UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

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.
(Exact name of registrant as specified in its charter)

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

333 Providence Highway
Norwood, MA 02062
(Address of principal executive offices, including zip code)

(781) 769-4242
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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 [x] No [ ]

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

At May 12, 1998 there were 25,359,750 shares of common stock, par value $.01 per share, of the registrant outstanding.

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IMMUNOGEN, INC.

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IMMUNOGEN, INC.
CONSOLIDATED BALANCE SHEETS
As of June 30, 1997 and March 31, 1998

	June 30, 1997	March 31, 1998
ASSETS		
Cash and cash equivalents	$ 1,669,050	$ 2,270,966
Due from related party	--	843,000
Prepaids and other current assets	578,497	654,405
Total current assets	2,247,547	3,768,371
Property and equipment, net of accumulated depreciation	2,929,733	2,044,780
Note receivable	1,128,910	596,474
Other assets	43,700	43,700
Total assets	$ 6,349,890	$ 6,453,325
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	612,559	560,520
Accrued compensation	248,472	145,502
Other current accrued liabilities	841,238	537,909
Current portion of capital lease obligations	37,068	--
Current portion of deferred lease	89,160	52,756
Total current liabilities	1,828,497	1,296,687
Deferred lease	59,436	48,364
Minority interest in consolidated subsidiary	--	26,080
Commitments		
Stockholders' equity:		
Preferred stock; $.01 par value; authorized 5,000,000 shares as of June 30, 1997 and March 31, 1998		
Convertible preferred stock, Series A, $.01 par value; issued and outstanding 1,100 as of June 30, 1997 (liquidation preference - stated value plus accrued but unpaid dividends per share)	11	--
Convertible preferred stock, Series C, $.01 par value; issued and outstanding 700 shares as of June 30, 1997 (liquidation preference - stated value plus accrued but unpaid dividends per share)	7	--
Convertible preferred stock, Series D, $.01 par value; issued and outstanding 1,000 shares as of June 30, 1997 (liquidation preference - stated value plus accrued but unpaid dividends per share)	10	--
Convertible preferred stock, Series E, $.01 par value; issued and outstanding 1,200 shares as of March 31, 1998	--	12
Common stock; $.01 par value; authorized 30,000,000 shares and 50,000,000 shares as of June 30, 1997 and March 31, 1998, respectively; issued and outstanding 21,779,767 shares and 25,359,750 shares as of June 30, 1997 and March 31, 1998, respectively	217,797	253,597
Additional paid-in capital	144,753,538	151,924,297
	144,971,363	152,177,906
Accumulated deficit	(140,509,406)	(147,095,712)
Total stockholders' equity	4,461,957	5,082,194
Total liabilities and stockholders' equity	$ 6,349,890	$ 6,453,325

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months and nine months ended March 31, 1997 and 1998

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1997	1998	1997	1998
Revenues:				
Development fees	$ 64,487	$ 110,000	$ 217,719	$ 227,000
Interest	60,999	76,570	156,302	177,033
Licensing	4,573	502	11,145	2,041
Other	--	8,059	--	10,959
Total revenues	130,059	195,131	385,166	417,033
Expenses:				
Research and development	1,842,053	1,395,879	5,819,874	4,298,952
General and administrative	625,997	367,632	1,611,841	1,326,356
Purchase of incomplete research and development technology	--	871,930	--	871,930
Interest	3,513	666	76,237	3,635
Total expenses	2,471,563	2,636,107	7,507,952	6,500,873
Loss before income taxes and minority interest	(2,341,504)	(2,440,976)	(7,122,786)	(6,083,840)
Income tax expense	200	1,011	888	2,337
Net loss before minority interest	(2,341,704)	(2,441,987)	(7,123,674)	(6,086,177)
Minority interest in net loss of consolidated subsidiary	--	40,463	--	105,350
Net loss	(2,341,704)	(2,401,524)	(7,123,674)	(5,980,827)
Dividends on convertible preferred stock	1,829,226	193,599	3,000,985	605,479
Net loss to common shareholders	$ (4,170,930)	$ (2,595,123)	$(10,124,659)	$ (6,586,306)
Basic and diluted loss per common share	$ (0.23)	$ (0.10)	$ (0.58)	(0.28)
Shares used in computing basic and diluted loss per share amounts	18,068,402	24,938,749	17,309,973	23,826,759

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the year ended June 30,1997 and the nine months ended March 31, 1998

	Common Stock		
	Shares	Amount	Additional Paid-in Capital
Balance at June 30, 1996	16,599,855	$165,999	$ 128,525,884
Stock options exercised	54,644	545	87,310
Issuance of Common Stock	41,481	415	69,585
Conversion of Convertible Debentures into Common Stock	351,662	3,517	1,315,217
Exchange of Convertible Debentures for Series A Convertible Preferred stock	--	--	--
Issuance of Series B Convertible Preferred Stock			
Issuance of Series C Convertible Preferred Stock	--	--	--
Issuance of Series D Convertible Preferred Stock	--	--	--
Conversion of Series A Convertible Preferred Stock into Common Stock	1,328,744	13,287	2,766,405
Conversion of Series B Convertible Preferred Stock into Common Stock	1,384,823	13,848	3,539,221
Conversion of Series C Convertible Preferred Stock into Common Stock	2,018,558	20,186	2,956,928
Compensation for put right	--	--	--
Non-cash dividends on Convertible Preferred Stock	--	--	--
Net loss for the year ended June 30, 1997	--	--	--
Balance at June 30, 1997	21,779,767	$217,797	$ 139,260,550
Stock options exercised	54,500	545	48,505
Issuance of Common Stock in exchange for shares of subsidiary	475,425	4,754	867,176
Conversion of Series A Convertible Preferred Stock into Common Stock	1,347,491	13,475	2,209,764
Conversion of Series C Convertible Preferred Stock into Common Stock	701,180	7,012	1,126,815
Conversion of Series D Convertible Preferred Stock into Common Stock	1,001,387	10,014	1,303,287
Issuance of Series E Convertible Preferred Stock, net of financing costs	--	--	--
Value of Common Stock purchase warrants issued	--	--	580,056
Value ascribed to ImmunoGen Warrants issued to BioChem, net of financing costs	--	--	4,065,023
Non-cash dividends on Convertible Preferred Stock	--	--	--
Net loss for the nine months ended March 31, 1998	--	--	--
Balance at March 31, 1998	25,359,750	$253,597	$ 149,461,176

