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

FORM 10-K/A

AMENDMENT NO. 1

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1996

OR

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

COMMISSION FILE NUMBER 0-17999

IMMUNOGEN, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MASSACHUSETTS
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

04-2726691
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

333 PROVIDENCE HIGHWAY, NORWOOD, MA 02062
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(617) 769-4242

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, \$.01 PAR VALUE
(TITLE OF CLASS)

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 _

Aggregate market value, based upon the closing sale price of the shares as reported by the Nasdaq National Market, of voting stock held by non-affiliates at September 9, 1996: \$61,230,984 (excludes shares held by Executive Officers, Directors, and beneficial owners of more than 10% of the Company's Common Stock). Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of management or policies of the registrant, or that such person is controlled by or under common control with the registrant. Common Stock outstanding at September 9, 1996: 16,959,827 shares.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 1996 Annual Meeting of Shareholders are incorporated by reference unto Part III of this

Report .

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth consolidated financial data with respect to the Company for each of the five years in the period ended June 30, 1996. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes included elsewhere in this Form 10-K report.

	YEAR ENDED JUNE 30,				
	1992	1993	1994	1995	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
Total revenues.....	\$ 2,770	\$ 1,658	\$ 926	\$ 512	\$ 568
Total expenses.....	18,074	20,274	24,606	20,363	(19,490)
Net loss.....	(15,344)	(18,634)	(23,690)	(19,857)	(18,923)
Loss per share of common stock.....	(1.58)	(1.76)	(2.09)	(1.58)	(1.32)
Total assets.....	62,036	46,458	38,384	17,046	8,506
Capital lease obligations, less current portion.....	551	1,212	3,338	2,331	37
Stockholders' equity.....	59,080	40,540	29,960	10,123	777
Weighted average shares outstanding.....	9,702,988	10,617,109	11,332,194	12,571,134	14,379,064

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Since inception, ImmunoGen has been primarily engaged in research and development of immunconjugate products which the Company believes have significant commercial potential as human therapeutics. The major sources of the Company's working capital have been the proceeds of equity and convertible debt financings, license fees and income earned on investment of those funds. The Company expects no revenues to be derived from product sales for the foreseeable future.

In the past two fiscal years the Company has successfully reduced its operating costs and obtained additional funds for working capital purposes. The following is a summary of management actions taken during this period to reduce operating costs. In December 1994, the Company implemented a restructuring plan, which included halting operations at two of its facilities, reducing or eliminating certain areas of research and focusing its clinical efforts on its lead product. In addition, effective September 1, 1995, the Company subleased approximately 82% of one of its Cambridge, Massachusetts facilities and leased certain related equipment for a term which initially was to expire in February 1998. In July 1996, the Company signed an amendment to this sublease agreement, increasing the subleased space from 82% to 100% of the facility and extending the term of the sublease to February 1999 with options to further extend the sublease term to February 2000. This amendment is expected to become effective on or about October 1, 1996. Total net receipts under the amended sublease agreement, which are credited to reduce operating expenses, are expected to total approximately \$2.3 million through February 1999, of which approximately \$498,000 was received by the Company in fiscal 1996.

In a further cost reduction effort, the Company assigned its facility and equipment leases related to one of its production facilities, located in Canton, Massachusetts, to another biotechnology company, effective January 1, 1996. The Company estimates its savings in monthly operating expenses from this transaction to be approximately \$140,000.

The Company has been unprofitable since inception and expects to incur net losses over the next several years, if it is able to raise sufficient working capital to continue operations. The Company's cash resources at June 30, 1996 were approximately \$2.8 million, and the Company continues actively to seek additional capital. While the Company remains hopeful that it will be able to consummate an additional 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 through the fiscal year, it could be forced to curtail or discontinue its operations.

RESULTS OF OPERATIONS

Revenues in fiscal 1994 and 1995 were derived principally from interest income on the proceeds of the Company's equity offerings, with smaller amounts of development revenues received under the Small Business Innovation Research Program of the National Institutes of Health ("SBIR Program"). In 1996, revenues were derived principally under the SBIR Program, with smaller amounts received as interest income and as licensing fees pursuant to two licensing agreements. In addition, in all three years revenues included a gain on sale of assets which resulted from a sale/leaseback agreement for equipment at the Canton facility executed in fiscal 1994 which had been deferred and recorded as other income through December 1995.

Interest income decreased 45% from approximately \$840,000 in fiscal 1994 to approximately \$460,000 in fiscal 1995 and then decreased 73% to approximately \$124,000 in fiscal 1996. These decreases are attributable to the lower cash balances available for investment between these periods. In fiscal 1996, the decrease in interest earned on cash available for investment was partially offset by interest earned on amounts due from the assignee of its Canton production facility.

The Company's total expenses decreased 17% from approximately \$24.6 million in fiscal 1994 to approximately \$20.4 million in fiscal 1995 and then decreased 4% to approximately \$19.5 million in fiscal 1996. Exclusive of the one-time charge to dispose of the Canton assets (approximately \$2.0 million) and the financing costs associated with the issuances of debt securities which were charged to interest expense (approximately \$5.6 million), the decrease between fiscal 1995 and 1996 operating expenses would have been substantially greater.

Research and development costs constituted the primary component of the Company's total expenses (81%, 83% and 56% in fiscal 1994, 1995 and 1996, respectively), decreasing from approximately \$19.9 million in fiscal 1994 to approximately \$16.9 million in fiscal 1995, and then decreasing to approximately \$9.6 million in fiscal 1996. The 16% decrease between fiscal 1994 and fiscal 1995 is the result of the Company's restructuring plan implemented in December 1994, offset in part by increased costs associated with the Company's 72%-owned subsidiary, Apoptosis Technology, Inc. ("ATI"), and increased non-cash depreciation and amortization charges associated with the capital expenditures made in prior periods. A planned substantial reduction in raw materials purchases in fiscal 1995 also contributed to the decrease in expenses. The 43% decrease between fiscal 1995 and 1996 is a consequence of the Company's continuing cost reduction efforts begun in calendar year 1994.

