report top-line data from SORAYA in the third quarter of 2021. With an earlier start and a longer lead time, MIRASOL remains on track, with top-line data expected in the first half of 2022. If SORAYA is successful, as previously noted, we expect to submit an application for accelerated approval of mirvetuximab in the applicable patient population to the FDA during the second half of 2021 and to thereafter seek full approval on the basis of a confirmatory Phase 3 trial, MIRASOL.

In May 2020, we presented initial data from the FORWARD II study evaluating mirvetuximab in combination with Avastin® (bevacizumab) in patients with medium and high FRα-expressing recurrent ovarian cancer for whom a non-platinum based combination regimen is appropriate at the American Society of Clinical Oncology 2020 Virtual Scientific Program. We believe the combination of mirvetuximab with bevacizumab in this cohort demonstrated promising anti-tumor activity with a favorable tolerability profile, particularly among patients with high levels of FRα expression, and is

encouraging relative to outcomes with available therapies reported in similar patient populations. We continue to evaluate mirvetuximab in combination with other agents and expect to publish mature data from the Phase 1b FORWARD II triplet cohort evaluating mirvetuximab in combination with carboplatin and bevacizumab in patients with recurrent, platinum-sensitive ovarian cancer while also supporting the initiation of an investigator sponsored, randomized trial comparing mirvetuximab plus carboplatin versus standard platinum-based therapy in recurrent platinum-sensitive ovarian cancer in the fourth quarter of 2020.

We undertook a review of our operations during the second quarter of 2019 with the goals of prioritizing our portfolio and reducing our cost base to ensure that our cash resources will be sufficient to advance certain of our programs through the next stages of development. Based on the outcome of this operational review and subsequent consultation with the FDA, we have established three strategic priorities for the business: (i) execute SORAYA and MIRASOL and pursue the development of additional indications for mirvetuximab in ovarian cancer; (ii) advance a select portfolio of three earlier-stage product candidates; and (iii) further strengthen our balance sheet and expand our capabilities through partnering. Consistent with these priorities, we have focused our operations on the following activities:

- Enroll patients in SORAYA and MIRASOL to support the potential for accelerated approval in 2022 and conversion to full approval in 2023;
- continue follow up in the ongoing Phase 1b FORWARD II companion trial of mirvetuximab in combination regimens and initiate additional combination trials to support expanded indications;
- progress IMGN632 development in patients with AML, BPDCN, and other CD123-positive hematologic malignancies in collaboration with Jazz;
- advance two additional assets that demonstrate our continued innovation in ADCs: IMGC936, which is an investigational ADC directed to the novel solid tumor target, ADAM9, which we are co-developing with MacroGenics; and our next generation investigational anti-FRα ADC, IMGN151, which is in preclinical development; and
- monetize our remaining portfolio and platform technologies through out-licensing transactions or asset sales.

As part of our ongoing development efforts, we have developed a new class of cytotoxic payloads that we refer to as IGNs. Our IGNs are designed to alkylate DNA without cross-linking, which has provided a broad therapeutic index in preclinical models. Specifically, IGN ADCs have retained the anti-tumor potency of crosslinking drugs with less toxicity to normal cells in in vitro and animal models. These properties have allowed for repeat administration of ADCs with IGN payloads in clinical studies and as supported by preclinical data, suggest that ADCs with IGN payloads may be able to be added to other agents in combination regimens.

IMGN632 is an investigational ADC comprised of a high affinity antibody designed to target CD123 with site specific conjugation to our most potent IGN payload. We are advancing IMGN632 in clinical trials for patients with AML and BPDCN in collaboration with Jazz. We presented data from our Phase 1 clinical trial of IMGN632 in patients with relapsed or refractory adult AML and BPDCN at the Annual Meeting of the American Society of Hematology in December of 2019. We have also determined a Phase 2 dose and schedule for IMGN632 and have initiated a clinical trial with combinations in AML as well as monotherapy in front-line patients with minimal residual disease following induction therapy. In addition, we are pursuing an expansion cohort in BPDCN patients under our initial protocol.

We continue to advance select preclinical programs, led by IMGC936. IMGC936 is an investigational ADC in co-development with MacroGenics designed to target ADAM9, an enzyme overexpressed in a range of solid tumors and implicated in tumor progression and metastasis. This ADC incorporates a number of innovations, including antibody engineering to extend half-life, site-specific conjugation with a fixed drug-antibody ratio to enable higher dosing, and a next-generation linker and payload for improved stability and bystander activity. The IND for IMGC936 was accepted by the FDA in the second quarter of 2020 and we expect to begin enrolling patients in the Phase 1 study in the fall of 2020.

Finally, we presented encouraging preclinical data on our next generation anti-folate receptor alpha candidate, IMGN151, at the American Academy of Cancer Research Virtual Annual Meeting II in June 2020. This ADC moved into preclinical development in the second quarter of 2020 and we expect to file the IND for IMGN151 in the second half of 2021.

Collaborating on ADC development with other companies allows us to generate revenue, mitigate expenses, enhance our capabilities, and extend the reach of our proprietary platform. The most advanced partner program is Roche's marketed product, Kadcyla®. Our ADC technology is also used in candidates in clinical development with a number of partners. We have evolved our partnering approach to pursue relationships where we can gain access to technology and complementary capabilities, such as our technology swap with CytomX, as well as co-development and co-commercialization opportunities, such as our relationships with Jazz and MacroGenics. In addition, following our restructuring in 2019, we seek to monetize our remaining portfolio and platform technologies through out-licensing transactions or asset sales. To this end, in December 2019, we granted an exclusive development and commercialization license to our cytotoxic payload technology to CytomX for use with antibodies (and Probodies™ developed therefrom) directed to EpCAM, including certain of our proprietary anti-EpCAM antibodies developed into Probodies utilizing CytomX's Probody technology, in return for which we received an upfront payment from CytomX with the potential for additional payments following CytomX's successful achievement of pre-defined clinical development, approval, and commercialization milestones, as well as royalties on net sales.

We expect that substantially all of our revenue for the foreseeable future will result from payments under our collaborative arrangements. For more information concerning these relationships, including their ongoing financial and accounting impact on our business, please read Note C, "Significant Collaborative Agreements," to our consolidated financial statements included in this report and in our Annual Report on Form 10-K filed with the SEC on March 11, 2020.

To date, we have not generated revenues from commercial sales of internal products and we expect to continue to incur significant operating losses for the foreseeable future. As of June 30, 2020, we had $219.5 million in cash and cash equivalents compared to $176.2 million as of December 31, 2019.

In January 2020, we announced the closing of a public offering of 24.5 million shares of common stock at a price of $4.25 per share. We received net proceeds from the offering of $97.7 million after deducting underwriting discounts and offering expenses. We intend to use the net proceeds of the offering, together with our existing capital, to fund our operations, including, but not limited to, clinical trial activities, supply of drug substance and drug product, pre-commercialization activities, capital expenditures, and working capital.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to our collaborative agreements, clinical trial accruals, and stock-based compensation. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

RESULTS OF OPERATIONS

Comparison of Three Months ended June 30, 2020 and 2019

Revenues

Our total revenues for the three months ended June 30, 2020 and 2019 were $15.0 million and $15.5 million, respectively. The $0.5 million decrease in revenues in the three months ended June 30, 2020 from the same period in the prior year is primarily attributable to a decrease in license and milestone fees, partially offset by an increase in non-cash royalty revenue, both of which are discussed further below.

License and Milestone Fees

The amount of license and milestone fees we earn is directly related to the number of our collaborators, the advancement of product candidates covered by the agreements with our collaborators, and the overall success in the clinical trials of these product candidates. As such, the amount of license and milestone fees may vary significantly from quarter to quarter and year to year. License and milestone fee revenue was $945,000 and $5.1 million for the three months ended June 30, 2020 and 2019, respectively. During the current quarter, following notice of termination of the license agreement with Takeda, the Company recorded the remaining $870,000 balance of the upfront payment that had been allocated to the right to future technological improvements under this license as revenue, which is included in license and milestone fees for the three months ended June 30, 2020. Included in license and milestone fees for the three months

ended June 30, 2019 is a $5.0 million regulatory milestone achieved under our license agreement with Genentech, a member of the Roche Group.

Deferred revenue of $126.6 million as of June 30, 2020 includes $60.5 million remaining from an upfront payment related to the license options granted to Jazz in August 2017 and $65.2 million related to the sale of our residual rights to receive royalty payments on commercial sales of Kadcyla, with the remainder of the balance primarily representing consideration received from our collaborators pursuant to our license agreements which we have yet to earn pursuant to our revenue recognition policy.

Non-cash Royalty Revenue Related to the Sale of Future Royalties

Kadcyla is an ADC marketed product resulting from one of our development and commercialization licenses with Roche, through its Genentech unit. We receive royalty reports and payments related to sales of Kadcyla from Roche one quarter in arrears. In accordance with our revenue recognition policy we recorded $14.1 million and $10.4 million of non-cash royalties on net sales of Kadcyla for the three-month periods ended June 30, 2020 and 2019, respectively. The increase in 2020 compared to 2019 is a result of an increase in royalty payments driven by an increase in net sales of Kadcyla, due to market expansion of Kadcyla and approval of Kadcyla for a second indication in 2019. Kadcyla sales occurring after January 1, 2015 are covered by a royalty purchase agreement whereby the associated cash was remitted to Immunity Royalty Holdings, L.P., or IRH, subject to a residual cap. In January 2019, we sold our residual rights to receive royalty payments on commercial sales of Kadcyla to OMERS for $65.2 million, net of $1.5 million of fees. Simultaneously, OMERS purchased IRH's right to the royalties the Company previously sold as described above, thereby obtaining the rights to 100% of the royalties received from that date on. See further details regarding the royalty obligation in Note E, "Liability Related to Sale of Future Royalties," to our consolidated financial statements included in this report.

Research and Development Expenses

Our research and development expenses relate to (i) research to evaluate new targets and to develop and evaluate new antibodies, linkers, and cytotoxic agents, (ii) preclinical testing of product candidates and the cost of clinical trials, (iii) development related to clinical and commercial manufacturing processes, and (iv) external manufacturing operations.