	Preferred Stock		
	Shares	Amount	Additional Paid-in Capital
Balance at June 30, 1996	--	$--	$ --
Stock options exercised	--	--	--
Issuance of Common Stock	--	--	--
Conversion of Convertible Debentures into Common Stock	--	--	--
Exchange of Convertible Debentures for Series A Convertible Preferred stock	2,500	25	4,749,586
Issuance of Series B Convertible Preferred Stock	3,000	30	3,486,342
Issuance of Series C Convertible Preferred Stock	3,000	30	4,720,003
Issuance of Series D Convertible Preferred Stock	1,000	10	1,287,092
Conversion of Series A Convertible Preferred Stock into Common Stock	(1,400)	(14)	(2,659,763)
Conversion of Series B Convertible Preferred Stock into Common Stock	(3,000)	(30)	(3,486,342)
Conversion of Series C Convertible Preferred Stock into Common Stock	(2,300)	(23)	(2,910,669)
Compensation for put right	--	--	306,739
Non-cash dividends on Convertible Preferred Stock	--	--	--
Net loss for the year ended June 30, 1997	--	--	--
Balance at June 30, 1997	2,800	$ 28	$ 5,492,988
Stock options exercised	--	--	--
Issuance of Common Stock in exchange for shares of subsidiary	--	--	--
Conversion of Series A Convertible Preferred Stock into Common Stock	(1,100)	(11)	(2,089,817)
Conversion of Series C Convertible Preferred Stock into Common Stock	(700)	(7)	(1,101,334)
Conversion of Series D Convertible Preferred Stock into Common Stock	(1,000)	(10)	(1,287,092)
Issuance of Series E Convertible Preferred Stock, net of financing costs	1,200	12	1,448,376
Value of Common Stock purchase warrants issued	--	--	--
Value ascribed to ImmunoGen Warrants issued to BioChem, net of financing costs	--	--	--
Non-cash dividends on Convertible Preferred Stock	--	--	--

Net loss for the nine months ended March 31, 1998	--	--	--
Balance at March 31, 1998	1,200	$ 12	$ 2,463,121

	Accumulated Deficit	Total Stockholders' Equity
Balance at June 30, 1996	$(127,914,500)	$ 777,383
Stock options exercised	--	87,855
Issuance of Common Stock	--	70,000
Conversion of Convertible Debentures into Common Stock	--	1,318,734
Exchange of Convertible Debentures for Series A Convertible Preferred stock	--	4,749,611
Issuance of Series B Convertible Preferred Stock	--	3,486,372
Issuance of Series C Convertible Preferred Stock	--	4,720,033
Issuance of Series D Convertible Preferred Stock	--	1,287,102
Conversion of Series A Convertible Preferred Stock into Common Stock	--	119,915
Conversion of Series B Convertible Preferred Stock into Common Stock	--	66,697
Conversion of Series C Convertible Preferred Stock into Common Stock	--	66,422
Compensation for put right	--	306,739
Non-cash dividends on Convertible Preferred Stock	(3,511,510)	(3,511,510)
Net loss for the year ended June 30, 1997	(9,083,396)	(9,083,396)
Balance at June 30, 1997	$(140,509,406)	$ 4,461,957
Stock options exercised	--	49,050
Issuance of Common Stock in exchange for shares of subsidiary	--	871,930
Conversion of Series A Convertible Preferred Stock into Common Stock	--	133,411
Conversion of Series C Convertible Preferred Stock into Common Stock	--	32,486
Conversion of Series D Convertible Preferred Stock into Common Stock	--	26,199
Issuance of Series E Convertible Preferred Stock, net of financing costs	--	1,448,388
Value of Common Stock purchase warrants issued	--	580,056
Value ascribed to ImmunoGen Warrants issued to BioChem, net of financing costs	--	4,065,023
Non-cash dividends on Convertible Preferred Stock	(605,479)	(605,479)
Net loss for the nine months ended March 31, 1998	(5,980,827)	(5,980,827)
Balance at March 31, 1998	$(147,095,712)	$ 5,082,194

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS For the nine months ended March 31, 1997 and 1998