General and administrative expenses decreased 33% from approximately \$4.5 million in fiscal 1994 to approximately \$3.0 million in fiscal 1995, and then decreased 42% to approximately \$1.8 million in fiscal 1996. The decrease from fiscal 1994 to fiscal 1995 represented savings associated with the restructuring plan and reductions in management and administrative staff in the second and third quarters of calendar 1994, offset in part by the restructuring charges incurred. The decrease from fiscal 1995 to fiscal 1996 is a result of the Company's continuing cost reduction efforts begun in calendar year 1994.

Interest expense increased 193% from approximately \$174,000 in fiscal 1994 to approximately \$510,000 in fiscal 1995, and then increased to approximately \$6.1 million in fiscal 1996. The increase between fiscal 1994 and 1995 was due to the utilization of capital lease arrangements to finance certain equipment and leasehold improvements at its Canton production facility. The increase between fiscal 1995 and fiscal 1996 was due primarily to the substantial costs incurred in conjunction with the issuances of convertible debentures, including a non-cash charges to interest of approximately \$2.7 million related to warrants issued in connection with the Company's fiscal 1996 issuance of convertible debentures, \$2.4 million related to a discount in the convertible debenture, and \$511,000 of cash fees paid to third parties in connection with its debenture financings.

LIQUIDITY AND CAPITAL RESOURCES

Since July 1, 1993, the Company has financed its operating deficit of approximately \$60.1 million from various sources, including proceeds from its fiscal 1994 public offering, issuances in fiscal 1996 of convertible

debentures, amounts received pursuant to its fiscal 1996 assignment of leases and from the exercise of stock options.

In February 1994, the Company sold in a public offering 2,012,500 shares of its Common Stock. Net proceeds to the Company amounted to \$13.2 million. In March 1994, the Company executed a sale/leaseback agreement to finance approximately \$4.0 million of equipment at the Canton facility. At June 30, 1994, all monies under this agreement had been received. The transaction included warrants to purchase 26,738 shares of common stock which expire in April 1999.

Effective January 1, 1996, the Company assigned its facility and equipment leases on one of its production facilities, located in Canton, Massachusetts, to another biotechnology company. Under the terms of the agreements, the assignee has assumed all payment obligations under the leases and, in addition, will make cash payments to the Company totaling approximately \$2.4 million at various dates to July 1999, of which approximately \$786,000 had been received through June 30, 1996.

In August 1995, the Company issued \$3.6 million of 7% subordinated convertible debentures in a private placement to a small number of overseas investors. As of March 31, 1996, all of these debentures plus accrued interest thereon had been converted into 2,753,269 shares of the Company's Common Stock.

In March 1996, the Company issued \$5.0 million of 9% convertible debentures to a single investor in a private placement. This amount was received by the Company in two installments -- \$2.5 million was received in March 1996 and the remaining \$2.5 million was received in June 1996. As of June 30, 1996, the first installment, together with accrued interest thereon, was converted into 1,018,000 shares of the Company's \$.01 par value per share Common Stock. In connection with that conversion, warrants to purchase 509,000 and 500,000 shares of the Company's Common Stock were issued to the debenture holder. These warrants have exercise prices of \$4.00 and \$6.00, respectively, and expire in 2001. Also in connection with the issuance of the 9% convertible debentures, the Company issued warrants to purchase a total of 250,000 shares of the Company's Common Stock to a third party as a finder's fee. These warrants have an exercise price of \$3.105 and expire in 2003.

On June 28, 1996, ImmunoGen and its subsidiary, ATI, satisfied obligations to Dana-Farber Cancer Institute ("Dana-Farber") totaling approximately \$1.3 million by issuing to Dana-Farber a convertible debenture (see Note E to the Consolidated Financial Statements). Pursuant to the settlement agreement, the Company issued to Dana-Farber an 11.5% \$1,312,943 debenture convertible into shares of ImmunoGen Common Stock at a conversion price based on the market price for the Company's Common Stock at the time of conversion. Shortly thereafter, the Company filed a registration statement under the Securities Act of 1933 to register the resale by Dana-Farber of the Common Stock issuable upon conversion of the debenture, and in July 1996 the debenture and accrued interest thereon were converted into 351,662 shares of the Company's Common Stock.

Although in the period since July 1, 1993 approximately \$8.1 million was expended on property and equipment, no significant amounts were expended on property and equipment in fiscal 1996 or are expected to be expended on property and equipment in fiscal 1997.

ImmunoGen was committed under its agreements with ATI to provide ATI with \$3.0 million in research and development services and \$2.0 million in cash equity contributions over a three-year period. At June 30, 1995 these obligations had been fulfilled by the Company. ImmunoGen has also agreed to obtain or furnish an additional \$3.0 million in equity for ATI on such terms and conditions as may be mutually agreed to by ATI and the providers of such equity. As of June 30, 1996, amounts owed by ATI to ImmunoGen approximated \$10.0 million. The Company intends to convert a majority of this amount into equity of ATI, thereby satisfying the agreement to provide an additional \$3.0 million in equity. The Company anticipates that approximately \$452,000 of additional funding will be required by ATI during fiscal year 1997 to satisfy certain existing contractual obligations.