Research and development expense for the three months ended June 30, 2020 decreased $5.7 million to $22.9 million from $28.6 million for the three months ended June 30, 2019, due primarily to decreases in personnel expenses, allocated facility expenses, lab supplies, and third-party research expenses resulting from the restructuring of the business at the end of the second quarter of 2019. We do not track our research and development costs by project. Since we use our research and development resources across multiple research and development projects, we manage our research and development expenses within each of the categories listed in the following table and described in more detail below (in thousands):

	Three Months Ended June 30,	
Research and Development Expense Category	**2020**	**2019**
Research	$ —	$ 4,162
Preclinical and clinical testing	16,349	18,391
Process and product development	1,349	2,386
Manufacturing operations	5,223	3,620
Total research and development expense	$ 22,921	$ 28,559

Research

Research includes expenses primarily associated with activities to identify and evaluate new targets and to develop and evaluate new antibodies, linkers, and cytotoxic agents for our products and in support of our collaborators. Such expenses primarily include personnel, contract services, facility expenses, and laboratory supplies. There were no research expenses for the three months ended June 30, 2020 as a result of the restructuring of the business at the end of the second quarter of 2019.

Preclinical and Clinical Testing

Preclinical and clinical testing includes expenses related to preclinical testing of our product candidates, regulatory activities, and the cost of clinical trials. Such expenses include personnel, patient enrollment at our clinical testing sites, consultant fees, contract services, and facility expenses. Preclinical and clinical testing expenses for the three

months ended June 30, 2020 decreased $2.1 million to $16.3 million compared to $18.4 million for the three months ended June 30, 2019. This decrease is primarily the result of lower personnel, administrative, laboratory, and allocated facility expenses resulting from the restructuring of the business, a decrease in contract services driven by preclinical development of IMGC936 in the prior period, and lower costs incurred in the current period related to our FORWARD I and FORWARD II studies. Partially offsetting these decreases, clinical trial costs increased driven by costs incurred related to advancing the MIRASOL, SORAYA, and IMGN632 combination therapy studies.

Process and Product Development

Process and product development expenses include costs for development of clinical and commercial manufacturing processes for our compounds. Such expenses include the costs of personnel, contract services, laboratory supplies, and facility expenses. For the three months ended June 30, 2020, total process and product development expenses decreased $1.0 million compared to the three months ended June 30, 2019. This decrease is principally due to a decrease in personnel expenses, laboratory supplies, and allocated facility expenses as a result of the restructuring of the business.

Manufacturing Operations

Manufacturing operations expense includes costs to have preclinical and clinical materials manufactured for our product candidates and quality control and quality assurance activities. Such expenses include personnel, raw materials for our preclinical studies and clinical trials, non-pivotal and pivotal development costs with contract manufacturing organizations, and allocated facility expense. For the three months ended June 30, 2020, manufacturing operations expense increased $1.6 million to $5.2 million compared to $3.6 million in the same period last year. This increase is principally the result of greater cytotoxic costs in the current period to support advancement of our preclinical products, partially offset by lower personnel expenses resulting from the restructuring of the business.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2020 increased $1.1 million compared to the same period last year due primarily to a higher allocation of facility-related expenses for excess laboratory and office space and an increase in professional services, partially offset by a decrease in personnel and administrative expenses.

Restructuring Charges

2019 Corporate Restructuring

On June 26, 2019, the Board of Directors approved a plan to restructure the business to focus resources on continued development of mirvetuximab and a select portfolio of three earlier-stage product candidates, resulting in a significant reduction of our workforce, with a majority of these employees separating from the business by mid-July 2019 and most of the remaining affected employees transitioning over varying periods of time of up to 12 months. Communication of the plan to the affected employees was substantially completed on June 27, 2019.

As a result of the workforce reduction, we recorded a charge of $16.0 million for severance related to a pre-existing plan in June 2019, which has been subsequently reduced to $15.3 million due to minor adjustments to the plan. The related cash payments were substantially paid out by June 30, 2020. In addition, a charge of $4.0 million was recorded for incremental retention benefits in the same time period, of which approximately $0.8 million was recorded during the three months ended June 30, 2020.

Charge Related to Unoccupied Office Space

We have sought to sub-lease 10,281 square feet of unoccupied office space in Waltham, Massachusetts that was leased in 2016. During the three months ended June 30, 2019, we recorded a $559,000 impairment charge related to this lease, which represented the remaining balance of the right to use asset as the likelihood of finding a sub-lessor had diminished significantly as the lease approached termination.

Investment Income, net

Investment income for the three months ended June 30, 2020 and 2019 was $62,000 and $1.3 million, respectively. The decrease in the current period is due to a marginally lower average cash balance and a significant decrease in interest rates in the current period.

Non-Cash Interest Expense on Liability Related to Sale of Future Royalty

In 2015, IRH purchased our right to receive 100% of the royalty payments on commercial sales of Kadcyla arising under our development and commercialization license with Genentech, subject to a residual cap. In January 2019, OMERS purchased IRH's right to the royalties the Company previously sold as described above. As described in Note E, "Liability Related to Sale of Future Royalties," to our consolidated financial statements included in this report, this royalty sale transaction has been recorded as a liability that amortizes over the estimated royalty payment period as Kadcyla royalties are remitted directly to the purchaser. During the three months ended June 30, 2020 and 2019, we recorded $6.1 million and $3.8 million, respectively, of non-cash interest expense which includes amortization of deferred financing costs. The increase in 2020 compared to 2019 is a result of an increase in royalty payments driven by an increase in net sales of Kadcyla, as well as a greater effective interest rate driven by greater projected royalty payments, due to market expansion of Kadcyla and approval of Kadcyla for a second indication in 2019. We impute interest on the transaction and record interest expense at the effective interest rate, which we currently estimate to be 20.5%. There are a number of factors that could materially affect the estimated interest rate, in particular, the amount and timing of royalty payments from future net sales of Kadcyla, and we will assess this estimate on a periodic basis. As a result, future interest rates could differ significantly and any such change in interest rate will be adjusted prospectively.

Other Income, net

Other income, net for the three months ended June 30, 2020 and 2019 was $106,000 and $167,000, respectively, consisting of foreign currency exchange gains related to obligations with non-U.S. dollar-based suppliers and Euro cash balances maintained to fulfill those obligations during the respective periods.

Comparison of Six Months ended June 30, 2020 and 2019

Revenues

Our total revenues for the six months ended June 30, 2020 and 2019 were $28.3 million and $24.1 million, respectively. The $4.2 million increase in revenues in the six months ended June 30, 2020 from the same period in the prior year is attributable to an increase in non-cash royalty revenue, partially offset by a decrease in license and milestone fees, both of which are discussed further below.

License and Milestone Fees

License and milestone fee revenue was $1.2 million and $5.2 million for the six months ended June 30, 2020 and 2019, respectively. During the current quarter, Takeda issued official notification terminating its license agreement effective in August 2020. As a result, the Company recorded the remaining $870,000 balance of the upfront payment that had been allocated to the right to future technological improvements under this license as revenue, which is included in license and milestone fees for the six months ended June 30, 2020. Included in license and milestone fees for the six months ended June 30, 2019 is a $5.0 million regulatory milestone achieved under our license agreement with Genentech, a member of the Roche Group.

Non-cash Royalty Revenue Related to the Sale of Future Royalties

In accordance with our revenue recognition policy we recorded $27.1 million and $18.9 million of non-cash royalties on net sales of Kadcyla for the six-month periods ended June 30, 2020 and 2019, respectively. The increase in 2020 compared to 2019 is a result of an increase in royalty payments driven by an increase in net sales of Kadcyla, due to market expansion of Kadcyla and approval of Kadcyla for a second indication in 2019. Kadcyla sales occurring after January 1, 2015 are covered by a royalty purchase agreement. See further details regarding the royalty obligation in Note E, "Liability Related to Sale of Future Royalties," to our consolidated financial statements included in this report.

Research and Development Expenses

Research and development expense for the six months ended June 30, 2020 decreased $17.2 million to $50.3 million from $67.5 million for the six months ended June 30, 2019, due primarily to decreases in personnel expenses, allocated facility expenses, lab supplies, and third-party research expenses resulting from the restructuring of the business at the end of the second quarter of 2019. Partially offsetting these decreases, clinical trial expenses increased in the current period as compared to the same period in 2019 driven largely by costs incurred related to advancing the MIRASOL, SORAYA, and IMGN632 combination therapy studies. We do not track our research and development costs by project. Since we use our research and development resources across multiple research and development projects, we manage our

research and development expenses within each of the categories listed in the following table and described in more detail below (in thousands):

	Six Months Ended June 30,	
Research and Development Expense	**2020**	**2019**
Research	$ —	$ 10,500
Preclinical and Clinical Testing	36,604	39,490
Process and Product Development	2,477	5,312
Manufacturing Operations	11,248	12,150
Total Research and Development Expense	$ 50,329	$ 67,452

Research

There were no research expenses for the six months ended June 30, 2020 as a result of the restructuring of the business at the end of the second quarter of 2019.

Preclinical and Clinical Testing

Preclinical and clinical testing expenses for the six months ended June 30, 2020 decreased $2.9 million to $36.6 million compared to $39.5 million for the six months ended June 30, 2019. This decrease is primarily the result of lower personnel, administrative, laboratory, and allocated facility expenses resulting from the restructuring of the business, a decrease in contract services driven by preclinical development of IMGC936 in the prior period, and lower costs incurred in the current period as compared to the 2019 period related to our FORWARD I, FORWARD II, and IMGN779 studies. Partially offsetting these decreases, clinical trial costs increased driven by costs incurred related to advancing the MIRASOL, SORAYA, and IMGN632 combination therapy studies, and a lower credit was recorded in the current period pursuant to our cost-sharing agreement with Jazz due to the discontinuation of the IMGN779 program in connection with the 2019 restructuring.

Process and Product Development

For the six months ended June 30, 2020, total process and product development expenses decreased $2.8 million compared to the six months ended June 30, 2019. This decrease is principally due to a decrease in personnel expenses, laboratory supplies, and allocated facility expenses as a result of the restructuring of the business, partially offset by a lower credit recorded in the current period pursuant to our cost-sharing agreement with Jazz due to the discontinuation of the IMGN779 program in connection with the 2019 restructuring.

Manufacturing Operations

For the six months ended June 30, 2020, manufacturing operations expense decreased $0.9 million to $11.2 million compared to $12.1 million in the same period last year. This decrease is principally the result of lower personnel and facility-related expenses resulting from the shut-down of our manufacturing facility in February 2019 and the restructuring of the business at the end of the second quarter of 2019, partially offset by a lower credit recorded in the current period pursuant to our cost-sharing agreement with Jazz due to the discontinuation of the IMGN779 program in connection with the 2019 restructuring.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2020 decreased $0.8 million compared to the same period last year due primarily to a decrease in personnel and administrative expenses, as well as a gain on sale of laboratory equipment, resulting from the prior year restructuring, partially offset by a higher allocation of facility-related expenses for excess laboratory and office space and an increase in professional services.