	March 31,	
	1997	1998
Cash flows from operating activities:		
Net loss	$(10,124,659)	$(6,586,306)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	1,149,737	873,712
Purchase of incomplete research and development technology	--	871,930
Gain on sale of property and equipment	--	(10,959)
Loss on sale of property and equipment	2,934	--
Other	5,790	--
Accretion of interest on note receivable	(89,014)	(77,564)
Non-cash dividend on convertible preferred stock	3,000,985	605,479
Minority interest in net loss of consolidated subsidiary	--	(105,350)
Amortization of deferred lease	(44,579)	(47,476)
Changes in operating assets and liabilities:		
Other current assets	1,740	204,092
Accounts payable	(25,361)	(52,039)
Accrued compensation	(56,855)	(102,970)
Other accrued liabilities	(95,019)	(136,656)
Net cash used for operating activities	(6,274,301)	(4,564,107)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	17,183	22,200
Payment received on note receivable	--	330,000
Purchase of property and equipment	(4,458)	--
Net cash provided by investing activities	12,725	352,200
Cash flows from financing activities:		
Proceeds from issuance of ATI convertible preferred stock	--	3,538,000
Proceeds from convertible preferred stock	5,990,000	1,500,000
Stock issuances, net	87,855	49,050
Principal payments on capital lease obligations	(105,152)	(37,068)
Financing costs	(38,488)	(236,159)
Net cash provided by financing activities	5,934,215	4,813,823
Net change in cash and cash equivalents	(327,361)	601,916
Cash and cash equivalents, beginning balance	2,796,636	1,669,050
Cash and cash equivalents, ending balance	$ 2,469,275	$2,270,966
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 8,582	$ 3,635
Cash paid for income taxes	$ 1,197	$ 2,279
Supplemental disclosure of non-cash financing activities:		
Conversion of convertible debentures including accrued interest	$ 1,318,734	$ --
Conversion of convertible debentures to preferred stock	$ 2,500,000	$ --
Deferred lease of leasehold improvements	$ 215,465	$ --
Conversion of Series A Preferred Stock to Common Stock	$ --	$2,089,828
Conversion of Series C Preferred Stock to Common Stock	$ --	$1,101,341
Conversion of Series D Preferred Stock to Common Stock	$ --	$1,287,102
Due from related party for quarterly investment payment	$ --	$ 843,000
Minority interest	$ --	$ 131,430
Issuance of Common Stock in exchange for shares of subsidiary	$ --	$ 871,930

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

IMMUNOGEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. In the opinion of management, the accompanying financial statements include all adjustments, consisting of only normal recurring accruals, necessary to present fairly the consolidated financial position, results of operations and cash flows of ImmunoGen, Inc. (the "Company"), which include those of its wholly-owned subsidiary, ImmunoGen Securities Corp., and its 96.5%-owned subsidiary, Apoptosis Technology, Inc. ("ATI"). The financial disclosures herein should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended June 30, 1997.

The Company has been unprofitable since inception and expects to incur net losses over the next several years, assuming it is able to raise sufficient working capital to continue operations. From June 30, 1997 to March 31, 1998, the Company raised capital from the following sources: $4.381 million received or receivable by ATI from its collaborator, BioChem Pharma Inc., a Canadian biopharmaceutical company ("BioChem") (see footnote D); $375,000 received in October 1997 under a $750,000 grant from the Small Business Innovation Research Program of the National Cancer Institute to advance development over a two-year period of the Company's lead product candidate, huC242-DM1; and $1.5 million received from the sale of the Company's Series E Convertible Preferred Stock to an institutional investor in a $3.0 million transaction expected to be completed in one additional installment of $1.5 million on or before July 31, 1998 (see footnote E). The Company's cash resources remaining at March 31, 1998 were approximately $2.3 million, and an additional $843,000 was received in April 1998 by ATI from Biochem. The Company anticipates that these existing capital resources, coupled with the sale of the remaining Series E Stock, will enable the Company to maintain its current and planned operations through at least October 1998. The Company also continues its stringent cost control efforts.

The Company continues actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements. While the Company expects to consummate a financing transaction in the near term, no assurance can be given that such financing will be available to the Company on acceptable terms, if at all. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to further curtail or discontinue its operations.

B. In October 1996, the Company's $2.5 million debenture issued in June 1996 was converted into 2,500 shares of the Company's 9% Series A Convertible Preferred Stock, with a stated value of $1,000 per share (the "Series A Stock"). Holders of the Series A Stock were entitled to receive, when and as declared by the Board of Directors, cumulative dividends at a rate per share equal to 9% per annum in cash or, at the Company's option, in shares of the Company's Common Stock, $.01 par value per share ("Common Stock"), in arrears on the conversion date. The 2,500 shares of Series A Stock were convertible into the same number of shares of Common Stock as the $2.5 million debenture. Each share of Series A Stock was convertible into a number of shares of Common Stock determined by dividing the $1,000 stated value per share by the lesser of (i) 85% of the average of the closing bid prices for the Common Stock for the five consecutive trading days prior to the conversion date, and (ii) $2.50 (subject to certain adjustments). In addition, holders of the Series A Stock were entitled to receive, on conversion of the Series A Stock, a number of warrants equal to 50% of the number of shares of Common Stock issued on conversion. As of January 5, 1998, all 2,500 shares of Series A Stock and accumulated dividends thereon had been converted into 2,676,235 shares of Common Stock. In connection with those conversions, warrants to purchase 1,338,117 shares of Common Stock were issued. These warrants have an exercise price of $4 per share and expire at various dates during 2002 and 2003.

C. In October 1996, the Company entered into a financing agreement (the "October 1996 Private Placement") with an institutional investor under which the Company was granted the right to require the investor to purchase up to $12.0 million of convertible preferred stock from the Company in a series of private placements. Pursuant to the October 1996 Private Placement, the Company sold 3,000 shares of its 9% Series B Convertible Preferred Stock, with a stated value of $1,000 per share ("Series B Stock"). As of February 4, 1997, all 3,000 shares of Series B Stock plus accumulated dividends thereon had been converted into 1,384,823 shares of Common Stock. In connection with the issuance of the Series B Stock, warrants to purchase 500,000 shares of Common Stock were also issued. These warrants have a value of $618,900, which was accounted for as non-cash dividends to holders of Common Stock at the time of issuance of the Series B Stock. Of these 500,000 warrants, 250,000 warrants are exercisable at $5.49 per share and expire in October 2001. The remaining 250,000 warrants are exercisable at $3.68 per share and expire in January 2002.

