

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

FORM 10-Q

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

For the quarterly period ended September 30, 1996

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)

(617) 661-9312

(Registrant's telephone number, including area code)

148 Sidney Street, Cambridge, MA 02139

(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 No
--- ---

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

At November 5, 1996 there were 16,963,161 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, 1996, September 30, 1996,
and Pro Forma at September 30, 1996 (unaudited)

| | June 30, ----- 1996 | September 30, ----- 1996 | Pro Forma Adjustment (A) ----- | Pro Forma September 30, ----- 1996 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,796,636 | \$ 955,597 | \$ 2,990,000 | \$ 3,945,597 |
| Prepays and other current assets | 163,280 | 595,899 | -- | 595,899 |
| Total current assets | ----- 2,959,916 | ----- 1,551,496 | ----- 2,990,000 | ----- 4,541,496 |
| Property and equipment, net of accumulated depreciation | 4,163,416 | 3,698,903 | -- | 3,698,903 |
| Note receivable | 1,338,929 | 1,037,966 | -- | 1,037,966 |
| Other assets | 43,700 | 43,700 | -- | 43,700 |
| Total assets | ----- \$ 8,505,961 ===== | ----- \$ 6,332,065 ===== | ----- \$ 2,990,000 ===== | ----- \$ 9,322,065 ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Accounts payable | 733,446 | 1,054,430 | -- | 1,054,430 |
| Accrued compensation | 233,515 | 158,358 | -- | 158,358 |
| Other accrued liabilities | 832,573 | 731,081 | -- | 731,081 |
| Current portion of capital lease obligations | 141,533 | 144,203 | -- | 144,203 |
| Total current liabilities | ----- 1,941,067 | ----- 2,088,072 | ----- -- | ----- 2,088,072 |
| Capital lease obligations | 37,068 | -- | -- | -- |
| Convertible debentures | 3,812,943 | 2,500,000 | \$(2,500,000) | -- |
| Other non-current liabilities | -- | -- | -- | -- |
| Commitments | | | | |
| Redeemable convertible preferred stock, \$.01 par value; authorized 277,080 shares; none issued; all authorized shares cancelled on September 12, 1996 | -- | -- | -- | -- |
| Stockholders' equity : | | | | |
| Preferred stock; \$.01 par value; authorized 5,000,000 as of September 30, 1996: | | | | |
| Convertible preferred stock, Series A, \$.01 par value; issued and outstanding 2,500 shares at October 3, 1996 (liquidation preference - stated value plus accrued but unpaid dividends per share; excludes interest) | -- | -- | 25 | 25 |
| Convertible preferred stock, Series B, \$.01 par value; issued and outstanding 3,000 shares at October 16, 1996 (liquidation preference - stated value plus accrued but unpaid dividends per share; excludes interest) | -- | -- | 30 | 30 |
| Common stock, \$.01 par value; authorized 30,000,000 as of June 30, 1996 and September 30, 1996, respectively; issued and outstanding 16,599,855 and 16,961,494 as of June 30, 1996 and September 30, 1996, respectively | 165,999 | 169,616 | -- | 169,616 |
| Additional paid-in capital | 128,084,708 | 129,423,283 | 5,489,945 | 134,913,228 |
| Accumulated deficit | ----- 128,250,707 (125,535,824) | ----- 129,592,899 (127,848,906) | ----- 5,490,000 -- | ----- 135,082,899 (127,848,906) |
| Total stockholders' equity | ----- 2,714,883 | ----- 1,743,993 | ----- 5,490,000 | ----- 7,233,993 |
| Total liabilities and stockholders' equity | ----- \$ 8,505,961 ===== | ----- \$ 6,332,065 ===== | ----- \$ 2,990,000 ===== | ----- \$ 9,322,065 ===== |

(A) To reflect the October 1996 conversion of the \$2.5 million debenture issued to Capital Ventures International in June 1996 into 2,500 shares of Series A Convertible Preferred Stock and to reflect the October 1996 sale of \$3.0 million of convertible preferred stock to Southbrook International Investment, Ltd.