Restructuring Charges

2019 Corporate Restructuring

As a result of the workforce reduction approved by our Board of Directors on June 26, 2019 discussed above, we recorded a charge of $16.0 million for severance related to a pre-existing plan in June 2019, which has been subsequently reduced to $15.3 million due to minor adjustments to the plan. The related cash payments were substantially paid out by June 30, 2020. In addition, a charge of $4.0 million was recorded for incremental retention benefits in the same time period, of which approximately $1.6 million was recorded during the six months ended June 30, 2020.

Charge Related to Unoccupied Office Space

We have sought to sub-lease 10,281 square feet of unoccupied office space in Waltham, Massachusetts that was leased in 2016. During the six months ended June 30, 2019, we recorded a $559,000 impairment charge related to this lease, which represented the remaining balance of the right to use asset as the likelihood of finding a sub-lessor had diminished significantly as the lease approached termination.

Investment Income, net

Investment income for the six months ended June 30, 2020 and 2019 was $708,000 and $2.7 million, respectively. The decrease in the current period is due to a marginally lower average cash balance in the current period and a significant decrease in interest rates.

Non-Cash Interest Expense on Liability Related to Sale of Future Royalty

In 2015, IRH purchased our right to receive 100% of the royalty payments on commercial sales of Kadcyla arising under our development and commercialization license with Genentech, subject to a residual cap. In January 2019, OMERS purchased IRH's right to the royalties the Company previously sold as described above. As described in Note E, "Liability Related to Sale of Future Royalties," to our consolidated financial statements included in this report, this royalty sale transaction has been recorded as a liability that amortizes over the estimated royalty payment period as Kadcyla royalties are remitted directly to the purchaser. During the six months ended June 30, 2020 and 2019, we recorded $11.8 million and $7.2 million, respectively, of non-cash interest expense which includes amortization of deferred financing costs. The increase in 2020 compared to 2019 is a result of an increase in royalty payments driven by an increase in net sales of Kadcyla, as well as a greater effective interest rate driven by greater projected royalty payments, due to market expansion of Kadcyla and approval of Kadcyla for a second indication in 2019. We impute interest on the transaction and record interest expense at the effective interest rate, which we currently estimate to be 20.5%. There are a number of factors that could materially affect the estimated interest rate, in particular, the amount and timing of royalty payments from future net sales of Kadcyla, and we will assess this estimate on a periodic basis. As a result, future interest rates could differ significantly and any such change in interest rate will be adjusted prospectively.

Other Income (Expense), net

Other income (expense), net for the six months ended June 30, 2020 and 2019 was $(92,000) and $96,000, respectively. These amounts were substantially foreign currency exchange gains or losses related to obligations with non-U.S. dollar-based suppliers and Euro cash balances maintained to fulfill those obligations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

The tables below summarize our cash and cash equivalents, working capital, and shareholders' deficit as of June 30, 2020 and December 31, 2019, and cash flow activities for the six months ended June 30, 2020 and 2019 as follows (in thousands):

	As of	
	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 219,506	$ 176,225
Working capital	150,492	131,488
Shareholders' deficit	(24,523)	(76,121)

	Six Months Ended June 30,	
	2020	2019
Cash used for operating activities	$ (56,508)	$ (20,810)
Cash provided by (used for) investing activities	1,382	(2,355)
Cash provided by financing activities	98,407	738

Cash Flows

We require cash to fund our operating expenses, including the advancement of our clinical programs, and to make capital expenditures. Historically, we have funded our cash requirements primarily through equity and convertible

debt financings in public markets and payments from our collaborators, including license fees, milestones, research funding, and royalties. We have also monetized our rights to receive royalties on Kadcyla for up-front consideration. As of June 30, 2020, we had $219.5 million in cash and cash equivalents. Net cash used for operations was $56.5 million and $20.8 million for the six months ended June 30, 2020 and 2019, respectively. The principal use of cash for operating activities for both periods presented was to fund our net loss, adjusted for non-cash items, with the 2019 period benefiting from $65.2 million of net proceeds from the sale of our residual rights to royalty payments on net sales of Kadcyla.

Net cash provided by (used for) investing activities was $1.4 million and $(2.4) million for the six months ended June 30, 2020 and 2019, respectively. During the current period, as a result of the restructuring at the end of the second quarter of 2019, we sold excess equipment generating proceeds of $1.4 million. Cash outflows for capital expenditures in the prior period consisted primarily of laboratory equipment and dedicated equipment at third-party manufacturing vendors.

Net cash provided by financing activities was $98.4 million and $738,000 for the six months ended June 30, 2020 and 2019, respectively. In January 2020, pursuant to a public offering, we issued and sold 24.5 million shares of common stock, resulting in net proceeds of $97.7 million. Also included in the six months ended June 30, 2020 and 2019 is $664,000 and $738,000, respectively, of proceeds generated from the exercise of approximately 208,000 and 379,000 stock options, respectively, including shares purchased through our ESPP plan.

We anticipate that our current capital resources will enable us to meet our operational expenses and capital expenditures for more than twelve months after the date of this report. We may raise additional funds through equity, debt, and other financings or generate revenues from collaborators through a combination of upfront license payments, milestone payments, royalty payments, and research funding. We cannot provide assurance that we will be able to obtain additional debt, equity, or other financing or generate revenues from collaborators on terms acceptable to the Company or at all. Should we or our partners not meet some or all of the terms and conditions of our various collaboration agreements or if we are not successful in securing future collaboration agreements, we may elect or be required to secure alternative financing arrangements, and/or defer or limit some or all of our research, development and/or clinical projects.

Contractual Obligations

In 2018, the Company executed a commercial agreement with one of its manufacturers for future production of antibody through calendar 2025. In May 2019, the agreement was amended to reduce the number of committed antibody batches for an agreed-upon exit fee, which was determined to be probable and recorded as research and development expense in the first quarter of 2019. After further negotiations, our noncancelable commitment for future production is approximately €11 million at June 30, 2020.

We lease approximately 120,000 square feet of laboratory and office space in a building located at 830 Winter Street, Waltham, Massachusetts, pursuant to a lease with an initial term that expires on March 31, 2026. In January, March, and April 2020, we executed three agreements to sublease a total of 47,160 square feet of said space through March 2026. Two of the three sublease agreements include an early termination option after certain periods of time for an agreed-upon fee. Assuming these early termination options are not exercised, we will receive approximately $13 million in minimum rental payments over the remaining term of the subleases. The sublessees will also be responsible for their proportionate share of variable operating expenses and real estate taxes.

There have been no other material changes to our contractual obligations during the current period from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020.

Recent Accounting Pronouncements

The information set forth under Note B, “Summary of Significant Accounting Policies,” to our consolidated financial statements included in this report under the caption “Recently Adopted Accounting Pronouncements” is incorporated herein by reference.

Third-Party Trademarks

Kadcyla is a registered trademark of Genentech, Inc. Probody is a trademark of CytomX.

OFF-BALANCE SHEET ARRANGEMENTS

None.

ITEM 3. ***Quantitative and Qualitative Disclosure about Market Risk***

Our market risks, and the ways we manage them, are summarized in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020. Since then there have been no material changes to our market risks or to our management of such risks.

ITEM 4. ***Controls and Procedures***

(a) *Disclosure Controls and Procedures*

Our management, with the participation of our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive and principal financial officers have concluded that, as of the end of such period, our disclosure controls and procedures were adequate and effective.

(b) *Changes in Internal Controls Over Financial Reporting*

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. ***Risk Factors***

In addition to the other information set forth in this report, you should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition, or future results set forth under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 11, 2020. There have been no material changes from the factors disclosed in our 2019 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q filed on May 5, 2020, other than the update to the risk factor below regarding the COVID-19 pandemic. We may, however, disclose changes to such risk factors, or disclose additional risk factors from time to time in our future filings with the SEC.

A pandemic, epidemic, or outbreak of an infectious disease, such as the COVID-19 pandemic, may materially and adversely affect our business and our financial results.

The spread of COVID-19 has affected segments of the global economy and may affect our operations, including the potential interruption of our clinical trial activities and our supply chain. The current outbreak of COVID-19 has spread worldwide, including countries where we are currently conducting our clinical trials, including our SORAYA and MIRASOL trials. The COVID-19 pandemic is still evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures, as well as reported adverse impacts on healthcare resources, facilities, and providers across the United States, and in other countries worldwide. The continued impact of COVID-19 may result in a period of business disruption, including delays in our clinical trials or delays or disruptions in our supply chain.

The continued impact of COVID-19 globally could adversely affect our clinical trial operations in the United States and elsewhere, including our ability to recruit and retain patients, principal investigators, and site staff who, as healthcare providers, may have heightened exposure to COVID-19. For example, COVID-19 has slowed site activation and patient enrollment for SORAYA, which we believe will result in a limited delay of six- to eight-weeks in the availability of top-line data from this trial from mid-2021 to the third quarter of 2021. Further, the COVID-19 pandemic may further delay enrollment in our SORAYA trial and delay enrollment in our MIRASOL trial due to prioritization of

hospital resources toward the pandemic, restrictions on travel, and some patients may be unwilling to enroll in our trials or be unable to comply with clinical trial protocols if quarantines or travel restrictions impede patient movement or interrupt healthcare services, which would delay our ability to conduct clinical trials or release clinical trial results. In addition, there could be a potential effect of COVID-19 to the business at FDA or other health authorities, which could result in delays of reviews and approvals, including with respect to our product candidates. COVID-19 may also affect employees of third-party contract research organizations located in affected geographies that we rely upon to carry out our clinical trials. Although we entered the pandemic with ample supply of our drug candidates and we believe we have sufficient inventory on hand for all of our ongoing mirvetuximab monotherapy and combination trials, IMGN632 expansion studies, and activities to support the planned Phase 1 study for IMGC936, the continuation of the COVID-19 pandemic, or the spread of another infectious disease, could also negatively affect the operations at our third-party manufacturers, which could result in delays or disruptions in the supply of our product candidates if we need additional materials. Additionally, although our supply partners have taken prospective measures that we believe will ensure our currently activated trial sites have sufficient safety stock of our drug candidates to weather disruptions in transportation or supply, interruption in the manufacture and/or global shipping affecting the transport of clinical trial materials, such as patient samples, product candidates, and other supplies used in our clinical trials may negatively affect our trials.

In addition, in response to the pandemic and in accordance with direction from state and local government authorities, we have taken temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring most employees to work remotely (which in turn increases our threat to cyber security, data accessibility, and communication matters), and suspending all non-essential travel worldwide for our employees. In addition, industry events and in-person work-related meetings have been cancelled, the continuation of which could negatively affect our business.