In January 1997, the Company sold 3,000 shares of its 9% Series C Convertible Preferred Stock, with a stated value of $1,000 per share ("Series C Stock"), in connection with the October 1996 Private Placement. The Series C Stock was convertible into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $2.61 and (ii) 85% of the market price of the Common Stock at the time of conversion. As of September 30, 1997, all 3,000 shares of Series C Stock plus accumulated dividends thereon had been converted into 2,719,738 shares of Common Stock. In connection with the issuance of the Series C Stock, warrants to purchase 1,147,754 shares of Common Stock were also issued to the investor. These warrants are exercisable at $2.31 per share and expire in April 2002. The $1.2 million value of these warrants was accounted for as non-cash dividends to holders of Common Stock at the time of issuance of the Series C Stock.

Also pursuant to the October 1996 Private Placement, the Company, in June 1997, sold 1,000 shares of its 9% Series D Convertible Preferred Stock, with a stated value of $1,000 per share ("Series D Stock"), bringing the aggregate amount received under the October 1996 Private Placement to $7.0 million. The Series D Stock was convertible at any time into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $1.4375 and (ii) 85% of the market price of the Common Stock at the time of conversion. As of December 31, 1997, all 1,000 shares of Series D Stock and accumulated dividends thereon had been converted into 1,001,387 shares of Common Stock. In addition, because conversion of the Series D Stock did not occur until after the eightieth day following its issue date, the investor received warrants to purchase 454,545 shares of Common Stock in connection with the Series D Stock. These warrants have an exercise price of $1.94 per share and expire in 2002. The $278,000 value of these warrants was determined at the time of issuance of the Series D Stock and was accounted for as non-cash dividends to holders of Common Stock at that time. No additional warrants are issuable in connection with the Series D Stock.

Under the October 1996 Private Placement, the Company had the right to require the investor to purchase up to $12.0 million of convertible preferred stock from the Company in a series of private placements, subject to certain conditions. However, because minimum stock price and minimum market capitalization requirements have not been maintained, the investor is no longer obligated to fund the remaining $5.0 million which had been available to the Company under this agreement.

D. In July 1997, ATI entered into a collaboration with BioChem. The agreement grants BioChem an exclusive, worldwide license to ATI's proprietary screens based on two families of proteins involved in apoptosis, for use in identifying leads for anti-cancer drug development. The agreement also covers the development of new screens in two areas.

Under the agreement, BioChem will invest a total of $11.125 million in non-voting convertible preferred stock of ATI in a series of private placements over a three-year period to be used exclusively to fund research conducted under the collaboration during a three-year research term. In August 1997, BioChem paid ATI an initial payment of $1.852 million, and in each of October 1997, January 1998 and April 1998, quarterly payments of $843,000 were made. The balance of $6.744 million will be paid in equal quarterly payments of $843,000. The preferred stock is convertible into ATI common stock at any time after three years from the date of first issuance of such stock, at a conversion price equal to the then current market price of the ATI common stock, but in any event at a price that will result in BioChem acquiring at least 15% of the then outstanding ATI common stock. As of March 31, 1998, 4,381 shares of ATI preferred stock were issued or issuable, representing a 5.9% minority interest (on a converted and fully-diluted basis) in the net loss of ATI. This minority interest portion of ATI's loss for the quarter reduced ImmunoGen's net loss by $40,463. In addition, because the investment is comprised of securities potentially issuable by both the Company and ATI, only a portion of which is allocable to the ATI securities, the Company is required to reflect the value of the investment allocable to the ATI securities as a minority interest on its balance sheet. Based on an appraisal by an independent valuation consultant completed in November 1997, approximately 3% of the $4.381 million investment to date, or approximately $131,400, has been allocated to the minority interest in ATI, with the remainder, or approximately $4.25 million, allocated to the Company's equity. The research agreement may be extended beyond the initial three-year term, on terms substantially similar to those for the original term. BioChem will also make milestone payments of up to $15.0 million for each product over the course of its development. In addition, ATI will receive royalties on any future worldwide sales of products resulting from the collaboration. BioChem's obligation to provide additional financing to ATI each quarter is subject to satisfaction of specified conditions, including a condition with respect to the level of ATI's cash and other resources in addition to the financing.

As part of the collaboration with ATI, BioChem also receives warrants to purchase shares of Common Stock equal to the amount invested in ATI during the three-year research term. These warrants will be exercisable for a number of shares of Common Stock determined by dividing the amount of BioChem's investment in ATI by the market price of the Common Stock on the exercise date, subject to certain limitations. The exercise price is payable either in cash or shares of ATI preferred stock, at BioChem's option. The warrants are expected to be exercised only in the event that the shares of ATI common stock do not become publicly traded. In the event that ATI common stock does not become publicly traded, the Company expects that BioChem will use its shares of ATI preferred stock, in lieu of cash, to exercise the warrants.

E. In December 1997, the Company entered into an agreement, which was amended in March 1998, to sell $3.0 million of its non dividend-bearing Series E Convertible Preferred Stock ("Series E Stock") to an institutional investor. The investment will be completed in several installments. As of March 31, 1998, $1.5 million had been received; the remainder is expected to be received on or before July 31, 1998, subject to the terms of the agreement. The Series E Stock will be convertible into Common Stock at the end of a two-year holding period at $1.0625 per share. Under the terms of the agreement, the investor is entitled to receive warrants equal to 100% of the number of shares of Common Stock issuable on conversion. As of March 31, 1998, warrants to purchase 1,411,764 shares of Common Stock had been issued. These warrants have an exercise price of $2.125 per share and expire in 2004. The value of these warrants, approximately $580,500, was determined at the time of their issuance and accounted for as non-cash dividends on convertible preferred stock.