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

IMMUNOGEN, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended September 30, 1995 and 1996 (unaudited)

| | Three Months Ended September 30, | |
|--|----------------------------------|---------------|
| | 1995 | 1996 |
| Revenues: | | |
| Development fees | \$ 136,328 | \$ 82,156 |
| Interest | 34,333 | 21,380 |
| Licensing | -- | 5,643 |
| Other | 13,928 | 29,037 |
| | ----- | ----- |
| Total revenues | 184,589 | 138,216 |
| | ----- | ----- |
| Expenses: | | |
| Research and development | 2,924,600 | 1,946,034 |
| General and administrative | 453,571 | 438,120 |
| Interest | 364,106 | 66,862 |
| | ----- | ----- |
| Total expenses | 3,742,277 | 2,451,016 |
| | ----- | ----- |
| Loss before income taxes | (3,557,688) | (2,312,800) |
| Income tax expense | 453 | 282 |
| | ----- | ----- |
| Net loss | \$(3,558,141) | \$(2,313,082) |
| | ===== | ===== |
| Loss per common share | \$ (0.28) | \$ (0.14) |
| | ===== | ===== |
| Shares used in computing loss per share amounts | 12,581,910 | 16,914,771 |
| | ===== | ===== |

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

IMMUNOGEN, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the year ended June 30, 1996 and for
the three months ended September 30, 1996 (unaudited)

| | Common Stock | | | Accumulated Deficit | Total Stockholders' Equity |
|--------------------------------------|--------------|-----------|----------------------------------|------------------------|----------------------------------|
| | Shares | Amount | Additional Paid-in Capital | | |
| 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 | 6,281,587 | -- | 6,320,115 |
| Issuance of common stock warrants | -- | -- | 2,693,485 | -- | 2,693,485 |
| Net loss | -- | -- | -- | (16,544,461) | (16,544,461) |
| Balance at June 30, 1996 | 16,599,855 | 165,999 | 128,084,708 | (125,535,824) | 2,714,883 |
| Stock options exercised | 9,977 | 100 | 23,358 | -- | 23,458 |
| Conversion of convertible debentures | 351,662 | 3,517 | 1,315,217 | -- | 1,318,734 |
| Net loss | -- | -- | -- | (2,313,082) | (2,313,082) |
| Balance at September 30, 1996 | 16,961,494 | \$169,616 | \$129,423,283 | \$(127,848,906) | \$ 1,743,993 |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended September 30, 1995 and 1996 (unaudited)

| | September 30, | |
|--|---------------|---------------|
| | 1995 | 1996 |
| | ----- | ----- |
| Cash flows from operating activities: | | |
| Net loss | \$(3,558,141) | \$(2,313,082) |
| Adjustments to reconcile net loss to net cash used for operating activities: | | |
| Depreciation and amortization | 796,731 | 446,396 |
| Loss on sale of property and equipment | (10,886) | 2,934 |
| Accretion of interest on note receivable | -- | (29,037) |
| Other | | |
| Changes in operating assets and liabilities: | | |
| Other current assets | (79,604) | (102,619) |
| Accounts payable | (471,213) | 320,984 |
| Accrued compensation | 9,234 | (75,157) |
| Other accrued liabilities | (142,339) | (95,701) |
| | ----- | ----- |
| Net cash used for operating activities | (3,456,218) | (1,845,282) |
| | ----- | ----- |
| Cash flows from investing activities: | | |
| Proceeds from sale of property and equipment | -- | 15,183 |
| Purchase of property and equipment | (18,251) | -- |
| Proceeds from sale/maturity of marketable securities | 3,000,000 | -- |
| Purchase of marketable securities | (2,984,898) | -- |
| | ----- | ----- |
| Net cash (used for) provided by investing activities | (3,149) | 15,183 |
| | ----- | ----- |
| Cash flows from financing activities: | | |
| Proceeds from convertible debentures | 3,600,000 | -- |
| Stock issuances, net | 5,150 | 23,458 |
| Principal payments on capital lease obligations | (175,739) | (34,398) |
| | ----- | ----- |
| Net cash provided by (used for) financing activities | 3,429,411 | (10,940) |
| | ----- | ----- |
| Net change in cash and cash equivalents | (29,956) | (1,841,039) |
| | ----- | ----- |
| Cash and cash equivalents, beginning balance | 3,047,236 | 2,796,636 |
| | ----- | ----- |
| Cash and cash equivalents, ending balance | \$ 3,017,280 | \$ 955,597 |
| | ===== | ===== |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ 103,106 | \$ 4,569 |
| | ===== | ===== |
| Cash paid (refunded) for income taxes | \$ 5,000 | \$ 1,197 |
| | ===== | ===== |
| Supplemental disclosure of noncash financing activities: | | |
| Conversion of convertible debentures including accrued interest | \$ -- | \$ 1,318,734 |
| | ===== | ===== |