The trading prices for our common stock and other biotechnology companies have also been highly volatile as a result of the COVID-19 pandemic. We, therefore, may face difficulties raising capital through sales of our common stock or equity linked to our common stock or such sales may be on unfavorable terms or unavailable.

We cannot presently predict the scope and severity of any additional potential business shutdowns or disruptions as a result of the COVID-19 pandemic. If we or any of the third parties with whom we engage, however, were to experience further shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

ITEM 6. ***Exhibits***

Exhibit No.	Description
3.1	Restated Articles of Organization, as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on April 30, 2010)
3.1(a)	Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on January 30, 2013)
3.1(b)	Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2017)
3.1(c)	Articles of Amendment
10.1 ±	Inducement Equity Incentive Plan – as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 2, 2020)
10.2 ±	Form of Performance-Based Stock Option Agreement (February 2020) under the Inducement Equity Incentive Plan
10.3 ±	Employment Offer Letter dated June 30, 2020 between the Registrant and Susan Altschuller, Ph.D.
10.4 ±	Change in Control Severance Agreement dated as of July 20, 2020 between the Registrant and Susan Altschuller, Ph.D.
10.5 ±	Compensation Policy for Non-Employee Directors, as amended through June 17, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 18, 2020)
31.1	Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32 †	Certification of the principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial statements from the quarterly report on Form 10-Q of ImmunoGen, Inc. for the quarter ended June 30, 2020 formatted in inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations and Comprehensive Loss; (iii) the Consolidated Statements of Shareholder's (Deficit) Equity; (iv) the Consolidated Statements of Cash Flows; and (v) the Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† *Furnished, not filed.*

± *Exhibit is a management contract or compensatory plan, contract or arrangement required to be filed as an exhibit to this Quarterly Report on Form 10-Q.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ImmunoGen, Inc.

Date: August 5, 2020

By: /s/ Mark J. Enyedy
Mark J. Enyedy
President and Chief Executive Officer (Principal Executive Officer)

Date: August 5, 2020

By: /s/ Susan Altschuller, Ph.D.
Susan Altschuller, Ph.D.
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

D
PC

The Commonwealth of Massachusetts

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

FORM MUST BE TYPED

Articles of Amendment

FORM MUST BE TYPED

(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)

(1) Exact name of corporation: ImmunoGen, Inc.

(2) Registered office address: 84 State Street, Sixth Floor, Boston, MA 02109
(number, street, city or town, state, zip code)

(3) These articles of amendment affect article(s): III
(specify the number(s) of article(s) being amended (I-VI))

(4) Date adopted: June 17, 2020
(month, day, year)

(5) Approved by:

(check appropriate box)

- ☐ the incorporators.
- ☐ the board of directors without shareholder approval and shareholder approval was not required.
- ☑ the board of directors and the shareholders in the manner required by law and the articles of organization.

(6) State the article number and the text of the amendment. Unless contained in the text of the amendment, state the provisions for implementing the exchange, reclassification or cancellation of issued shares.

PC.

To change the number of shares and the par value, * if any, of any type, or to designate a class or series, of stock, or change a designation of class or series of stock, which the corporation is authorized to issue, complete the following:

Total authorized prior to amendment:

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
		Common	200,000,000	$.01
		Preferred	5,000,000	$.01

Total authorized after amendment:

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
		Common	300,000,000	$.01
		Preferred	5,000,000	$.01

(7) The amendment shall be effective at the time and on the date approved by the Division, unless a later effective date not more than 90 days from the date and time of filing is specified: _____

G.L. Chapter 156D eliminates the concept of par value, however a corporation may specify par value in Article III. See G.L. Chapter 156D, Section 6.21, and the comments relative thereto.

Signed by: _____.
(signature of authorized individual)

- ☐ Chairman of the board of directors,
- ☑ President,
- ☐ Other officer,
- ☐ Court-appointed fiduciary.

on this 17th day of June, 2020.

COMMONWEALTH OF MASSACHUSETTS

William Francis Galvin
Secretary of the Commonwealth
One Ashburton Place, Boston, Massachusetts 02108-1512

Articles of Amendment
(General Laws Chapter 156D, Section 10.06; 950 CMR 113.34)

I hereby certify that upon examination of these articles of amendment, it appears that the provisions of the General Laws relative thereto have been complied with, and the filing fee in the amount of $_____ having been paid, said articles are deemed to have been filed with me this _____ day of _____, 20_____ , at _____a.m./p.m.
time

Effective date:_____
(must be within 90 days of date submitted)

WILLIAM FRANCIS GALVIN
Secretary of the Commonwealth

Filing fee: Minimum filing fee $100 per article amended, stock increases $100 per 100,000 shares, plus $100 for each additional 100,000 shares or any fraction thereof.

_____
Examiner

_____
Name approval

_____
C

_____
M

TO BE FILLED IN BY CORPORATION
Contact Information:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

One Financial Center

Boston, MA 02111

Telephone: 617 542 6000

Email: _____

Upon filing, a copy of this filing will be available at www.sec.state.ma.us/cor. If the document is rejected, a copy of the rejection sheet and rejected document will be available in the rejected queue.

IMMUNOGEN, INC.

PERFORMANCE-BASED NON-QUALIFIED STOCK OPTION TERMS AND CONDITIONS

The following supplements the Grant Detail (the "Grant Detail") to which these Performance-Based Non-Qualified Stock Option Terms and Conditions apply, and together with the Grant Detail, constitutes the "Option Agreement" referenced in the Grant Detail.

This Option Agreement is entered into and made effective as of the grant date referenced in the Grant Detail (the "Date of Grant") and is between ImmunoGen, Inc., a Massachusetts corporation (the "Company"), and the employee or consultant of the Company (the "Participant") referenced in the Grant Detail. Certain capitalized terms, to the extent not defined where they first appear in this Option Agreement, are defined in the Company's Inducement Equity Incentive Plan (the "Plan"). The Company and the Participant understand and agree that the Option shall be granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to the Participant entering into employment with the Company.

1. GRANT OF OPTION.

The Company has granted to the Participant the right and option to purchase all or any part of the aggregate number of shares of the Company's common stock, $.01 par value per share (the "Shares"), referenced in the Grant Detail, on the terms and conditions and subject to all the limitations set forth herein, under United States securities and tax laws, and in the Plan, which is incorporated herein by reference. The Participant acknowledges receipt of a copy of the Plan.

2. PURCHASE PRICE.

The per share purchase price of the Shares covered by the Option shall be as referenced as the "Grant Price" in the Grant Detail, subject to adjustment, as provided in the Plan, in the event of a stock split, reverse stock split or other events affecting the holders of Shares after the date hereof (the "Purchase Price"). Payment shall be made in accordance with Paragraph 10 of the Plan.

3. EXERCISABILITY OF OPTION.

Subject to the terms and conditions set forth in this Option Agreement and the Plan, the Option shall become exercisable with respect to the percentage of the Granted Shares indicated below in connection with the achievement of the following performance goals, as follows:

25% of the Granted Shares shall vest upon acceptance of a biologics license application ("BLA") for mirvetuximab soravtansine (IMGN853) by the U.S. Food and Drug Administration (the "FDA") based on data from the Company's SORAYA clinical trial (the "First Performance Goal"); provided that the First Performance Goal shall be deemed not to have been met fi the Company has not completed its submission of such BLA to the FDA on or prior to December 31, 2021. If the First Performance Goal is not met, 25% of the Granted Shares will be forfeited.

- 50% of the Granted Shares shall vest upon receipt of accelerated marketing approval for IMGN853 from the FDA on or prior to December 31, 2022 (the "Second Performance Goal"); provided, however, that if the Third Performance Goal (as defined below) is met before the Second Performance Goal is met, 37.5% of the Granted Shares shall vest when the Second Performance Goal is met. If the Second Performance Goal is not met, 25% of the Granted Shares will be forfeited.

- 25% of the Granted Shares shall vest upon acceptance of a BLA for IMGN853 by the FDA based on data from the Company's MIRASOL clinical trial (the "Third Performance Goal"); provided, that the Third Performance Goal shall be deemed not to have been met if the Company has not completed its submission of such BLA on or prior to December 31, 2022; and provided, further, that if the Second Performance Goal is met before the Third Performance Goal is met, then 12.5% of the Granted Shares shall vest when the Third Performance Goal is met. If the Third Performance Goal is not met, 12.5% of the Granted Shares will be forfeited if the Second Performance Goal has been met, or (b) 25% of the Granted Shares will be forfeited if the Second Performance Goal has not been met.

- All remaining Granted Shares not previously vested or forfeited shall vest upon receipt of full marketing approval for IMGN853 from the FDA on or prior to December 31, 2023 (the "Fourth Performance Goal"). If the Fourth Performance Goal is not met, all remaining unvested Granted Shares will be forfeited.

The determination of achievement of the performance goals shall be based on certification of achievement of a performance goal by the Compensation Committee, which certification date shall be deemed to be the vesting date with respect to any of the Granted Shares for all purposes of this Option Agreement.

Anything contained in this Option Agreement to the contrary notwithstanding, if for any reason the Company does not achieve a performance goal set forth above by March 31, 2024 (the "Performance End Date"), then the Option subject hereto shall, on the Performance End Date, automatically terminate and be cancelled with respect to any Granted Shares that have not become vested and exercisable on or prior to such date.

Notwithstanding the foregoing, if a performance goal is achieved prior to the first anniversary of the Date of Grant, then the Granted Shares that would otherwise vest upon achievement of such performance goal shall not vest until the first anniversary of the Date of Grant, and if a Termination Date occurs prior to such one-year anniversary, the Option subject hereto shall terminate and be cancelled as if the performance goal had not been achieved as of the date of the Termination; provided, however, that if such Termination Date occurs due to the Participant's death or Disability (as defined in the Plan), or there occurs a Change of Control (as defined in the Plan) prior to the first anniversary of the Date of Grant and prior to a Termination, the Option shall vest with respect to the Granted Shares subject to such achieved performance goal, as of the Termination Date or immediately prior to the Change of Control transaction.

Notwithstanding the foregoing, in the event a Corporate Transaction (as defined in the Plan) where the outstanding options are terminated or cashed out in accordance with Paragraph

25(b) of the Plan, this Option shall become fully vested and immediately exercisable for purposes of Paragraph 25(b) of the Plan unless this Option has otherwise expired or been terminated pursuant to this Agreement of the terms of the Plan.

The foregoing rights are cumulative and are subject to the other terms and conditions of this Option Agreement and the Plan.