F. Effective December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share." SFAS 128 requires the calculation and disclosure of basic loss per common share and diluted loss per common share for all periods presented. The adoption of SFAS 128 had no impact on the amounts presented in the Consolidated Statements of Operations because the effect of including the options and warrants outstanding during the periods presented would be antidilutive.

G. ATI was established in January 1993 as a joint venture between the Company and Dana-Farber Cancer Institute ("Dana-Farber") to develop therapeutics based on apoptosis technology developed at Dana-Farber. Under the terms of a stock purchase agreement entered into between the Company, ATI, Dana-Farber and an individual stockholder, if ATI had not concluded a public offering of its stock for at least $5.0 million prior to January 11, 1998, Dana-Farber and the individual stockholder each could require the Company to purchase (the "put option"), or the Company could require such stockholders to sell (the "call option"), their shares of ATI common stock at a predetermined price. At the Company's discretion, the shares of common stock of ATI can be paid for by the Company in cash or by delivery of shares of Common Stock. In January 1998, the individual stockholder exercised the put option for 500,000 shares of ATI common stock, par value $.00002 per share, for an aggregate of $871,930. The value of the Common Stock issued was determined by the terms of the put option and subject to the closing price of the Common Stock on the date of the exercise of the put option. The Company elected to issue its Common Stock in lieu of a cash payment and, in March, 1998, 475,425 shares of Common Stock were issued to the individual stockholder, thereby increasing the Company's ownership of ATI from approximately 95% to approximately 96.5%. The transaction was accounted for as a step acquisition of a minority interest in a subsidiary. The value of the incremental ATI ownership purchased by the Company was ascribed to incomplete research and development technology and, therefore, the cost of the acquisition, $871,930, or ($0.03) per common share, was charged to operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Since inception, the Company has been primarily engaged in research and development of immunoconjugate products which the Company believes have significant commercial potential as human therapeutics. The Company's 96.5%-owned subsidiary, Apoptosis Technology, Inc. ("ATI"), focuses its efforts on the discovery and development of anti-cancer therapeutics based on the regulation of apoptosis. The major sources of the Company's working capital have been the proceeds of equity and convertible debt and equity financings, license fees, government-sponsored research grants and income earned on investment of its available funds. In addition, in July 1997 ATI entered into a research and collaboration agreement with a large biopharmaceutical company which has provided and will continue to provide significant funding for ATI's operations as well as milestone and royalty payments (see LIQUIDITY AND CAPITAL RESOURCES below). Such funding for ATI's operations will initially be for a three-year period. The Company does not expect revenues to be derived from product sales for the foreseeable future.

The Company has been unprofitable since inception and expects to incur net losses over the next several years, assuming it is able to raise sufficient working capital to continue operations. From June 30, 1997 to March 31, 1998, the Company has raised capital from the following sources: $4.381 million received or receivable by ATI from its collaborator, BioChem Pharma Inc., a Canadian biopharmaceutical company ("BioChem"); $375,000 received in October 1997 under a $750,000 grant from the Small Business Innovation Research Program of the National Cancer Institute to advance development over a two-year period of the Company's Series E Convertible Preferred Stock to an institutional investor in a $3.0 million transaction expected to be completed in one additional installment of $1.5 million on or before July 31, 1998. The Company's cash resources remaining at March 31, 1998 were approximately $2.3 million, and an $843,000 was received in April 1998 by ATI from BioChem. The Company anticipates that these existing capital resources, coupled with the sale of the remaining Series E Stock, will enable the Company to maintain its current and planned operations through at least October 1998. The Company also continues its stringent cost control efforts begun in December 1994 when it implemented a significant restructuring program.

Under a financing agreement the Company entered into in October 1996 (the "October 1996 Private Placement"), the Company was granted the right to require the investor to purchase up to $12.0 million of convertible preferred stock from the Company in a series of private placements, of which an aggregate of $7.0 million had been received through June 30, 1997. However, because minimum stock price and minimum market capitalization requirements have not been maintained, the investor is no longer obligated to fund the remaining $5.0 million which had been available to the Company under this agreement.

As a result of its continuing losses from operations, the Company will be required to obtain additional capital in the short term to satisfy its ongoing capital needs and to continue its operations. The Company continues actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements. While the Company expects to consummate a transaction in the near term, no assurance can be given that such financing will be available to the Company on acceptable terms, if at all. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to further curtail or discontinue its operations.

RESULTS OF OPERATIONS

Three Months Ended March 31, 1997 and 1998

The Company's revenues increased approximately 50% from approximately $130,000 for the three months ended March 31, 1997 to approximately $195,000 for the three months ended March 31, 1998. In both periods, revenues were derived in large part (50% and 56% for the three months ended March 31, 1997 and 1998, respectively) from amounts received under the SBIR program as development revenues, with additional amounts received in the form of interest income (47% and 39% for the three months ended March 31, 1997 and 1998, respectively), as well as licensing fees pursuant to two licensing agreements. Interest income in both periods included interest earned on cash balances available for investment, as well as accretion of interest on a note receivable related to the assignment of the Company's leases on its Canton, Massachusetts facility and equipment.