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 72%-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, 1996.

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 September 30, 1996 were \$1.0 million, and the Company received an additional \$3.0 million in October 1996 pursuant to a private placement of convertible preferred stock. An additional \$9.0 million is available to the Company under this agreement over a period ending March 31, 1998, if certain conditions are met. The Company continues actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements. 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, it could be forced to curtail further or discontinue operations.

B. At September 12, 1996, the Board of Directors authorized and the shareholders approved the elimination of all previously authorized classes of preferred stock and the authorization of 5,000,000 shares of a new class of preferred stock.

C. In October 1996, the Company's \$2.5 million debenture issued in June 1996 was converted into 2,500 shares of the Company's Series A Convertible Preferred Stock, with a stated value of \$1,000 per share (the "Series A Stock"). The effect of this conversion is reflected on a pro forma basis on the Company's consolidated balance sheets as of September 30, 1996 included in Item 1 of Part I of this report. Holders of the Series A Stock are 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 in arrears on the conversion date. The 2,500 shares of Series A Stock are convertible into the same number of shares of Common Stock as the \$2.5 million debenture was. Each share of Series A Stock is 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).

D. In October 1996, the Company sold 3,000 shares of its Series B Convertible Preferred Stock, with a stated value of \$1,000 per share (the "Series B Stock") for \$3.0 million to an institutional investor as part of an agreement which grants the Company 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. The Company may require the investor to make additional investments of up to \$3.0 million during each of the quarters commencing on January 1, 1997, April 1, 1997 and July 1, 1997, respectively. If the aggregate investment as of September 30, 1997 is less than \$12.0 million, the Company may require the investor to make an additional investment of up to \$3.0 million in the quarter commencing on October 1, 1997 in an amount which would bring the total investment to \$12.0 million. Receipt of these additional investments is subject to obtaining the approval of the Company's shareholders to issue 12,000 shares of the Company's Convertible Preferred Stock and related common stock purchase warrants and to the Company meeting certain other conditions.

Holders of the Series B Stock are entitled to receive, when and as declared by the Board of Directors, cumulative dividends at a rate per share equal to an annual rate of 9% of the stated value in cash, or at the Company's option, shares of Common Stock, in arrears on the conversion date. Each share of Series B Stock is convertible into a number of shares of the Company's Common Stock determined by dividing the \$1,000 stated value per share by the lesser of (i) \$3.60 (the average closing bid price of the Company's Common Stock on the Nasdaq National Market for the five consecutive trading days prior to the October 16, 1996 original issuance date of the Preferred Stock), and (ii) the Applicable Percentage (defined below) of the average closing bid price of the Company's Common Stock for the five consecutive trading days prior to the conversion date (subject to certain adjustments). The Applicable Percentage will be (i) 100%, if the conversion date is after November 25, 1996, (ii) 90%, if the conversion date is after November 25, 1996 but on or before January 4, 1997, and (iii) 85%, if the conversion date is after January 4, 1997.