4. TERM OF OPTION.

The Option shall terminate ten years from the Date of Grant, but shall be subject to earlier termination as provided herein or in the Plan.

If the Participant ceases to be an Employee or director of, or consultant to, the Company or of an Affiliate for any reason other than the death or Disability of the Participant or termination of the Participant for Cause (as defined in the Plan)) (the "Termination Date"), the Option, to the extent then vested and exercisable pursuant to Section 3 hereof as of the Termination Date, and not previously terminated, may be exercised within three months (or one year in the case of Retirement (as defined below)) after the Termination Date, or within the originally prescribed term of the Option, whichever is earlier, but may not be exercised thereafter except as set forth below. In such event, the unvested portion of the Option shall not be exercisable and shall expire and be cancelled on the Termination Date. "Retirement" means cessation of service as aforesaid on or after age 60 and with at least 5 years of service.

Notwithstanding the foregoing, in the event of the Participant's Disability or death within three months after the Termination Date, the Participant or the Participant's Survivors may exercise the Option within one year after the Termination Date, but in no event after the date of expiration of the term of the Option.

In the event the Participant's service is terminated by the Company or an Affiliate for Cause (as defined in the Plan), the Participant's right to exercise any unexercised portion of this Option shall cease immediately as of the time the Participant is notified his or her service is terminated for Cause, and this Option shall thereupon terminate. Notwithstanding anything herein to the contrary, if subsequent to the Participant's termination, but prior to the exercise of the Option, the Board of Directors of the Company determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then the Participant shall immediately cease to have any right to exercise the Option and this Option shall thereupon terminate.

In the event of the Disability of the Participant, as determined in accordance with the Plan, the Option shall be exercisable within one year after the Participant's termination by reason of Disability or, if earlier, within the term originally prescribed by the Option. In such event, the Option shall be exercisable to the extent that the Option has become exercisable but has not been exercised as of the date of Disability.

In the event of the death of the Participant while an Employee or director of, or consultant to, the Company or of an Affiliate, the Option shall be exercisable by the Participant's Survivors within one year after the date of death of the Participant or, if earlier, within the originally prescribed term of the Option. In such event, the Option shall be

exercisable to the extent that the Option has become exercisable but has not been exercised as of the date of death.

5. METHOD OF EXERCISING OPTION.

Subject to the terms and conditions of this Option Agreement, the Option may be exercised by notice to the Company or its designee stating the number of Shares with respect to which the Option is being exercised and shall be delivered in such form as may be designated from time to time by the Company. Payment of the purchase price for such Shares shall be made in accordance with Paragraph 10 of the Plan. The Company shall deliver such Shares as soon as practicable after the notice shall be received, provided, however, that the Company may delay issuance of such Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including, without limitation, state securities or "blue sky" laws). The Shares as to which the Option shall have been so exercised shall be registered in the Company's share register in the name of the person so exercising the Option (or, if the Option shall be exercised by the Participant and if the Participant shall so request in the notice exercising the Option, shall be registered in the name of the Participant and another person jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person exercising the Option. In the event the Option shall be exercised, pursuant to Section 4 hereof, by any person other than the Participant, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable.

6. PARTIAL EXERCISE.

Exercise of this Option to the extent above stated may be made in part at any time and from time to time within the above limits, except that no fractional share shall be issued pursuant to this Option.

7. NON-ASSIGNABILITY.

The Option shall not be transferable by the Participant otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder. However, the Participant, with the approval of the Administrator, may transfer the Option for no consideration to or for the benefit of the Participant's Immediate Family (including, without limitation, to a trust for the benefit of the Participant's Immediate Family or to a partnership or limited liability company for one or more members of the Participant's Immediate Family), subject to such limits as the Administrator may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer and each such transferee shall so acknowledge in writing as a condition precedent to the effectiveness of such transfer. Except as provided in the previous sentence, the Option shall be exercisable, during the Participant's lifetime, only by the Participant (or, in the event of legal incapacity or incompetency, by the Participant's guardian or representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of the Option or of any rights granted hereunder contrary to

the provisions of this Section 7, or the levy of any attachment or similar process upon the Option shall be null and void. The term "Immediate Family" shall mean the Participant's spouse, former spouse, parents, children, stepchildren, adoptive relationships, sisters, brothers, nieces, nephews and grandchildren (and, for this purpose, shall also include the Participant.)

8. NO RIGHTS AS SHAREHOLDER UNTIL EXERCISE.

The Participant shall have no rights as a shareholder with respect to Shares subject to this Option Agreement until registration of the Shares in the Company's share register in the name of the Participant. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date of such registration.

9. ADJUSTMENTS.

The Plan contains provisions covering the treatment of Options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to Options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference.

10. TAXES.

The Participant acknowledges that upon exercise of the Option the Participant will be deemed to have taxable income measured by the difference between the then fair market value of the Shares received upon exercise and the price paid for such Shares pursuant to this Option Agreement. The Participant acknowledges that any income or other taxes due from him or her with respect to this Option or the Shares issuable pursuant to this Option shall be the Participant's responsibility.

The Participant agrees that the Company may withhold from the Participant's remuneration, if any, the minimum statutory amount of federal, state and local withholding taxes attributable to such amount that is considered compensation includable in such person's gross income. At the Company's discretion, the amount required to be withheld may be withheld in cash from such remuneration, or in kind from the Shares otherwise deliverable to the Participant on exercise of the Option. The Participant further agrees that, if the Company does not withhold an amount from the Participant's remuneration sufficient to satisfy the Company's income tax withholding obligation, the Participant will reimburse the Company on demand, in cash, for the amount under-withheld.

11. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of the Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

(a) The person(s) who exercise the Option shall warrant to the Company, at the time of such exercise, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing the Shares issued pursuant to such exercise:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws;" and

(b) If the Company so requires, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder. Without limiting the generality of the foregoing, the Company may delay issuance of the Shares until completion of any action or obtaining of any consent, which the Company deems necessary under any applicable law (including without limitation state securities or "blue sky" laws).

12. RESTRICTIONS ON TRANSFER OF SHARES.

12.1 The Participant agrees that in the event the Company proposes to offer for sale to the public any of its equity securities and such Participant is requested by the Company and any underwriter engaged by the Company in connection with such offering to sign an agreement restricting the sale or other transfer of Shares, then it will promptly sign such agreement and will not transfer, whether in privately negotiated transactions or to the public in open market transactions or otherwise, any Shares or other securities of the Company held by him or her during such period as is determined by the Company and the underwriters, not to exceed 90 days following the closing of the offering, plus such additional period of time as may be required to comply with Marketplace Rule 2711 of the National Association of Securities Dealers, Inc. or similar rules thereto (such period, the "Lock-Up Period"). Such agreement shall be in writing and in form and substance reasonably satisfactory to the Company and such underwriter and pursuant to customary and prevailing terms and conditions. Notwithstanding whether the Participant has signed such an agreement, the Company may impose stop-transfer instructions with respect to the Shares or other securities of the Company subject to the foregoing restrictions until the end of the Lock-Up Period.

12.2 The Participant acknowledges and agrees that neither the Company, its shareholders nor its directors and officers, has any duty or obligation to disclose to the Participant any material information regarding the business of the Company or affecting the value of the Shares before, at the time of, or following a termination of the employment of the Participant by the Company, including, without limitation, any information concerning plans for

the Company to make a public offering of its securities or to be acquired by or merged with or into another firm or entity.

13. NO OBLIGATION TO MAINTAIN RELATIONSHIP.

The Company is not by the Plan or this Option obligated to continue the Participant as an Employee or director of, or consultant to, the Company or an Affiliate. The Participant acknowledges: (i) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (ii) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (iii) that all determinations with respect to any such future grants, including, but not limited to, the times when options shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of the Company; (iv) that the Participant's participation in the Plan is voluntary; (v) that the value of the Option is an extraordinary item of compensation which is outside the scope of the Participant's employment contract, if any; and (vi) that the Option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments.

14. NOTICES.

Any notices to the Company required or permitted by the terms of this Option Agreement or the Plan shall be given by recognized courier service, facsimile, registered or certified mail, return receipt requested, addressed as follows:

If to the Company:

ImmunoGen, Inc.
Attn: Finance
830 Winter Street
Waltham, MA 02451

or to such other address or addresses of which notice in the same manner has previously been given. Any such notice shall be deemed to have been given upon the earlier of receipt, one business day following delivery to a recognized courier service or three business days following mailing by registered or certified mail.

15. GOVERNING LAW.

This Option Agreement shall be construed and enforced in accordance with the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

16. BENEFIT OF AGREEMENT.

Subject to the provisions of the Plan and the other provisions hereof, this Option Agreement shall be for the benefit of and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

17. ENTIRE AGREEMENT.

This Option Agreement, together with the Plan, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement not expressly set forth in this Option Agreement shall affect or be used to interpret, change or restrict, the express terms and provisions of this Option Agreement, provided, however, in any event, this Option Agreement shall be subject to and governed by the Plan.

18. MODIFICATIONS AND AMENDMENTS.

The terms and provisions of this Option Agreement may be modified or amended as provided in the Plan.

19. WAIVERS AND CONSENTS.

Except as provided in the Plan, the terms and provisions of this Option Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Option Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

20. DATA PRIVACY.

By accepting the Option, the Employee acknowledges that the processing of certain personal data by the Company and each Affiliate (and any agent of the Company or any Affiliate administering the Plan or providing Plan record keeping services) is necessary for the performance of contractual duties to the Employee under the Option in order to facilitate the grant of the Option and the issuance of Shares and the administration of the Plan. Any storage, transfer or processing of personal data shall be in accordance with applicable law and, where required, in accordance with any Company Privacy Notice made available to the Employee.

June 29, 2020
Susan Altschuller
45 Tennyson St
Somerville, MA 02145

Dear Susan:

I am delighted to offer you the full-time position of Senior Vice President and Chief Financial Officer at ImmunoGen, Inc. (“ImmunoGen” or the “Company”). This offer is contingent upon approval of the Board of Director’s Compensation Committee (“Compensation Committee”). The Compensation Committee will formally approve this offer once you have agreed to the terms in this letter.

Upon commencement of your employment, which shall be no later than July 20, 2020, you will initially be paid an annual salary of $400,000, paid bi-weekly, less applicable federal, state and/or local payroll and withholding taxes. In addition to your annual base salary, subject to the terms of this letter, ImmunoGen will pay you a sign-on bonus in the amount of $150,000 (the “Sign-On Bonus”), which will be paid to you in conjunction with the first pay period of your employment.