The Company anticipates that its existing capital resources will enable it to maintain its current and planned operations through October 1996. Because of its continuing losses from operations, the Company will be required to obtain additional capital to satisfy its ongoing capital needs and to continue its operations.

Although management continues to pursue additional funding arrangements, 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 through the fiscal year, it could be forced to curtail or discontinue its operations.

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 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 ricin and 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 throughout this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of ImmunoGen, Inc.:

We have audited the accompanying consolidated balance sheets of ImmunoGen, Inc. as of June 30, 1995 and 1996, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended June 30, 1996, which financial statements have been restated, as described in Note K. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ImmunoGen, Inc. as of June 30, 1995 and 1996 and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1996, in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A, the Company has suffered recurring losses from operations, at June 30, 1996 the Company has cash resources of \$2.8 million, which management anticipates is sufficient to maintain current and planned operations only through October 1996 and, therefore, requires significant additional financing. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Boston, Massachusetts

August 28, 1996, except for Note K, as to
which the date is April 4, 1997.

COOPERS & LYBRAND L.L.P.

IMMUNOGEN, INC.

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 1995 AND 1996

	JUNE 30,	
	1995	1996
ASSETS		
Cash and cash equivalents.....	\$ 3,047,236	\$ 2,796,636
Prepays and other current assets.....	293,852	163,280
Total current assets.....	3,341,088	2,959,916
Property and equipment, net of accumulated depreciation.....	13,621,383	4,163,416
Note receivable.....	--	1,338,929
Other assets.....	83,700	43,700
Total assets.....	\$ 17,046,171	\$ 8,505,961
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable.....	2,229,003	733,446
Accrued compensation.....	397,153	233,515
Other accrued liabilities.....	898,073	832,573
Current portion of capital lease obligations.....	942,749	141,533
Total current liabilities.....	4,466,978	1,941,067
Capital lease obligations.....	2,330,680	37,068
Convertible debentures.....	--	5,750,443
Other non-current liabilities.....	125,354	--
Commitments (Notes H and I)		
Redeemable convertible preferred stock, \$.01 par value; authorized 277,080 shares; none issued.....	--	--
Stockholders' equity:		
Common stock, \$.01 par value; authorized 20,000,000 and 30,000,000 as of June 30, 1995 and 1996, respectively; issued and outstanding 12,578,606 and 16,599,855 shares as of June 30, 1995 and 1996, respectively.....	125,786	165,999
Additional paid-in capital.....	118,988,736	128,525,884
Total stockholders' equity.....	119,114,522	128,691,883
Accumulated deficit.....	(108,991,363)	(127,914,500)
Total stockholders' equity.....	10,123,159	777,383
Total liabilities and stockholders' equity.....	\$ 17,046,171	\$ 8,505,961
	=====	=====

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

IMMUNOGEN, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 1994, 1995 AND 1996

	JUNE 30,		
	1994	1995	1996
Revenues:			
Development fees.....	\$ 74,700		\$ 398,289
Interest.....	839,005	\$ 459,293	124,208
Licensing.....	--	--	18,070
Other.....	12,504	52,571	27,856
	-----	-----	-----
Total revenues.....	926,209	511,864	568,423
	-----	-----	-----
Expenses:			
Research and development.....	19,929,474	16,819,082	9,622,132
General and administrative.....	4,502,259	3,034,087	1,769,414
Interest.....	173,867	509,700	6,096,894
Loss on disposal of assets.....	--	--	2,001,480
	-----	-----	-----
Total expenses.....	24,605,600	20,362,869	19,489,920
	-----	-----	-----
Loss before income taxes.....	(23,679,391)	(19,851,005)	(18,921,497)
Income tax expense.....	11,075	6,063	1,640
	-----	-----	-----
Net loss.....	\$(23,690,466)	\$(19,857,068)	\$(18,923,137)
	-----	-----	-----
Loss per common share.....	\$ (2.09)	\$ (1.58)	\$ (1.32)
	-----	-----	-----
Shares used in computing loss per share amounts.....	11,332,194	12,571,134	14,379,064
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The accompanying notes are an integral part of the financial statements.

IMMUNOGEN, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 1994, 1995 AND 1996

	COMMON STOCK			ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL		
Balance at June 30, 1993.....	10,498,793	\$104,988	\$105,878,986	\$ (65,443,829)	\$ 40,540,145
Issuance of common stock.....	2,055,938	20,559	13,012,864	--	13,033,423
Issuance of common stock warrants.....	--	--	76,738	--	76,738
Net loss.....	--	--	--	(23,690,466)	(23,690,466)
Balance at June 30, 1994.....	12,554,731	125,547	118,968,588	(89,134,295)	29,959,840
Stock options exercised.....	23,875	239	20,148	--	20,387
Net loss.....	--	--	--	(19,857,068)	(19,857,068)
Balance at June 30, 1995.....	12,578,606	125,786	118,988,736	(108,991,363)	10,123,159
Stock options exercised.....	168,500	1,685	120,900	--	122,585
Conversion of convertible debentures.....	3,852,749	38,528	6,722,763	--	6,761,291
Issuance of common stock warrants.....	--	--	2,693,485	--	2,693,485
Net loss.....	--	--	--	(18,923,137)	(18,923,137)
Balance at June 30, 1996.....	16,599,855	\$165,999	\$128,525,884	\$(127,914,500)	\$ 777,383

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

IMMUNOGEN, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1994, 1995 AND 1996