In connection with the right granted to the Company, the Company has issued warrants to the investor to purchase 187,500 shares of the Company's Common Stock. Warrants to purchase 62,500 shares of the Company's Common Stock were also issued to a third party pursuant to an arrangement between the investor and that party. The warrants have an exercise price of \$5.49 and expire in October 2001. Additionally, if conversion of the Series B Stock into shares of the Company's Common Stock occurs after the eightieth day following issuance of the Series B Stock, warrants to acquire an additional 250,000 shares of the Company's Common Stock will be issued to the investor with an exercise price equal to 150% of the closing sale price of the Common Stock on the date of issuance of the warrants. Similarly, if conversion of any subsequent investment occurs after the eightieth day following its respective issue date, warrants to purchase a number of shares of the Company's Common Stock equal to 50% of the number of shares issued upon such conversion of the subsequent investment will also be issued, with an exercise price equal to 150% of the closing sale price of the Common Stock on the date of issuance of the warrants. The effect of the issuance of 3,000 shares of Series B Stock is reflected on a pro forma basis on the Company's consolidated balance sheets as of September 30, 1996 included in Item 1 of Part I of this report.

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 immunoconjugate 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. 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 products. In addition, the Company assigned the facility and equipment leases related to a production facility in Canton, Massachusetts to another biotechnology company effective January 1, 1996, and subleased 82% of one of its Cambridge, Massachusetts facilities effective September 1, 1995, increasing the subleased space from 82% to 100% of the facility effective October 1, 1996.

The Company has been unprofitable since inception and expects to incur net losses over the next several years. The Company's cash resources at September 30, 1996 were approximately \$1.0 million, and the Company received an additional \$3.0 million in October 1996 pursuant to a private placement of convertible preferred stock. An additional \$9.0 million is available to the Company under this agreement over a period ending March 31, 1998, if certain conditions are met. The Company continues actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements.

RESULTS OF OPERATIONS

Three Months Ended September 30, 1996

The Company's revenues decreased approximately 25% from approximately \$185,000 for the three months ended September 30, 1995 to approximately \$138,000 for the three months ended September 30, 1996. Interest income totalled approximately \$34,000, or 18% of revenues, for the three months ended September 30, 1995, decreasing approximately 38% to approximately \$21,000, or 15% of revenues, for the three months ended September 30, 1996, reflecting the decrease in cash balances available for investment in the 1996 period. Revenues for the three

months ended September 30, 1995 and 1996 include approximately \$136,000 and \$82,000, respectively, of development revenue, which represents revenue earned under the Small Business Innovation Research Program of the U.S. National Science Foundation. Revenues for 1996 also include approximately \$6,000 of licensing revenues received pursuant to two licensing agreements. Other income for the three months ended September 30, 1995 represents a gain on sale of assets which resulted from a sale/leaseback agreement for equipment at one of the Company's facilities executed in fiscal 1994 which had been deferred and recorded as other income through December 1995. Other income for the three months ended September 30, 1996 represents accretion of interest on a note receivable related to the assignment of the Company's leases on its Canton facility and equipment.

The Company's total expenses decreased approximately 35% from approximately \$3.7 million for the three months ended September 30, 1995 to approximately \$2.5 million in the same period in 1996, primarily a result of the Company's cost reduction efforts as described above (see "Overview").

Research and development costs constituted the primary component of the Company's total ongoing expenses (78% and 79% for the three months ended September 30, 1995 and 1996, respectively), decreasing from approximately \$2.9 million for the three months ended September 30, 1995 to approximately \$1.9 million for the three months ended September 30, 1996. This 33% decrease is principally the result of the savings associated with the Company's restructuring and other cost reduction efforts begun in fiscal 1995.