The Company's total expenses increased approximately 7% from approximately $2.5 million for the three months ended March 31, 1997 to approximately $2.6 million for the three months ended March 31, 1998. Research and development costs constituted the primary component of the Company's total expenses (75% and 53% for the three months ended March 31, 1997 and 1998, respectively), decreasing approximately 24% from approximately $1.8 million for the three months ended March 31, 1997 to approximately $1.4 million for the three months ended March 31, 1998. This decrease is attributable to staffing reductions prompted by the Company's decision in early calendar 1997 to discontinue development of its product candidate, Oncolysin B, as well as the Company's continuing cost reduction efforts begun in December 1994.

General and administrative expenses decreased approximately 41%, from approximately $626,000 for the three months ended March 31, 1997 to approximately $368,000 for the three months ended March 31, 1998. This decrease is attributable to costs incurred in connection with the Company's financing efforts in the three-month period ended March 31, 1997. No comparable costs are reflected in the three-month period ended March 31, 1998.

In January 1998, a minority interest holder of ATI common stock exercised a put option which required the Company to issue the equivalent of $871,930 in Common Stock in exchange for the holder's 500,000 shares of ATI common stock. The value of the Common Stock issued was pre-determined by the terms of the put option and subject to the closing price of the Common Stock on the date of the exercise of the put option. The value of the incremental ATI ownership purchased by the Company was ascribed to incomplete research and development technology and, therefore, the cost of the acquisition, $871,930, or ($0.03) per common share, was charged to operations.

Financing activities in both periods included issuances of convertible equity and related common stock purchase warrants. For the three months ended March 31, 1997, dividends totalled approximately $1.8 million, of which approximately 65% represents the value of warrants issued in connection with the January 1997 sale of the Company's Series C Convertible Preferred Stock ("Series C Stock"), and 28% of which represents the value of the assured incremental yield embedded in the conversion terms of the Series C Stock. Dividends for the three months ended March 31, 1998 represent almost entirely the value of warrants issued in connection with the March 1998 sale of the Company's Series E Convertible Preferred Stock ("Series E Stock") in that quarter. All warrants were accounted for as non-cash dividends to holders of the Company's preferred stock.

In connection with the collaboration entered into in July 1997 between ATI and BioChem, BioChem will invest a total of $11.125 million in non-voting convertible preferred stock of ATI in a series of private placements over a three-year period. The preferred stock is convertible into ATI common stock at any time after three years from the date of first issuance of such stock, at a conversion price equal to the then current market price of the ATI common stock, but in any event at a price that will result in BioChem acquiring no less then 15% of the then outstanding ATI common stock. As of March 31, 1998, 4,381 shares of ATI preferred stock were issued or issuable, representing a 5.9% minority interest (on a converted and fully-diluted basis) in the net loss of ATI. This minority interest portion of ATI's loss for the quarter reduced the Company's net loss for the quarter by $40,463. In addition, because the investment is comprised of securities potentially issuable by both the Company and ATI, only a portion of which is allocable to the ATI securities, the Company is required to reflect the value of the investment allocable to the ATI securities as a minority interest on its balance sheet. Based on an appraisal by an independent valuation consultant completed in November 1997, approximately 3% of the $4.381 million investment to date, or approximately $131,400, has been allocated to the minority interest in ATI, with the remainder, or approximately $4.25 million, allocated to ImmunoGen equity.

Nine Months Ended March 31, 1997 and 1998

The Company's revenues increased approximately 8% from approximately $385,000 for the nine months ended March 31, 1997 to approximately $417,000 for the nine months ended March 31, 1998. In both periods, revenues were derived in large part from amounts received under the SBIR Program as development revenues (57% and 54% for the nine months ended March 31, 1997 and 1998, respectively), and from amounts received in the form of interest income (41% and 42% for the nine months ended March 31, 1997 and 1998, respectively). Interest income in both periods included interest earned on cash balances available for investment, as well as accretion of interest on a note receivable related to the assignment of the Company's leases on its Canton, Massachusetts facility and equipment.

The Company's total expenses decreased approximately 13% from approximately $7.5 million for the nine months ended March 31, 1997 to approximately $6.5 million for the nine months ended March 31, 1998. Research and development costs constituted the primary component of the Company's total expenses (78% and 66% for the nine months ended March 31, 1997 and 1998, respectively), decreasing approximately 26% from approximately $5.8 million in fiscal 1997 to approximately $4.3 million in fiscal 1998). This decrease is attributable to staffing reductions prompted by the Company's decision in early calendar 1997 to discontinue development efforts on its product candidate, Oncolysin B, as well as the Company's continuing cost reduction efforts begun in December 1994.

General and administrative expenses decreased approximately 18% from approximately $1.6 million for the nine months ended March 31, 1997 to approximately $1.3 million for the nine months ended March 31, 1998. This decrease represents costs incurred in connection with the Company's financing efforts in the first quarter of calendar year 1997 for which there are no comparable costs in calendar year 1998.

In January 1998, a minority interest holder of ATI common stock exercised a put option which required the Company to issue the equivalent of $871,930 in Common Stock in exchange for the holder's 500,000 shares of ATI common stock. The value of the Common Stock issued was pre-determined by the terms of the put option and subject to the closing price of the Common Stock on the date of the exercise of the put option. The value of the incremental ATI ownership purchased by the Company was ascribed to incomplete research and development technology and, therefore, the cost of the acquisition, $871,930, or ($0.04) per common share, was charged to operations.