	JUNE 30,		
	1994	1995	1996
Cash flows from operating activities:			
Net loss.....	\$(23,690,466)	\$(19,857,068)	\$(18,923,137)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation and amortization.....	2,031,477	3,350,685	2,516,231
Loss on disposal of facility.....	4,888	(15,630)	2,001,480
Amortization of discount on convertible debentures charged to interest expense.....	--	--	5,398,352
Amortization of debt issuance costs.....	--	--	511,000
Other.....	--	--	25,674
Change in operating assets and liabilities:			
Other current assets.....	18,988	335,957	267,168
Note receivable.....	--	--	(48,395)
Other assets.....	392,015	--	--
Accounts payable.....	(566,100)	19,852	(288,690)
Accrued compensation.....	531,073	(619,941)	(163,638)
Accrued construction costs.....	(616,816)	--	--
Other accrued liabilities.....	176,728	48,275	98,777
Other non-current liabilities.....	250,709	--	(27,856)
Net cash used for operating activities.....	(21,467,504)	(16,737,870)	(8,633,034)
Cash flows from investing activities:			
Purchase of property and equipment.....	(7,628,278)	(477,288)	(23,608)
Proceeds from sale/maturity of marketable securities.....	40,967,462	30,505,763	--
Purchase of marketable securities.....	(35,685,475)	(10,925,635)	--
Net cash (used for) provided by investing activities.....	(2,346,291)	19,102,840	(23,608)
Cash flows from financing activities:			
Proceeds from convertible debentures.....	--	--	8,600,000
Debt issuance costs.....	--	--	(511,000)
Stock issuances, net.....	13,033,423	20,387	122,585
Proceeds from sale/leaseback transactions.....	4,015,330	--	--
Principal payments on capital lease obligations.....	(1,197,999)	(910,510)	(455,543)
Proceeds from assignment of lease.....	--	--	650,000
Net cash provided by (used for) financing activities.....	15,850,754	(890,123)	8,406,042
Net change in cash and cash equivalents.....	(7,963,041)	1,474,847	(250,600)
Cash and cash equivalents, beginning balance.....	9,535,430	1,572,389	3,047,236
Cash and cash equivalents, ending balance.....	\$ 1,572,389	\$ 3,047,236	\$ 2,796,636
Supplemental disclosure of cash flow information:			
Cash paid for interest.....	\$ 156,669	\$ 513,635	\$ 684,325
Cash paid (refunded) for income taxes.....	\$ 12,310	\$ (4,390)	\$ 5,000
Supplemental disclosure of noncash financing activities:			
Conversion of convertible debentures.....	\$ --	\$ --	\$ 6,653,340
Conversion of accounts payable to 11.5% convertible debenture.....	\$ --	\$ --	\$ 1,312,943
Assignment of capital lease obligations.....	\$ --	\$ --	\$ 2,639,285
Note receivable issued in relation to assignment of lease....	\$ --	\$ --	\$ 1,338,929

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

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. NATURE OF BUSINESS AND PLAN OF OPERATION:

ImmunoGen, Inc. ("the Company") was incorporated in Massachusetts on March 27, 1981. The Company was formed to develop, produce and market commercial cancer and other pharmaceuticals based on molecular immunology. The Company continues research and development of its various products, and expects no 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. The Company's cash resources at June 30, 1996 were approximately \$2.8 million, and the Company continues actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements.

In the past two fiscal years the Company has successfully reduced its operating costs and obtained additional funds for working capital purposes. The following is a summary of management actions during this period. In December 1994 the Company implemented a restructuring plan, which included halting operations at two of its facilities, reducing or eliminating certain areas of research and focusing its clinical efforts on its lead product. In addition, effective September 1, 1995, the Company subleased approximately 82% of one of its Cambridge, Massachusetts facilities and leased certain related equipment for a term which initially was to expire in February 1998. In July 1996, the Company signed an amendment to this sublease agreement, increasing the subleased space from 82% to 100% of the facility and extending the term of the sublease to February 1999 with options to further extend the sublease term to February 2000. This amendment is expected to become effective on or about October 1, 1996. Total net receipts under the amended sublease agreement, which are credited to operating expenses, are expected to total approximately \$2.3 million through February 1999, of which approximately \$498,000 was received by the Company in fiscal 1996.

In addition, effective January 1, 1996 the Company assigned its leases on its Canton, Massachusetts ("Canton") facility and equipment to another biotechnology company (see Note D).

In August 1995 the Company issued \$3.6 million of 7% subordinated convertible debentures in a private placement to a small number of overseas investors. As of March 31, 1996, all of these debentures plus accrued interest thereon had been converted to 2,753,269 shares of the Company's Common Stock. In addition, 81,480 shares of the Company's Common Stock were issued to a third party as a finder's fee in connection with the issuance of the debentures.

In March 1996 the Company sold \$5.0 million of 9% convertible debentures in a private placement. This amount was received by the Company in two installments of \$2.5 million in March 1996 and \$2.5 million in June 1996. As of June 30, 1996, the first installment, together with accrued interest thereon, was converted into 1,018,000 shares of the Company's Common Stock. In conjunction with that conversion, warrants to purchase 509,000 shares and 500,000 shares of the Company's Common Stock were issued to the debenture holder. These warrants have exercise prices of \$4.00 and \$6.00, respectively, and expire in 2001. Also in connection with the issuance of the 9% convertible debentures, the Company issued warrants to purchase a total of 250,000 shares of the Company's Common Stock to a third party as a finder's fee. These warrants have an exercise price of \$3.105 and expire in 2003.

On June 28, 1996, ImmunoGen and its subsidiary, Apoptosis Technology, Inc. ("ATI"), satisfied obligations to Dana-Farber Cancer Institute ("Dana-Farber") totaling approximately \$1.3 million by issuing to Dana-Farber a convertible debenture (see Note E). Pursuant to the settlement agreement, on June 28, 1996 the Company issued to Dana-Farber an 11.5% \$1,312,943 debenture convertible into shares of ImmunoGen Common Stock at a conversion price based on the market price for the Common Stock at the time of conversion. Shortly thereafter, the Company filed a registration statement under the Securities Act of 1933 to register the resale by Dana-Farber of the Common Stock issuable upon conversion of the debenture, and in July 1996 the debenture and accrued interest thereon, aggregating \$1,318,734, were converted into 351,662 shares of the Company's Common Stock.