General and administrative expenses decreased approximately 3% from approximately \$454,000 for the three months ended September 30, 1995 to approximately \$438,000 for the three months ended September 30, 1996. This decrease principally represents savings associated with the restructuring plan and other cost reduction efforts begun in fiscal 1995.

Interest expense decreased 82% from approximately \$364,000 for the three months ended September 30, 1995 to approximately \$67,000 for the three months ended September 30, 1996, primarily due to the interest, financing costs and warrant costs charged to interest on two of Company's debenture financings in the first quarter of fiscal 1996. Both periods include costs associated with the Company's issuance of convertible debentures in addition to the interest costs associated with the principal balances of the Company's capital lease agreements.

LIQUIDITY AND CAPITAL RESOURCES

Since July 1, 1994 the Company has financed its operating deficit of approximately \$38.7 million from various sources, including issuances in fiscal 1996 of convertible debentures, amounts received pursuant to its fiscal 1996 assignment of leases and from the exercise of stock options. Since July 1, 1994 the Company has earned approximately \$0.6 million of interest income. At September 30, 1996 approximately \$1.0 million of cash and cash equivalents remained available, and an additional \$3.0 million was received in October 1996.

In October 1996, the Company's \$2.5 million debenture issued in June 1996 was converted into 2,500 shares of the Company's Series A Convertible Preferred Stock, with a stated value of \$1,000 per share (the "Series A Stock"). The effect of this conversion is reflected on a pro forma basis on the Company's consolidated balance sheets as of September 30, 1996 included in Item 1 of Part I of this report. Holders of the Series A Stock are 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, in arrears on the conversion date. The 2,500 shares of Series A Stock are convertible into the same number of shares of Common Stock as the \$2.5 million debenture was. Each share of Series A Stock is 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 October 1996, the Company sold 3,000 shares of its Series B Convertible Preferred Stock, with a stated value of \$1,000 per share (the "Series B Stock") for \$3.0 million to an institutional investor as part of an agreement which grants the Company 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. The Company may require the investor to make additional investments of up to \$3.0 million during each of the quarters commencing on January 1, 1997, April 1, 1997 and July 1, 1997, respectively. If the aggregate investment as of September 30, 1996 is less than \$12.0 million, the Company may require the investor to make an additional investment of up to \$3.0 million in the quarter commencing on October 1, 1997 in an amount which would bring the total investment to \$12.0 million. Receipt of these additional investments is subject to obtaining the approval of the Company's shareholders to issue 12,000 shares of the Company's Convertible Preferred Stock and related common stock purchase warrants and to the Company meeting certain other conditions.

Holders of the Series B Stock are entitled to receive, when and as declared by the Board of Directors, cumulative dividends at a rate per share equal to an annual rate of 9% of the stated value in cash, or at the Company's option, shares of Common Stock, in arrears on the conversion date. Each share of the Series B Stock is convertible into a number of shares of the Company's Common Stock determined by dividing the \$1,000 stated value per share by the lesser of (i) \$3.60 (the average closing bid price of the Company's Common Stock on the Nasdaq National Market for the five consecutive trading days prior to the October 16, 1996 original issuance date of the Preferred Stock), and (ii) the Applicable Percentage (defined below) of the average closing bid price of the Company's Common Stock for the five consecutive trading days prior to the conversion date (subject to certain adjustments). The Applicable Percentage will be (i) 100%, if the conversion date is after November 25, 1996, (ii) 90%, if the conversion date is after November 25, 1996 but on or before January 4, 1997, and (iii) 85%, if the conversion date is after January 4, 1997.