Interest expense decreased approximately 95% from approximately $76,200 for the nine months ended March 31, 1997 to approximately $3,600 for the nine months ended March 31, 1998. Both periods include interest costs on the remaining principal balances of the Company's capital lease agreements. The larger costs in fiscal 1997 represent the costs incurred in connection with the issuances of convertible debentures. In fiscal 1998, the Company's financing activities included issuances of convertible equity and related common stock purchase warrants, giving rise to dividends rather than interest costs, as well dividends associated with the October 1996 conversion of a $2.5 million convertible debenture to convertible preferred stock. The dividends accumulated for the nine months ended March 31, 1997, totalling approximately $3.0 million, represent (approximately 60%) the value of warrants issued in connection with the sale of the Company's 9% Series B Convertible Preferred Stock (the "Series B Stock") and 9% Series C Convertible Preferred Stock (the "Series C Stock") in December 1997 and January 1998, respectively, as well as amounts (approximately 32%) which represent the value of the assured incremental yield embedded in the conversion terms of the Series B Stock and Series C Stock issued.

In connection with the collaboration between ATI and Biochem, for the nine months ended March 31, 1998, 4,381 shares of ATI preferred stock were issued or issuable, resulting in a weighted average 4.95% minority interest (on a converted, fully-diluted basis) in the net loss of ATI. This minority interest portion of ATI's loss for such nine-month period reduced ImmunoGen's net loss by approximately $105,400.

LIQUIDITY AND CAPITAL RESOURCES

Since July 1, 1996, the Company has financed its operating deficit of approximately $19.2 million from various sources, including issuances of convertible debt and equity securities, amounts received pursuant to its fiscal 1996 assignment of leases, funds received under research grants and funds received from the exercise of stock options.

In March 1996, the Company issued $5.0 million principal amount convertible debentures in a private placement. As part of the private placement, the Company issued a $2.5 million principal amount debenture on March 25, 1996. In June 1996, the debenture, together with accrued interest thereon, was converted into shares of Common Stock, and warrants to purchase 509,000 shares of Common Stock at an exercise price of $4.00 per share were issued to the holder of the debenture. These warrants expire in March 2001. In June 1996, a second $2.5 million convertible debenture was issued and then converted into Series A Convertible Preferred Stock ("Series A Stock") in October 1996. Each share of Series A Stock was convertible at any time into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $2.50 and (ii) 85% of the average of the closing bid price of the Common Stock for each the five days prior to conversion (the "Market Price"). As of January 5, 1998, all 2,500 shares of Series A Stock plus accumulated dividends thereon had been converted into 2,676,235 shares of Common Stock. In connection with those conversions, warrants to purchase 1,338,117 shares of Common Stock were issued. These warrants have an exercise price of $4 per share and expire at various dates during calendar years 2002 and 2003. In June 1996, the Company issued additional warrants to purchase 500,000 shares of Common Stock in connection with the conversion of the debenture into Common Stock. These warrants have an exercise price equal to $6.00 per share and expire in March 2001. Additionally, warrants to purchase 250,000 shares of Common Stock were issued as payment of finder's fees in connection with the issuance of the debentures. These warrants have an exercise price of $3.105 per share and expire in 2003.

In October 1996, the Company sold $3.0 million of 9% Series B Convertible Preferred Stock ("Series B Stock") in connection with the October 1996 Private Placement. Each share of Series B Stock was convertible into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $3.60 and (ii) 85% of the market price of the Common Stock. As of February 4, 1997, all 3,000 shares of Series B Stock plus accumulated dividends thereon had been converted into 1,384,823 shares of Common Stock. In connection with the issuance of the Series B Stock, warrants to purchase 500,000 shares of Common Stock were also issued. Of these 500,000 warrants, 250,000 warrants are exercisable at $5.49 per share and expire in October 2001. The remaining 250,000 warrants are exercisable at $3.68 per share and expire in January 2002.

In January 1997, the Company sold $3.0 million of 9% Series C Convertible Preferred Stock ("Series C Stock") in connection with the October 1996 Private Placement. Each share of Series C Stock was convertible into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $2.61 and (ii) 85% of the market price of Common Stock. As of August 1, 1997, all 3,000 shares of Series C Stock plus accumulated dividends thereon had been converted into 2,719,738 shares of Common Stock. In connection with the Series C Stock, warrants to purchase 1,147,754 shares of Common Stock were issued to the investor. These warrants are exercisable at $2.31 per share and expire in April 2002.

In June 1997, the Company sold $1.0 million of 9% Series D Convertible Preferred Stock ("Series D Stock") in connection with the October 1996 Private Placement. The Series D Stock was convertible at any time into a number of shares of Common Stock determined by dividing $1,000 by the lower of (i) $1.4375 and (ii) 85% of the market price of Common Stock at the time of conversion. As of October 21, 1997, all 1,000 shares of Series D Stock plus accumulated dividends thereon had been converted in 1,001,387 shares of Common Stock. In addition, the investor received warrants to purchase 454,545 shares of Common Stock. These warrants have an exercise price of $1.94 per share and expire in 2002.

Also in June 1997, the Company and ATI satisfied an obligation of ATI to one of its scientific advisors, totaling $120,000, by a combination of cash and 41,481 shares of Common Stock.