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company anticipates that its existing capital resources will enable it to maintain its current and planned operations through October 1996. 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 curtail or discontinue its operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

B. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ImmunoGen Securities Corp. (established in December 1989), and its 72%-owned subsidiary, ATI (established in January 1993) (see Note E). All intercompany transactions and balances have been eliminated.

Certain reclassifications have been made to the prior year financial statements to conform to the 1996 presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Research and Development Costs

Research and development costs are expensed as incurred.

Cash, Cash Equivalents and Marketable Securities

The Company considers all investments purchased with maturity dates of three months or less from the date of acquisition to be cash equivalents.

Cash and cash equivalents include, at cost plus accrued interest which approximates market value, \$3,047,236 and \$2,796,636 of money market funds, demand notes and repurchase agreements at June 30, 1995 and 1996, respectively.

Financial Instruments and Concentration of Credit Risk

The Company has outstanding convertible debentures with maturities of one to four years; however, management believes the carrying amount of these convertible debentures is a reasonable estimate of the fair value because of the historically short holding period prior to conversion of the Company's convertible debentures.

The Company has a note receivable from a biotechnology company with payments due at various dates to July 1999. Management believes the carrying amount of this note receivable (on a discounted basis) is a reasonable estimate of the fair value based on the current rates offered to the Company for debt with similar maturities.

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Company minimizes the risk associated with concentration of credit by utilizing the services of more than one custodian for its cash and assuring that financial instruments purchased by its cash managers include only high-grade, low-risk investments. At June 30, 1995 and 1996, those investments included various U.S. Government securities, money market investments with major financial institutions and cash on deposit with major banks.

Property and Equipment

Property and equipment are stated at cost. The Company provides for depreciation based upon expected useful lives using the straight-line method over the following estimated useful lives:

Machinery and equipment.....	3-5 years
Computer hardware and software.....	5 years
Furniture and fixtures.....	5 years
Leasehold improvements.....	Shorter of lease term or estimated useful life

Maintenance and repairs are charged to expense as incurred. Upon retirement or sale, the cost of disposed assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations. Gains recorded under sale/leaseback arrangements are deferred and amortized to operations over the life of the lease.

Income Taxes

The Company uses the liability method whereby the deferred tax liabilities and assets are recognized based on temporary differences between the financial statement and tax basis of assets and liabilities using current statutory tax rates. A valuation allowance against net deferred tax assets is recorded if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Management evaluates on a quarterly basis the recoverability of the deferred tax assets and the level of the valuation allowance. At such time as it is determined that it is more likely than not that deferred tax assets are realizable, the valuation allowance will be appropriately reduced.

Impairment of Long-Lived Assets

In fiscal year 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for Impairment of Long-Lived Assets to Be Disposed Of" which requires the evaluation of recoverability in the event that facts and circumstances indicate that the cost of a long-lived asset may be impaired. Adoption of the Standard had no effect on the 1996 financial statements.

The Company periodically evaluates the potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. At the occurrence of a certain event or change in circumstances, the Company evaluates the potential impairment of an asset based on estimated future undiscounted cash flows. In the event impairment exists, the Company will measure the amount of such impairment based on the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved. Based on management's assessment as of June 30, 1996, the Company has determined that no impairment of long-lived assets exists.

Recent Accounting Pronouncements

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), which encourages companies to recognize compensation expense in the income statement based on the fair value of the underlying common stock at the date the

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

awards are granted. However, it will permit continued accounting under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion 25"), accompanied by a disclosure in the footnotes to the financial statements of the pro forma effects on net income and earnings per share had the new accounting rules been applied. The statement is effective for fiscal year 1997. The Company has determined to continue accounting for stock-based compensation under APB Opinion 25, and thus will adopt the disclosure-only alternative permitted under SFAS 123. The Company has not determined the impact of the pro forma adjustments on its net loss or loss per share.

C. LOSS PER COMMON SHARE:

Net loss per common share is based on the weighted average number of common shares outstanding during the periods. Common share equivalents have not been included because their effect would be anti-dilutive. Fully diluted earnings per share are the same as primary earnings per share.

If the conversions of convertible debentures into common shares of the Company which occurred during 1996 (see Note A) had occurred at the beginning of the fiscal year, then the weighted average number of shares outstanding used to calculate the loss per share would have been 16,485,630 and the loss per share would have been \$1.15.

If the above conversions described above plus the conversion in July 1996 (see Note A) had occurred at the beginning of the fiscal year, the weighted average number of shares outstanding used to calculate the loss per share would have been 16,837,292 and the loss per share would have been \$1.12.

D. NOTE RECEIVABLE:

Effective January 1, 1996, the Company assigned its leases on its Canton facility and equipment to another biotechnology company. Under the terms of the agreements, the assignee has assumed all payment obligations under the leases, which amount to approximately \$116,000 per month and, in addition, will make cash payments to the Company totaling approximately \$2.4 million at various dates to July 1999, of which approximately \$786,000 has been received through June 30, 1996. Amounts due the Company from the assignee under these agreements were discounted to their present value using a risk adjusted discount rate of 9%. The Company is accreting interest income over the life of the note and, accordingly, the note receivable balance in the Company's consolidated balance sheets as of June 30, 1996 reflects the original discounted present value of \$1,291,000 plus accreted interest of approximately \$48,000.