In connection with the right granted to the Company, the Company has issued warrants to the investor to purchase 187,500 shares of the Company's Common Stock. Warrants to purchase 62,500 shares of the Company's Common Stock were also issued to a third party pursuant to an arrangement between the investor and that party. The warrants have an exercise price of \$5.49 and expire in October 2001. Additionally, if conversion of the Series B Stock into shares of the Company's Common Stock occurs after the eightieth day following issuance of the Series B Stock, warrants to acquire an additional 250,000 shares of the Company's Common Stock will be issued to the investor with an exercise price equal to 150% of the closing sale price of the Common Stock on the date of issuance of the warrants. Similarly, if conversion of any subsequent investment occurs after the eightieth day following its respective issue date, warrants to purchase a number of shares of the Company's Common Stock equal to 50% of the number of shares issued upon such conversion of the subsequent investment will also be issued, with an exercise price equal to 150% of the closing sale price of the Common Stock on the date of issuance of the warrants. The effect of the issuance of 3,000 shares of Series B Stock is reflected on a pro forma basis on the Company's consolidated balance sheets as of September 30, 1996 included in Item 1 of Part I of this report.

In the period since July 1, 1994 approximately \$0.5 million was expended on property and equipment. No significant amounts 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 September 30, 1996 amounts owed by ATI to ImmunoGen approximated \$11.0 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 its capital resources existing at September 30, 1996 plus the additional \$3.0 million received from its October 1996 private placement will enable it to maintain its current and planned operations through approximately February 1997. Receipt of the remaining \$9.0 million available to the Company under its October 1996 financing agreement would enable the Company to extend its operations through approximately February 1998. However, because the Company must satisfy certain conditions, including obtaining shareholder approval of this transaction and maintaining certain price and volume levels in trading of its Common Stock, there can be no assurance that the Company will receive any or all of the remaining \$9.0 million available under this financing arrangement. Because of its continuing losses from operations and working capital deficit, 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 on acceptable terms to the Company, if at all. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to curtail further 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 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 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 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 in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 as filed with the Securities and Exchange Commission.

IMMUNOGEN, INC.
PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

On October 3, 1996, the Company filed Restated Articles of Organization which amended and restated the Company's Restated Articles of Organization previously in effect to eliminate all previously authorized shares of Preferred Stock, authorize 5,000,000 shares of a new class of Preferred Stock, and designate 2,500 shares of Series A Preferred Stock ("Series A Stock"). On October 16, 1996, the Company filed a Certificate of Vote of Directors Establishing a Series of a Class of Stock designating 3,000 shares of Series B Preferred Stock ("Series B Stock"). As of November 5, 1996, the Company had issued all 2,500 shares of Series A Stock and all 3,000 shares of Series B Stock.

Each share of Series A Stock is convertible into a number of shares of the Company's Common Stock determined by dividing the stated value of the Series A Stock of \$1,000 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). Each share of Series B Stock is convertible into a number of shares of the Company's Common Stock determined by dividing the stated value of the Series B Stock of \$1,000 per share by the lesser of (i) \$3.60, and (ii) the Applicable Percentage (defined below) of the average closing bid price of the Company's Common Stock for the five consecutive trading days prior to the conversion date (subject to certain adjustments). The Applicable Percentage will be (i) 100%, if the conversion date is after November 25, 1996, (ii) 90%, if the conversion date is after November 25 but on or before January 4, 1997, and (iii) 85%, if the conversion date is after January 4, 1997.

Holders of the Series A Stock and the Series B Stock are 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, in arrears on the conversion date. The holders of both series of preferred stock are not entitled to vote separately, as a series or otherwise, on any matter submitted to a vote of the shareholders of the Company. Each holder of both series of preferred stock has a liquidation preference equal to \$1,000 plus an amount equal to accrued but unpaid dividends per share, whether declared or not, but without interest, before any distribution or payment shall be made to the holders of any junior securities.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

A Special Meeting of Shareholders was held by the Company on September 12, 1996. At the Meeting, the following matter was voted upon:

The proposal to amend and restate the Corporation's Restated Articles of Organization to eliminate all currently authorized shares of Preferred Stock and authorize 5,000,000 shares of a new class of Preferred Stock was approved by a vote of 11,163,051 shares FOR the amendment, 664,477 shares AGAINST and 180,338 shares ABSTAINING.