The Company had agreed to obtain or furnish an additional $3.0 million in equity for ATI on such terms and conditions as were mutually agreed to by ATI and the providers of such additional equity. As of July 31, 1997, ATI owed the Company approximately $14.2 million. This amount was converted into 22,207,966 shares of ATI common stock, thereby satisfying the agreement to provide an additional $3.0 million in equity and increasing the Company's majority ownership of ATI from 72% to 95%. In addition, under the terms of a stock purchase agreement entered into between the Company, ATI, Dana-Farber Cancer Institute ("Dana-Farber") and an individual ATI stockholder, if ATI had not concluded a public offering of its stock for at least $5.0 million prior to January 11, 1998, Dana-Farber and the individual stockholder each could require the Company to purchase (the "put option"), or ImmunoGen could require such stockholders to sell (the "call option"), their shares in ATI at a predetermined price. At the Company's discretion, the shares of common stock of ATI can be paid for in cash or by delivery of shares of Common Stock. In January 1998, the individual stockholder exercised the put option for 500,000 shares of ATI common stock, par value $.00002 per share, for an aggregate of $871,930. In January 1998, a minority interest holder of ATI common stock exercised a put option which required the Company to issue the equivalent of $871,930 in Common Stock in exchange for the holder's 500,000 shares of ATI common stock. The value of the Common Stock issued was determined by the terms of the put option and subject to the closing price of the Common Stock on the date of the exercise of the put option. The value of the incremental ATI ownership purchased by the Company was ascribed to incomplete research and development technology and, therefore, the cost of the acquisition, $871,930, or ($0.03) per common share, was charged to operations.

In July 1997, ATI entered into a collaboration with BioChem. The agreement grants BioChem an exclusive, worldwide license to ATI's proprietary screens based on two families of proteins involved in apoptosis, for use in identifying leads for anti-cancer drug development. The agreement also covers the development of new screens in two areas.

Under the agreement, BioChem will invest a total of $11.125 million in non-voting convertible preferred stock of ATI in a series of private placements over a three-year period to fund research conducted by the collaboration during a three-year research term. In August 1997, BioChem paid ATI an initial payment of $1.852 million, and in each of October 1997, January 1998 and April 1998, quarterly payments of $843,000 were made. The balance of $6.744 million will be paid in equal quarterly payments of $843,000. The preferred stock is convertible into ATI common stock at any time after three years from the date of first issuance of such stock, at a conversion price equal to the then current market price of the ATI common stock, but in any event a price that will result in BioChem acquiring at least 15% of the then outstanding ATI common stock. The research agreement may be extended beyond the initial three years, on terms substantially similar to the original, three-year term. BioChem will also make milestone payments of up to $15.0 million for each product over the course of its development. In addition, ATI will receive royalties on the future worldwide sales of products, if any, resulting from the collaboration. BioChem's obligation to provide additional financing to ATI each quarter is subject to satisfaction of specified conditions, including a condition with respect to the level of ATI's cash and other resources in addition to the financing.

As part of the collaboration with ATI, BioChem also receives warrants to purchase shares of Common Stock equal to the amount invested in ATI during the three-year research term. These warrants will be exercisable for a number of shares of ImmunoGen's Common Stock determined by dividing the amount of BioChem's investment in ATI by the market price of the Common Stock on the exercise date, subject to certain limitations. The exercise price is payable either in cash or shares of ATI preferred stock, at Biochem's option. The warrants are expected to be exercised only in the event that the shares of ATI common stock do not become publicly traded. In the event that ATI common stock does not become publicly traded, the Company expects that BioChem will use its shares of ATI preferred stock, in lieu of cash, to exercise the warrants.

In December 1997, the Company entered into an agreement, which was amended in March 1998, to sell $3.0 million of its Series E Convertible Preferred Stock ("Series E Stock") to an institutional investor. As of March 31, 1998, $1.5 million had been received; the remainder is expected to be received on or before July 31, 1998, subject to the terms of the agreement. The Series E Stock will be convertible into Common Stock at the end of a two-year holding period at $1.0625 per share. Under the terms of the agreement, the investor is entitled to receive warrants equal to 100% of the number of shares of Common Stock issuable on conversion of the preferred stock. As of March 31, 1998, warrants to purchase 1,411,764 shares of Common Stock had been issued. These warrants have an exercise price of $2.125 per share and expire in 2004.

In the period since July 1, 1996, less than $5,000 was expended on property and equipment. No significant amounts are expected to be expended on property and equipment in fiscal 1998.

The Company expects that any costs incurred in connection with the year 2000 will be immaterial.

Because of its continuing losses from operations, the Company will be required to obtain additional capital in the short term to satisfy its ongoing capital needs and to continue its operations. Although, as noted above, management continues to pursue additional funding arrangements and/or strategic partners, no assurance can be given that such financing will in fact be available to the Company. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to further curtail or discontinue its operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CERTAIN FACTS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

This report contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements. The Company cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: the uncertainties associated with preclinical studies and clinical trials; the early stage of the Company's initial product development and lack of product revenues; the Company's history of operating losses and accumulated deficit; the Company's limited financial resources and uncertainty as to the availability of additional capital to fund its development on acceptable terms, if at all; the Company's lack of commercial manufacturing experience and commercial sales, distribution and marketing capabilities; reliance on suppliers of antibodies necessary for production of the products and technologies; the potential development by competitors of competing products and technologies; the Company's dependence on potential collaborative partners, and the lack of assurance that the Company will receive any funding under such relationships to develop and maintain strategic alliances; the lack of assurance regarding patent and other protection for the Company's proprietary technology; governmental regulation of the Company's activities, facilities, products and personnel; the dependence on key personnel; uncertainties as to the extent of reimbursement for the costs of the Company's potential products and related treatment by government and private health insurers and other organizations; the potential adverse impact of government-directed health care reform; the risk of product liability claims; and general economic conditions. As a result, the Company's future development efforts involve a high degree of risk. For further information, refer to the more specific risks and uncertainties discussed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1997 as filed with the Securities and Exchange Commission.

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: September 25, 1998

By: /s/ Mitchel Sayare

Mitchel Sayare
Chief Executive Officer
(principal executive officer)

Date: September 25, 1998

By: /s/ Kathleen A. Carroll

Kathleen A. Carroll
Vice President,
Finance and Administration
(principal financial officer)