In addition, you will be eligible for a discretionary annual bonus of up to 35% of your annual salary. Your bonus for the fiscal year ending December 31, 2020 will be pro-rated from your hire date. Bonuses are at the discretion of the Board of Directors, and are based on Company and individual performance.

Also in consideration of your employment by the Company, we will grant you a stock option award covering 300,000 shares of our common stock under the Company's 2019 Inducement Equity Incentive Plan. Twenty five percent (25%) of the covered shares will vest on the one-year anniversary of the grant date, and thereafter with respect to an additional 6.25% of the covered shares on each succeeding quarterly anniversary of the grant date. The per share strike price for the option award will be the closing market price of our shares as reported on NASDAQ on the grant date.

You will also be eligible to receive 165,500 shares of performance-based stock options under ImmunoGen’s 2019 Inducement Equity Incentive Plan. Terms and conditions for the vesting of various tranches of such performance-based stock options are directed to the achievement of corporate objectives for the acceptance of a BLA by the FDA based on our SORAYA clinical trial by December 31, 2021, accelerated marketing approval for mirvetuximab soravtansine by December 31, 2022, the acceptance of a BLA for mirvetuximab soravtansine by the FDA based on our MIRASOL clinical trial, and receipt of a full marketing approval for mirvetuximab soravtansine by December 31, 2023.

In addition, beginning in 2021, you can expect to receive an equity award grant under the 2018 Employee, Director and Consultant Equity Incentive Plan (or any successor plan) that is similar to those granted to other senior executives of comparable status, subject to variation based on individual performance. This grant is subject to the approval of the Compensation Committee, and will be made in conjunction with the Company’s annual equity awards to employees generally in February or March of each year. Under current practice, these awards would vest on a four-year schedule from the grant date similar to your new-hire award.

As an executive officer, you will be eligible for a severance arrangement that, under certain circumstances, will provide you with benefits in the event of a change of control of the Company. The terms of the severance arrangement are set forth in the Change in Control Severance Agreement (the "Change in Control Severance Agreement") accompanying this letter. You will also be eligible to participate in the Company's Severance Pay Plan for Vice Presidents and Higher ("Severance Pay Plan") that, under certain circumstances, will provide you with benefits in connection with a termination of your employment, other than for cause and outside the context of a change in control of the Company. The terms of the Change in Control Severance Agreement and Severance Pay Plan will govern the provision of these benefits.

You will also be entitled to participate in the Company's benefit plans to the same extent as, and subject to the same terms, conditions and limitations as are generally applicable to, full-time employees of ImmunoGen of similar rank and tenure. These benefits currently include paid time off, life, health, dental and disability insurance. With respect to your annual paid vacation allotment, you will immediately be eligible to accrue vacation time on a monthly basis, up to a total of 25 days of paid vacation per year, of which 5 days can be rolled over from year to year. For a more detailed understanding of the benefits and the eligibility requirements, please consult the summary plan descriptions for the applicable programs, which will be made available to you upon request. Please note that your compensation and or benefits may be modified in any way, at any time, by ImmunoGen at its sole discretion, with or without prior notice.

Your duties as an employee of the Company shall be as determined by me in consultation with you. You agree to devote your best efforts during all business time to the performance of such responsibilities and agree that you will not perform any professional work outside your work for the Company without pre-approval from the Company.

ImmunoGen is required by the Immigration and Naturalization Service to verify that each employee is eligible to work in the United States. To that end, a list of acceptable forms of identification is attached. Please bring with you one item on List A, or a combination of one item on List B and List C. This offer is contingent upon your being able to establish that you are legally authorized to work in the United States.

In addition, your offer of employment is contingent upon the successful completion of a background and reference check. ImmunoGen will conduct these checks prior to your employment or, if we are unable to complete the background check or reference checks because of issues related to COVID-19 (e.g., court or business closures), ImmunoGen may conduct these checks during the course of your employment. Please complete the enclosed authorization and other required forms related to these checks.

While we anticipate that our relationship will be long and mutually rewarding, your employment will be at will, terminable by either you or the Company at any time. If, within 12 months of your hire date, you terminate your employment with the Company (other than by reason of death or disability), or the Company terminates your employment for cause, you agree to reimburse ImmunoGen the full amount of your Sign-On Bonus within 30 days of your termination date.

On your first day of employment, you will be required to sign our Proprietary Information and Inventions Agreement, the Change In Control Severance Agreement, and an acknowledgement that you agree to be bound by the Company's Insider Trading Policy. Copies of each accompany this letter. You are also asked to acknowledge and agree that your employment by the Company will not violate any agreement which you may have with any third party. Please acknowledge your understanding and agreement with the employment terms set forth in this letter by signing below. This offer will expire on July 1, 2020.

immunogen

830 Winter Street
Waltham, MA 02451

I look forward to a long and productive relationship with you.

Sincerely,

/s/ Mark J. Enyedy

Mark J. Enyedy
President and Chief Executive Officer

Acknowledged and Agreed to:

/s/ Susan Altschuller 6/30/20

Susan Altschuller Date

immunogen

830 Winter Street
Waltham, MA 02451

CHANGE IN CONTROL SEVERANCE AGREEMENT

This Agreement is entered into as of the 20th day of July, 2020 (the "***Effective Date***") by and between ImmunoGen, Inc., a Massachusetts corporation (the "***Company***"), and Susan Altschuller (the "***Executive***").

WHEREAS, the Company recognizes that the Executive's service to the Company is very important to the future success of the Company;

WHEREAS, the Executive desires to enter into this Agreement to provide the Executive with certain financial protection in the event that her employment terminates under certain conditions following a change in control of the Company; and

WHEREAS the Board of Directors of the Company (the "***Board***") has determined that it is in the best interests of the Company to enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Definitions.

(a) Cause. For purposes of this Agreement, "***Cause***" shall mean that the Executive has (i) willfully committed an act or omission that materially harms the Company; (ii) been grossly negligent in the performance of the Executive's duties to the Company; (iii) willfully failed or refused to follow the lawful and proper directives of the Board; (iv) been convicted of, or pleaded guilty or *nolo contendere*, to a felony; (v) committed an act involving moral turpitude that is or is reasonably expected to be injurious to the Company or its reputation; (vi) committed an act relating to the Executive's employment or the Company involving, in the good faith judgment of the Board, material fraud or theft; (vii) breached any material provision of this Agreement or any nondisclosure or non-competition agreement between the Executive and the Company, as all of the foregoing may be amended prospectively from time to time; or (viii) breached a material provision of any code of conduct or ethics policy in effect at the Company, as all of the foregoing may be amended prospectively from time to time.

(b) Change in Control. For purposes of this Agreement, a "***Change in Control***" shall mean the occurrence of any of the following events:

(i) Ownership. Any "Person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates (as defined in the Company's 2016 Employee, Director and Consultant Equity Incentive Plan) or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board does not approve; or

(ii) Merger/Sale of Assets. (A) A merger or consolidation of the Company whether or not approved by the Board, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the stockholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) Change in Board Composition. A change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of December 10, 2016, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company).

(c) Disability. For purposes of this Agreement, "***Disability***" shall mean that the Executive (i) is unable to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, or (ii) is receiving income replacement benefits for a period of at least three (3) months under a Company-sponsored disability plan because of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months. Whether the Executive has a Disability will be determined by a majority of the Board based on evidence provided by one or more physicians selected by the Board and approved by the Executive, which approval shall not be unreasonably withheld. In any case, if a disability is determined to trigger the payment of any "deferred compensation" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), disability shall be determined in accordance with Section 409A of the Code.

(d) Good Reason. For purposes of this Agreement, "***Good Reason***" shall mean the occurrence of one or more of the following without the Executive's consent: (i) a change in the principal location at which the Executive performs her duties for the Company to a new location that is at least a forty (40) mile longer commute for the Executive from the prior work location; (ii) a material change in the Executive's authority, functions, duties or responsibilities as an executive of the Company, which would cause her position with the Company to become of less responsibility, importance or scope than her highest position with the Company at any time from the date of this Agreement to immediately prior to the Change in Control, provided, however, that such material change is not in connection with the termination of the Executive's employment by the Company for Cause or death or Disability and further provided that it shall not be considered a material change if the Company becomes a subsidiary of another entity and the Executive continues to hold a position in the subsidiary that is at least as high (in both title and scope of responsibilities) as the highest position she held with the Company at any time from

the date of this Agreement to immediately prior to the Change in Control; (iii) a material reduction in the Executive's annual base salary; or (iv) a material reduction in the Executive's target annual bonus as compared to the target annual bonus set for the previous fiscal year.

For purposes of any determination regarding the existence of Good Reason, any claim by the Executive that Good Reason exists shall be presumed to be correct unless the Company establishes by clear and convincing evidence that Good Reason does not exist.

2. Term of Agreement. The term of this Agreement (the "***Term***") shall commence on the Effective Date and shall continue in effect for two (2) years; provided, however, that commencing on the second anniversary of the Effective Date and continuing each anniversary thereafter, the Term shall automatically be extended for one (1) additional year unless, not later than nine (9) months before the conclusion of the Term, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire on the last day of the twelfth (12^{th}) month following the month in which such Change in Control occurred. Notice of termination or termination of this Agreement shall not constitute Cause or Good Reason (both terms as defined above).

3. Termination; Notice; Severance Compensation.

(a) In the event that within a period of two (2) months before or twelve (12) months following the consummation of a Change in Control (such period, the "***Change in Control Period***") the Company elects to terminate the Executive's employment other than for Cause (but not including termination due to the Executive's Disability), then the Company shall give the Executive no less than sixty (60) days advance notice of such termination (the "***Company's Notice Period***"); provided that the Company may elect to require the Executive to cease performing work for the Company so long as the Company continues the Executive's full salary and benefits during the Company's Notice Period.