E. AGREEMENTS:

ImmunoGen/Dana-Farber Agreement

The Company has a long-standing research and license agreement with Dana-Farber, a Massachusetts not-for-profit corporation. As part of the research and license agreement, the Company has agreed to fund certain research and development projects conducted by Dana-Farber in relation to the development and eventual commercialization of certain biologicals to be used in the treatment of certain forms of cancer. In fiscal years 1994, 1995 and 1996 the Company incurred research and development expenses of approximately \$567,000, \$225,000 and \$40,000, respectively, in connection with that agreement. To the extent that any invention develops at Dana-Farber which derived its principal support and funding from the Company, the Company has the exclusive right to use such invention. Also as part of the arrangement, the Company is required to pay to Dana-Farber, when product sales commence, certain royalties based on a formula stipulated in the agreement. The Company owed Dana-Farber approximately \$1.2 million and \$0.9 million at June 30, 1995 and June 28, 1996, respectively, for work performed under the agreement. Of the balance due under this agreement as of June 28, 1996, the Company accrued interest of approximately \$106,000 (which includes interest retroactive to 1993 on ImmunoGen's obligation to Dana-Farber plus interest on ATI's \$335,100

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

obligation to DFCI), and issued a \$1.3 million 11.5% convertible debenture as described in Note A to these financial statements in payment thereof.

ATI/Dana-Farber Agreements

ATI is a joint venture between ImmunoGen and Dana-Farber established to develop therapeutics based on apoptosis technology developed at Dana-Farber. In January 1993, the Company purchased 7,000 shares of Class A Preferred Stock of ATI. The Preferred Stock is voting stock and carries a liquidation preference over the common stock. The Company's investment represents 72% of the currently authorized equity of ATI and, accordingly, is consolidated. In addition, the Company has a right of first refusal to purchase any ATI shares which may be offered for sale by the other current stockholders of ATI. If ATI has not concluded a public offering of its stock for at least \$5.0 million prior to January 11, 1998, the other stockholders (currently representing 2,765 shares of common stock) of ATI can require ImmunoGen to purchase, or ImmunoGen can require such stockholders to sell, their shares in ATI at a predetermined price. At ImmunoGen's option, the shares of common stock of ATI can be paid for in cash or by delivery of shares of ImmunoGen Common Stock.

ImmunoGen was committed to provide ATI with \$3.0 million in research and development services and \$2.0 million in cash equity contributions over a three-year period. At June 30, 1995, these obligations had been fulfilled by the Company. ImmunoGen has also agreed to obtain or furnish an additional \$3.0 million in equity for ATI on such terms and conditions as may be mutually agreed to by ATI and the providers of such additional equity. As of June 30, 1996, amounts owed by ATI to ImmunoGen approximated \$10.0 million. The Company intends to convert a majority of this amount into equity of ATI, thereby satisfying the agreement to provide an additional \$3.0 million in equity.

Under agreements between ATI and Dana-Farber, ATI was the licensee of Dana-Farber's apoptosis technology and ImmunoGen possessed the exclusive right to license products developed by ATI, including those based on Dana-Farber's apoptosis technology. These agreements were terminated as of January 1, 1996. A portion of the Company's research and development expenses was incurred in connection with an agreement between ATI and Dana-Farber, under which ATI had agreed to fund certain research projects conducted at Dana-Farber. In fiscal 1994, 1995 and 1996, these expenses amounted to \$530,000, \$670,000 and \$327,000, respectively. The balance due Dana-Farber under this agreement of approximately \$350,000 was included in the June 28, 1996 debenture issued by the Company to Dana-Farber as described in Note A. Under the terms of the termination agreement, the Company satisfied all past and present obligations under the license agreement and ATI retains any rights to technology developed prior to January 1, 1996.

Other

Development revenues of approximately \$75,000 and \$398,000 in fiscal 1994 and 1996, respectively, represent income earned under the Small Business Innovation Research Program of the National Institutes of Health and, in fiscal 1996, amounts received pursuant to licensing agreements of the Company and its subsidiary, ATI.

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

F. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at June 30, 1995 and 1996:

	JUNE 30,	
	1995	1996
Machinery and equipment.....	\$ 6,760,500	\$ 5,235,339
Computer hardware and software.....	1,063,883	1,054,586
Furniture and fixtures.....	136,722	133,964
Leasehold improvements.....	15,889,963	8,131,394
	23,851,068	14,555,283
Less accumulated depreciation and amortization.....	10,229,685	10,391,867
	\$13,621,383	\$ 4,163,416
	=====	=====

Depreciation and amortization expense was \$2,043,537, \$3,284,583 and \$2,507,704 for the years ended June 30, 1994, 1995 and 1996, respectively.

Maintenance and repair expense was approximately \$229,000, \$173,000 and \$120,000 for fiscal years 1994, 1995 and 1996, respectively.

In connection with the Company's assignment of its equipment leases at its Canton facility, as described in Note D, the Company wrote off approximately \$9.3 million of assets, with a corresponding reduction in accumulated depreciation of approximately \$2.3 million. This disposition of the Company's Canton assets includes recognition of a net loss on its equipment lease at the Canton facility of approximately \$2.0 million for the year ended June 30, 1996.

The Company's policy is to depreciate property and equipment over its remaining useful life, generally three to five years, and to evaluate the remaining life and recoverability of such property and equipment in light of current conditions as discussed in Note A. Since there is substantial doubt about the Company's ability to continue as a going concern, it is reasonably possible that the Company's estimate that it will recover the carrying amount of its property and equipment from future operations will change in the near term; however, management believes the fair value of its property and equipment exceeds its net book value at June 30, 1996.

G. INCOME TAXES:

No income tax provision or benefit has been provided for U.S. federal income tax purposes as the Company has incurred losses since inception. As of June 30, 1996 net deferred tax assets totaled approximately \$43.0 million, consisting of federal net operating loss carryforwards of approximately \$110.0 million and approximately \$4.0 million of research and experimentation credit carryforwards. These net operating loss and credit carryforwards will expire at various dates between 1997 and 2011 and may be subject to limitation when used due to certain changes in ownership of the Company's capital stock. Due to the uncertainty surrounding the realization of these favorable tax attributes in future tax returns, the net deferred tax assets of approximately \$40.0 million and \$43.0 million at June 30, 1995 and 1996, respectively, have been fully offset by a valuation allowance. Income tax expense consists primarily of state income taxes levied on the interest income of the Company's wholly owned subsidiary, ImmunoGen Securities Corp., at a rate of 1.32%.

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

H. CAPITAL STOCK:

Common Stock

In August 1995, the Company issued \$3.6 million of 7% subordinated convertible debentures to a small number of overseas investors. Net proceeds to the Company amounted to approximately \$3.3 million. As of June 30, 1996, all of these debentures plus accrued interest thereon had been converted into shares of the Company's Common Stock. In total, 2,753,269 shares were issued to the holders of the \$3.6 million 7% subordinated convertible debentures for both principal and interest. In addition, 81,480 shares of the Company's Common Stock were issued to a third party as a finder's fee in connection with the issuance of the debentures. The value of the shares, approximately \$108,000, was charged to interest expense.

In March 1996, the Company sold a \$5.0 million 9% convertible debenture in a private placement. Net proceeds to the Company amounted to approximately \$4.75 million. As of June 30, 1996, a \$2.5 million principal amount debenture plus accrued interest thereon had been converted into 1,018,000 shares of the Company's Common Stock based upon a predetermined formula discounted from the market price of the Company's Common Stock. The remaining \$2.5 million principal amount debenture still outstanding at June 30, 1996, due in 2000, and any accrued interest thereon can be converted into shares of the Company's Common Stock at any time according to a predetermined formula providing for a discount from the market price of the Common Stock.

In June 1996 the Company satisfied its own and ATI's obligations to Dana-Farber, totaling approximately \$1.3 million, by issuing an 11.5% convertible debenture in that amount. On July 12, 1996, the 11.5% debenture and accrued interest thereon, aggregating \$1,318,734, was converted into 351,662 shares of the Company's Common Stock.

Stock Options

Under the Company's Restated Stock Option Plan (the "Plan") originally adopted by the Board of Directors on February 13, 1986, and subsequently amended and restated, employees, consultants and directors may be granted options to purchase up to 2,400,000 shares of Common Stock of the Company. Prior to June 7, 1994, 1,700,000 shares of Common Stock were reserved for the grant of options under the Plan. On June 7, 1994, the Board of Directors authorized, and the shareholders subsequently approved, an amendment to the Plan to increase the number of shares reserved for the grant of options to 2,400,000 shares of Common Stock.

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Information related to stock option activity under the Plan during fiscal years 1994, 1995 and 1996 is as follows:

	SHARES	OPTION PRICE
	-----	-----
Outstanding at June 30, 1993.....	1,248,620	\$0.67-14.75
Granted.....	582,200	4.50-10.50
Exercised.....	41,438	0.90- 2.00
Canceled.....	205,869	2.00-14.75
	-----	-----
Outstanding at June 30, 1994.....	1,583,513	0.67-14.75
Granted.....	338,300	1.94- 4.38
Exercised.....	10,875	0.90- 2.00
Canceled.....	623,572	0.90-14.75
	-----	-----
Outstanding at June 30, 1995.....	1,287,366	0.67-14.75
Granted.....	613,900	1.44- 5.00
Exercised.....	108,500	0.67- 3.38
Canceled.....	118,904	2.00-14.75
	-----	-----
Outstanding at June 30, 1996.....	1,673,862	\$0.90-14.75
	=====	=====

In addition to options granted under the Plan, the Board previously has approved the granting of other, non-qualified options. In July 1987 and February 1988, the Company granted non-qualified options for the purchase of 115,500 and 15,000 shares of Common Stock at exercise prices of \$0.67 and \$0.90 per share, respectively. During 1994, 1995 and 1996, options for 2,000, 13,000 and 60,000 shares were exercised at a price of \$0.67 per share. As of June 30, 1996, options for 19,687 of these shares had been cancelled, 92,813 had been exercised and 18,000 were outstanding and exercisable.

The Company has granted options at the fair market value of the Common Stock at the date of such grant. There were a total of 1,095,810 stock options exercisable under the Company's stock option plans as of June 30, 1996.

Options vest at various rates over periods up to four years and may be exercised within ten years from the date of grant.

Common Stock Reserved

Shares of authorized Common Stock have been reserved for the exercise of all options and warrants outstanding.

Warrants

In connection with a capital lease financing in March 1994, the Company issued warrants to purchase 26,738 shares of Common Stock at an exercise price of \$7.48 per share expiring in April 1999. The value of these warrants, approximating \$77,000, was recognized as interest expense over the life of the lease.

In connection with the 9% \$5.0 million principal amount debenture financing in March 1996, the Company issued warrants to purchase 509,000 and 500,000 shares of Common stock at exercise prices of \$4.00 and \$6.00 per share, respectively, expiring in 2001. The value of these warrants, approximating \$2.2 million, was recognized as interest expense at the time of issuance.