(b) In the event that during the Change in Control Period, the Executive elects to terminate her employment for Good Reason, then the Executive shall give the Company no less than thirty (30) days and no more than sixty (60) days advance notice of such termination (the "***Executive's Notice Period***") by indicating the specific termination provision in this Agreement relied upon and setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated (the "***Executive's Termination Notice***"); provided that the Company may elect to require the Executive to cease performing work for the Company so long as the Company continues the Executive's full salary and benefits during the Executive's Notice Period. In order to effect a termination for Good Reason pursuant to this Agreement, the Executive must give the Executive's Termination Notice not later than ninety (90) days following the occurrence of the Good Reason. The Company shall have the opportunity to cure the Good Reason condition within thirty (30) days following receipt of the Executive's Termination Notice, provided that if the Company has not notified the Executive in writing of its intention to cure the Good Reason Condition within ten (10) days following receipt of the Executive's Termination Notice, the Company shall be deemed to have irrevocably elected not to cure the Good Reason condition. If the Company elects not to cure the Good Reason condition, or has failed to cure the Good

Reason condition within the applicable thirty (30)-day period, the Executive must separate from service no later than nine (9) months following initial occurrence of the Good Reason condition. If, within ten (10) days following the earlier of (i) the Company's election not to cure the Good Reason condition, or (ii) expiration of the thirty (30)-day cure period, either (A) the Company notifies the Executive in writing that it disputes whether the Executive has given the Executive's Termination Notice in good faith and established Good Reason to quit, or (B) the Executive notifies the Company in writing that the Company has failed to cure the Good Reason condition, then the Executive's termination date (the "***Termination Date***") shall be extended until the sooner of (x) the resolution of the dispute by mutual agreement of the parties, or (y) final order, decree or judgment of an arbitrator (which the parties agree is not appealable), during which time (1) the Executive shall not be required to perform work for the Company, and (2) the Company shall continue to pay the Executive's full salary in effect immediately prior to the Executive giving the Executive's Termination Notice (or, if higher, immediately prior to the change in control), and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the Executive's Termination Notice was given; provided that the amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

(c) In the event that during the Change in Control Period the Executive's employment with the Company is terminated by the Company other than for Cause (but not including termination due to the Executive's death or Disability), or by the Executive for Good Reason, then, contingent upon the Executive's execution of a release of claims against the Company in substantially the form attached hereto as Exhibit A (the "***Release***") the Executive shall be entitled to, in addition to any amounts due to the Executive for services rendered prior to the termination date:

(i) a lump sum payment from the Company in an amount equal to one and one-half (1.5) times the sum of the Executive's Annual Salary and the Executive's target annual bonus for the fiscal year in which the termination occurs (without giving effect to any event or circumstance constituting Good Reason) at one hundred percent (100%) of such target annual bonus, which shall be paid on the sixtieth (60th) day following the Executive's Termination Date, provided that the Release is executed and effective by then or the Executive shall forfeit the payment of such amount;

(ii) all outstanding options, restricted stock and other similar rights held by the Executive, which shall become one hundred percent (100%) vested on the sixtieth (60th) day following the Executive's Termination Date, provided that the Release is executed and effective by then or the Executive shall forfeit the vesting;

(iii) provided Executive elects continuation of medical insurance coverage for the Executive and/or the Executive's family subject to and in accordance with the Consolidated Omnibus Budget Reconciliation Act ("***COBRA***"), the Company will subsidize the Executive's COBRA premium at the same percentage as it subsidized health insurance premiums for the Executive immediately prior to the Executive's Termination Date (or, if more favorable to the Executive,

immediately prior to the consummation of the Change in Control) (the "***COBRA Premium Subsidy***") for a period of up to eighteen (18) months from the Executive's Termination Date; provided that the Company shall have no obligation to provide the COBRA Premium Subsidy after the date the Executive becomes eligible for medical coverage with another employer or becomes entitled to Medicare, notice of which the Executive shall provide to the Company within five (5) business days of the eligibility event. If the Company determines that the COBRA Premium Subsidy is taxable income to the Executive, the income will be reported on Form W-2 as imputed income; and

(iv) the Company shall pay the cost of providing the Executive with outplacement services up to a maximum of $40,000, provided that (A) the Executive begins to use such services within six (6) months following the Executive's Termination Date, and (B) such services are provided by an outplacement services provider approved by the Company (which approval shall not be unreasonably withheld, conditioned or delayed). Such payment shall be made by the Company directly to the service provider promptly following the presentation to the Company of documentation of the enrollment by the Executive with the provider of outplacement services and the service provider's invoice for such services. In no event will the Executive be entitled to receive the cash value of the outplacement services in lieu of the outplacement services.

For purposes of this Agreement, "***Annual Salary***" shall mean the Executive's annual base salary then in effect or, if higher, in effect at the time of the Change in Control, excluding reimbursements and amounts attributable to stock options and other non-cash compensation; and the "***Severance Compensation***" shall mean the compensation set forth in (i), (ii), (iii), and (iv) above.

(d) If any of the benefits set forth in this Agreement are deferred compensation as defined in Section 409A of the Code, any termination of employment triggering payment of such benefits must constitute a "separation from service" under Section 409A of the Code before, subject to subsection (e) below, a distribution of such benefits can commence. For purposes of clarification, this Section shall not cause any forfeiture of benefits on the part of the Executive, but shall only act as a delay until such time as a "separation from service" occurs. In addition, the Company Notice Period and the Executive Notice Period shall be interpreted and administered in accordance with Section 409A of the Code and the "separation from service" rules thereunder. In particular, if a waiver of the Company Notice Period or the Executive Notice Period triggers a "separation from service," such waiver shall constitute a termination and any amounts due to the Executive over the remaining portion of the applicable notice period shall be deemed additional severance under Section 3(c)(ii) of this Agreement and paid accordingly. In addition, any applicable notice or release periods and dates of payment shall be adjusted accordingly.

(e) Notwithstanding any other provision with respect to the timing of payments, if, at the time of the Executive's termination, the Executive is deemed to be a "specified employee" (within the meaning of Code Section 409A, and any successor statute, regulation and guidance thereto) of the Company, then solely to the extent necessary to comply with the requirements of Code Section 409A, any payments to which the Executive may become entitled under this

Agreement which are subject to Code Section 409A (and not otherwise exempt from its application) will be withheld until the first (1st) business day of the seventh (7th) month following the termination of the Executive's employment, at which time the Executive shall be paid an aggregate amount equal to the accumulated, but unpaid, payments otherwise due to the Executive under the terms of this Agreement.

(f) Notwithstanding any other provision of this Agreement to the contrary, to the extent any payment contemplated hereunder is subject to the Executive's execution of the Release, the Release must be executed no later than ninety (90) days following the Termination Date. If this 90-day period starts in one tax year and ends in the next, then the payments may not commence until the later of the end of the Release revocation period or the first day of that next tax year.

(g) If any payment or benefit the Executive would receive under this Agreement, when combined with any other payment or benefit the Executive receives pursuant to a Change in Control ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Code Section 280G, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be either (x) the full amount of such Payment or (y) such less amount as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state, and local employments taxes, income taxes, and the Excise Tax results in the Executive's receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. The Company shall, in a manner compliant with Code Section 409A, determine in good faith which payment(s) or benefit(s) to reduce based on what provides the best economic result for the Executive. The Company shall provide the Executive with sufficient information to support its determination and to allow the Executive to file and pay any required taxes.

4. No Duplication of Compensation. The Severance Compensation shall replace, and be provided in lieu of, any severance or similar compensation, excepting payment during the resolution of a dispute regarding Good Reason as provided in Section 3(b), that may be provided to the Executive under any other agreement or arrangement in relation to termination of employment; provided, however, that this prohibition against duplication shall not be construed to otherwise limit the Executive's rights to payments or benefits provided under any pension plan (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended), deferred compensation, stock, stock option or similar plan sponsored by the Company. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which may have been made by either party.

5. No Mitigation. If the Executive's employment with the Company terminates following a Change in Control, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 3 or Section 14. Except as set forth in Section 4, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer (with the exception of the COBRA Premium Subsidy, which shall terminate when the Executive becomes eligible for medical insurance through

another employer or the Executive becomes entitled to Medicare), by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

6. Confidentiality, Non-Competition, and Assignment of Inventions. The Company's obligations under this Agreement are contingent upon the Executive's execution of the Company's Proprietary Information, Inventions, and Competition Agreement (the "***Proprietary Information Agreement***"). The parties agree that the obligations set forth in the Proprietary Information Agreement shall survive termination of this Agreement and termination of the Executive's employment, regardless of the reason for such termination.

7. Enforceability. If any provision of this Agreement shall be deemed invalid or unenforceable as written, this Agreement shall be construed, to the greatest extent possible, or modified, to the extent allowable by law, in a manner which shall render it valid and enforceable. No invalidity or unenforceability of any provision contained herein shall affect any other portion of this Agreement.

8. Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notices to the Executive shall be sent to the last known address in the Company's records or such other address as the Executive may specify in writing. Notices to the Company shall be sent to the Company's Chairman of the Board (or if the Chairman of the Board is also the CEO, to the Company's Lead Director), or to such other Company representative as the Company may specify in writing.

9. Claims for Benefits. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied. In no event shall the Board's claims or appeals determination be given any deference or weight in any subsequent legal proceeding.

Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, paid for by the Company, in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply; and further provided that the parties agree that the binding arbitration protocol shall be structured such that a decision will issue not later than ninety (90) days following notice in the event of a dispute concerning Good Reason pursuant to Section 3(b). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding any provision of this Agreement to the contrary, the Executive shall be entitled to seek specific performance of the Executive's right to

be paid until the Termination Date during the pendency of any dispute or controversy arising under of in connection with this Agreement.

10. Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the Company and the Executive. The Company and the Executive agree that they will jointly execute an amendment to modify this Agreement to the extent necessary to comply with or be exempt from the requirements of Code Section 409A, or any successor statute, regulation and guidance thereto; provided that no such amendment shall increase the total financial obligation of the Company under this Agreement.

11. Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by a written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

12. Binding Effect; Assignment. The Agreement will be binding upon and inure to the benefit of (a) the heirs, executors and legal representatives of the Executive upon the Executive's death and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of the Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to the Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance or other disposition of the Executive's right to compensation or other benefits will be null and void.

13. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

14. Attorneys' Fees. The Company shall pay to the Executive all legal fees and expenses incurred by the Executive in disputing in good faith any issue hereunder relating to the termination of the Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

15. Withholding. The Company is authorized to withhold, or to cause to be withheld, from any payment or benefit under the Agreement the full amount of any applicable withholding taxes.

16. Tax Consequences. The Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement.

17. Acknowledgment. The Executive acknowledges that she has had the opportunity to discuss this matter with and obtain advice from her private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of the Agreement, and is knowingly and voluntarily entering into the Agreement.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Section 409A. The parties hereto intend that the payments and benefits provided by this Agreement shall be exempt to the maximum extent from the requirements of Code Section 409A and related regulations and Treasury pronouncements, and this Agreement shall be interpreted accordingly. To the extent subject to Code Section 409A, the Agreement shall be interpreted to comply with such requirements. Each separately identified payment or benefit hereunder shall be deemed to be a separately determinable payment for purposes of Code Section 409A, and each payment to be made in installments shall be deemed a series of separate payments. If any provision provided herein could result in the imposition of an additional tax under the provisions of Code Section 409A, the Executive and the Company agree that such provision will be reformed to avoid imposition of any such additional tax in the manner that the Executive and the Company mutually agree is appropriate to comply with or be exempt from Code Section 409A.