Of the original \$5.0 million principal amount debentures, \$2.5 million had been converted into shares of the Company's Common Stock as of June 30, 1996. If the remaining \$2.5 million principal amount and

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

accrued interest are converted into shares of the Company's Common Stock, the holder will receive warrants to purchase additional shares of the Company's Common Stock equal to one-half the number issued upon conversion of the debenture. These warrants will carry an exercise price of \$4.00 per share and be exercisable for a period of five years from date of issuance. Because issuance of these warrants is based upon future events, no value has been ascribed to this potential issuance of warrants at June 30, 1996. Also in connection with the issuance of the 9% debentures, the Company issued warrants to purchase a total of 250,000 shares of the Company's Common Stock to a third party as a finder's fee. These warrants have an exercise price of \$3.105, expire in 2003, and their value, totaling approximately \$461,000, was charged to interest expense at the time of issuance of the warrants.

I. COMMITMENTS:

Operating Leases

At June 30, 1996, the Company is leasing facilities in Norwood and Cambridge, Massachusetts. The lease term on the Norwood facilities expires in June 1997 (with a three-year extension option). The Cambridge facilities are rented under two separate lease arrangements, expiring in 1997 and 2003. The latter of these facilities is subject to the sublease agreement discussed in Note A, with a current sublease term expiring in February 1999. The Company is required to pay all operating expenses for the leased premises subject to escalation charges for certain expense increases over a base amount. Rent expense for leased facilities and equipment was approximately \$1,186,000, \$913,000 and \$382,000 (net of sublease income of \$500,000) during fiscal years 1994, 1995 and 1996, respectively.

The minimum rental commitments, including real estate taxes, for the next five years under the lease agreements are as follows:

FISCAL YEAR	COMMITMENTS	SUBLEASE INCOME	NET
-----	-----	-----	-----
1997.....	\$ 921,230	\$ 751,447	\$ 169,783
1998.....	566,469	792,306	(225,837)
1999.....	524,804	561,298	(36,494)
2000.....	447,382	--	447,382
2001.....	447,382	--	447,382

In January 1996, the Company assigned the lease on its Canton facility to a third party (see Note D).

Capital Leases

In fiscal year 1988, the Company, as part of one of its lease agreements, arranged financing for \$989,975 of improvements to one of its leased facilities through the lessor. The lessor obtained a five-year promissory note with a bank specifically to finance the improvements to the facility. The promissory note was amortized over a ten-year period. At the end of the first five years, the lessor refinanced the unamortized principal due the bank. Interest expense on the new note is incurred at the rate of 7.50% per annum.

In March 1994, the Company executed a sale/leaseback agreement to finance approximately \$4.0 million of equipment at its Canton facility. As of June 30, 1994, all funds available under this agreement had been received. In January 1996, all obligations under this lease agreement were assigned to another biotechnology company, along with the Canton facility (see Note D).

IMMUNOGEN, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Assets recorded under capital leases as of June 30, 1995 and 1996 are included in property and equipment as follows:

	JUNE 30,	
	1995	1996
Machinery and equipment.....	\$1,590,510	\$ 989,975
Leasehold improvements.....	3,413,490	--
Less accumulated depreciation.....	1,727,403	866,230
Net book value.....	<u>\$3,276,597</u>	<u>\$ 123,745</u>

The future minimum lease payments are as follows:

FISCAL YEAR	AMOUNT
1997.....	\$ 150,129
1998.....	37,532
Total future minimum lease payments.....	187,661
Less amount representing interest.....	9,060
Present value of minimum lease payments.....	178,601
Less current portion.....	141,533
Noncurrent portion, minimum lease payments.....	<u>\$ 37,068</u>

J. EMPLOYEE BENEFIT PLANS:

Effective September 1, 1990, the Company implemented a deferred compensation plan under Section 401(k) of the Internal Revenue Code (the "Plan"). Under the Plan, eligible employees are permitted to contribute, subject to certain limitations, up to 15% of their gross salary. The Company makes a matching contribution which currently totals 20% of the employee's contribution, up to a maximum amount equal to 1% of the employee's gross salary. In fiscal 1994, 1995 and 1996, the Company's contributions to the Plan amounted to \$62,000, \$51,000 and \$31,000, respectively.

K. SUBSEQUENT EVENT

In March 1997, the Securities and Exchange Commission issued a new interpretation for the accounting for convertible preferred stock and convertible debt instruments issued with provisions providing for conversion into common stock at a discount from the market price of the common stock. Accordingly, the Company has restated its financial statements for the year ended June 30, 1996.

The new interpretation provides that assured incremental yield embedded in the conversion terms' discount from fair market value should be accounted for as an additional interest expense in the case of convertible debt and as a dividend to preferred shareholders in the case of convertible preferred stock.

At June 30, 1996, compliance with this new ruling resulted in a non-cash charge to interest expense of \$2.4 million, and accounted for a \$.17 per share increase in the Company's loss per share.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IMMUNOGEN, INC.

By: /s/ FRANK J. POCHER

Frank J. Pocher
Executive Vice President -- Operations and
Chief Financial Officer

Dated: April 7, 1997

IMMUNOGEN, INC.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of ImmunoGen, Inc. on Form S-8 (File Nos. 33-41534 and 33-73544) and on Form S-3 (File Nos. 333-07661 and 333-15819) of our report, which includes any explanatory paragraph concerning uncertainties surrounding the Company's ability to continue as a going concern, dated August 28, 1996, except for Note K, as to which the date is April 4, 1997 on our audits of the consolidated financial statements of ImmunoGen, Inc. as of June 30, 1996 and 1995, and for each of the three years in the period ended June 30, 1996, which report is included in this Annual Report on Form 10-K/A.

Boston, Massachusetts

April 7, 1997

COOPERS & LYBRAND L.L.P.

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