20. Reimbursements. To the extent there are any reimbursements of expenses under this Agreement including, without limitation, under Section 14 hereof, payments with respect to such reimbursements shall be made no later than on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year and any such reimbursements may not be exchanged or liquidated for any other benefit or payment.

[Signature Page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Change in Control Severance Agreement as of the day and year first above written.

COMPANY:

IMMUNOGEN, INC.

/s/ Mark J. Enyedy
Name: Mark J. Enyedy
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Susan Altschuller
Name: Susan Altschuller

Exhibit A

GENERAL RELEASE

1. General Release. In consideration of the payments and benefits to be made under that certain Change in Control Severance Agreement, dated February 25, 2019 (the "***Agreement***"), Susan Altschuller (the "***Executive***"), with the intention of binding the Executive and the Executive's heirs, executors, administrators and assigns, does hereby release, remise, acquit and forever discharge ImmunoGen, Inc. (the "***Company***") and each of its subsidiaries and affiliates (collectively, the "***Company Affiliated Group***"), their present and former officers, directors, executives, agents, insurers, attorneys, employees, and employee benefits plans (and the fiduciaries thereof), and the successors, predecessors, and assigns of each of the foregoing (collectively with the Company Affiliated Group, the "***Company Released Parties***"), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys' fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected which the Executive, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, against any Company Released Party in any capacity, including, without limitation, any and all claims (i) arising out of or in any way connected with the Executive's service to any member of the Company Affiliated Group (or the predecessors thereof) in any capacity, or the termination of such service in any such capacity, (ii) for severance or vacation benefits, unpaid wages, rights in or for equity based awards, salary or incentive payments, (iii) for breach of contract, wrongful discharge, impairment of economic opportunity, defamation, intentional infliction of emotional harm or other tort and (iv) for any violation of applicable state and local labor and employment laws (including, without limitation, all laws concerning unlawful and unfair labor and employment practices), any and all claims based on the Employee Retirement Income Security Act of 1974 ("***ERISA***"), any and all claims arising under the civil rights laws of any federal, state or local jurisdiction, including, without limitation, Title VII of the Civil Rights Act of 1964 ("***Title VII***"), the Age Discrimination in Employment Act ("***ADEA***"), the Americans with Disabilities Act ("***ADA***"), Sections 503 and 504 of the Rehabilitation Act the Family and Medical Leave Act, the Massachusetts Fair Employment Practices Act, the Massachusetts Payment of Wages Law, An Act Relative to Domestic Violence, and any and all claims under any whistleblower laws or whistleblower provisions of other laws.

2. No Admissions. The Executive acknowledges and agrees that this General Release is not to be construed in any way as an admission of any liability whatsoever by any Company Released Party, any such liability being expressly denied.

3. Application to all Forms of Relief. This General Release applies to any relief no matter how called, including, without limitation, wages, back pay, front pay, compensatory damages, liquidated damages, punitive damages for pain or suffering, costs and attorney's fees and expenses.

4. Specific Waiver. The Executive specifically acknowledges that her acceptance of the terms of this General Release is, among other things, a specific waiver of her rights, claims and causes of action under Title VII, ADEA, ADA, the Massachusetts Fair Employment Practices Act and any state or local law or regulation in respect of discrimination of any kind; provided, however, that nothing herein shall be deemed, nor does anything herein purport, to be a waiver of any right or claim or cause of action which by law the Executive is not permitted to waive.

The Executive expressly agrees and understands that the release of claims contained herein is a ***General Release*** and that any references to specific claims arising out of or in connection with the Executive's employment or termination are not intended to limit the release of claims. The Executive expressly agrees and understands that this ***General Release*** means that the Executive is releasing, remising and discharging the Released Parties from and with respect to all claims, whether known or unknown, asserted or unasserted, and whether or not the claims arise out of or in connection with the Executive's employment or termination, or otherwise, to the extent permitted by law.

5. No Complaints or Other Claims. The Executive acknowledges and agrees that she has not, with respect to any transaction or state of facts existing prior to the date hereof, filed any complaints, charges or lawsuits against any Company Released Party with any governmental agency, court or tribunal. This General Release does not: (i) prohibit or restrict Executive from communicating, providing relevant information to or otherwise cooperating with the U.S. Equal Employment Opportunity Commission or any other governmental authority with responsibility for the administration of fair employment practices laws regarding a possible violation of such laws or responding to any inquiry from such authority, including an inquiry about the existence of this General Release or its underlying facts, or (ii) require Executive to notify the Company of such communications or inquiry.

6. Conditions of General Release.

(a) Terms and Conditions. From and after the date of termination of employment, the Executive shall abide by all the terms and conditions of this General Release and the terms and any conditions set forth in any employment or confidentiality agreements signed by the Executive, which is incorporated herein by reference.

(b) Confidentiality. The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or any legal process, or as is necessary in connection with any adversarial proceeding against any member of the Company Affiliated Group (in which case the Executive shall cooperate with the Company in obtaining a protective order at the Company's expense against disclosure by a court of competent jurisdiction), communicate, to anyone other than the Company and those designated by the Company or on behalf of the Company in the furtherance of its business, any trade secrets, confidential information, knowledge or data relating to any member of the Company Affiliated Group, obtained by the Executive during the Executive's employment by the Company that is not generally available public knowledge (other than acts by the Executive in violation of this General Release). This confidentiality obligation is in addition to, and not in lieu of, any other

contractual, statutory and common law confidentiality obligation of the Executive to the Company.

(c) Return of Company Material. The Executive represents that she has returned to the Company all Company Material (as defined below). For purposes of this Section 6(c), "***Company Material***" means any documents, files and other property and information of any kind belonging or relating to (i) any member of the Company Affiliated Group, (ii) the current and former suppliers, creditors, directors, officers, employees, agents and customers of any of them or (iii) the businesses, products, services and operations (including without limitation, business, financial and accounting practices) of any of them, in each case whether tangible or intangible (including, without limitation, credit cards, building and office access cards, keys, computer equipment, cellular telephones, pagers, electronic devices, hardware, manuals, files, documents, records, software, customer data, research, financial data and information, memoranda, surveys, correspondence, statistics and payroll and other employee data, and any copies, compilations, extracts, excerpts, summaries and other notes thereof or relating thereto), excluding only information (x) that is generally available public knowledge or (y) that relates to the Executive's compensation or Executive benefits.

(d) Cooperation. Following the date of termination of employment, the Executive shall reasonably cooperate with the Company upon reasonable request of the Board of Directors and be reasonably available to the Company with respect to matters arising out of the Executive's services to the Company Affiliated Group.

(e) Nondisparagement. The Executive acknowledges and agrees that, following execution of this General Release, she shall not make any statements that are professionally or personally disparaging about or adverse to the interests of any Company Released Party, including, but not limited to, any statements that disparage in any way whatsoever the Company’s products, services, businesses, finances, financial condition, capabilities or other characteristics.

(f) Ownership of Inventions, Non-Disclosure, Non-Competition and Non-Solicitation. The Executive expressly acknowledges and agrees that the Proprietary Information, Inventions, and Competition Agreement executed by him is incorporated herein by reference, and shall survive the execution of this General Release in full force and effect pursuant to its terms.

(g) No Representation. The Executive acknowledges that, other than as set forth in this General Release and the Agreement, (i) no promises have been made to him and (ii) in signing this General Release the Executive is not relying upon any statement or representation made by or on behalf of any Company Released Party and each or any of them concerning the merits of any claims or the nature, amount, extent or duration of any damages relating to any claims or the amount of any money, benefits, or compensation due the Executive or claimed by the Executive, or concerning the General Release or concerning any other thing or matter.

(h) Injunctive Relief. In the event of a breach or threatened breach by the Executive of this Section 6, the Executive agrees that the Company shall be entitled to injunctive

relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate or insufficient.

7. Voluntariness. The Executive agrees that she is relying solely upon her own judgment; that the Executive is over eighteen years of age and is legally competent to sign this General Release; that the Executive is signing this General Release of her own free will; that the Executive has read and understood the General Release before signing it; and that the Executive is signing this General Release in exchange for consideration that she believes is satisfactory and adequate.

8. Legal Counsel. The Executive acknowledges that she has been informed of the right to consult with legal counsel and has been encouraged to do so.

9. Complete Agreement/Severability. Other than the agreements and/or obligations specifically referenced as surviving herein, this General Release constitutes the complete and final agreement between the parties and supersedes and replaces all prior or contemporaneous agreements, negotiations, or discussions relating to the subject matter of this General Release. All provisions and portions of this General Release are severable. If any provision or portion of this General Release or the application of any provision or portion of the General Release shall be determined to be invalid or unenforceable to any extent or for any reason, all other provisions and portions of this General Release shall remain in full force and shall continue to be enforceable to the fullest and greatest extent permitted by law.

10. Acceptance. The Executive acknowledges that she has been given a period of twenty-one (21) days within which to consider this General Release, unless applicable law requires a longer period, in which case the Executive shall be advised of such longer period and such longer period shall apply. The Executive may accept this General Release at any time within this period of time by signing the General Release and returning it to the Company.

11. Revocability. This General Release shall not become effective or enforceable until seven (7) calendar days after the Executive signs it. The Executive may revoke her acceptance of this General Release at any time within that seven (7) calendar day period by sending written notice to the Company. Such notice must be received by the Company within the seven (7) calendar day period in order to be effective and, if so received, would void this General Release for all purposes.

12. Governing Law. Except for issues or matters as to which federal law is applicable, this General Release shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts without giving effect to the conflicts of law principles thereof.

[Signature page follows]

IN WITNESS WHEREOF, the Executive has executed this General Release as of the date last set forth below.

EXECUTIVE

_____ Date: _____

Name: Susan Altschuller

EXHIBIT 31.1

CERTIFICATIONS

I, Mark Enyedy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/s/ Mark J. Enyedy
Mark J. Enyedy
President, Chief Executive Officer (Principal Executive Officer and Principal Financial Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Susan Altschuller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/s/ Susan Altschuller Ph.D.
Susan Altschuller Ph.D.
Senior Vice-President, , Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of ImmunoGen, Inc., a Massachusetts corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the period ended June 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2020

/s/ MARK J. ENYEDY
Mark J. Enyedy
President, Chief Executive Officer
(Principal Executive Officer)

Dated: August 5, 2020

/s/ SUSAN ALTSCHULLER Ph.D.
Susan Altschuller Ph.D.
Senior Vice-President, Chief Financial Officer
(Principal Financial Officer)