Item 5. Other Information

Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit

- 3.1 Restated Articles of Organization of the Registrant
- 4.1 Designation of Series A Preferred Stock (included in Exhibit 3.1 to to this report)
- 10.34 Convertible Preferred Stock Purchase Agreement dated as of October 16, 1996 between Southbrook International Investments, Ltd. and the Registrant, as amended by an agreement dated October 16, 1996 and attached thereto
- 10.35 Registration Rights Agreement dated as of October 16, 1996 between Southbrook International Investments, Inc. and the Registrant
- 10.36 Warrant dated October 16, 1996 issued to Southbrook International Investments, Ltd.
- 10.37 Warrant dated October 16, 1996 issued to Brown Simpson, LLC

- (b) The Company filed a report on Form 8-K on July 15, 1996, which included the Company's Pro Forma Balance Sheets as of May 31, 1996 and Statements of Operations for the two months ended May 31, 1996, demonstrating compliance as of May 31, 1996 on a pro forma basis with the net tangible asset requirement for continued inclusion on the Nasdaq National Market.

SIGNATURES

Pursuant to the requirements of the Securities 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.

Date: November 7, 1996

By: /s/ Mitchel Sayare

Mitchel Sayare
Chief Executive Officer
(principal executive officer)

Date: November 7, 1996

By: /s/ Frank J. Pocher

Frank J. Pocher
Vice President and
Chief Financial Officer
(principal financial officer)

IMMUNOGEN, INC.

EXHIBIT INDEX

Exhibit

| | |
|-------|---|
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| 27 | Financial Data Schedule |

 Examiner THE COMMONWEALTH OF MASSACHUSETTS
 WILLIAM FRANCIS GALVIN FEDERAL IDENTIFICATION
 Secretary of State
 ONE ASHBURTON PLACE, BOSTON, MA 02108 NO. 04 2726691

RESTATED ARTICLES OF ORGANIZATION

GENERAL LAWS, CHAPTER 156B, SECTION 74

This certificate must be submitted to the Secretary of the Commonwealth within sixty days after the date of the vote of stockholders adopting the restated articles of organization. The fee for filing this certificate is prescribed by General Laws, Chapter 156B, Section 114. Make check payable to the Commonwealth of Massachusetts.

 We, Frank J. Pocher Vice President and
 Jonathan L. Kravetz , Clerk of

IMMUNOGEN, INC.

(Name of Corporation)

located at 148 Sidney Street, Cambridge, MA 02139

do hereby certify that the following restatement of the articles of organization of the corporation was duly adopted at a meeting held on September 12, 1996, by a vote of

11,163,051 shares of Common out of 16,599,855 shares outstanding,

 (Class of Stock)

shares of out of shares outstanding,

 (Class of Stock)

shares of out of shares outstanding,

 (Class of Stock)

being at least two-thirds of each class of stock outstanding and entitled to vote and of each class or series of stock adversely affected thereby:

1. The name by which the corporation shall be known is:

ImmunoGen, Inc.

2. The purposes for which the corporation is formed are as follows:
 To develop, produce and market pharmaceutical and other products through the application of advance biological techniques and technologies.

[]
 [] To purchase or otherwise acquire, invest in, own, mortgage, pledge,
 [] sell, assign and transfer or otherwise dispose of, trade in and deal in
 [] and with real estate and personal property of every kind, class and
 description (including, without limitation, goods, wares and
 merchandise of every kind, class and description), to manufacture of
 every kind, class and description; both on its own account and for
 others.

Continued on Exhibit A

C.

Note: if the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

EXHIBIT A

CONTINUATION OF ARTICLE 2 OF
ARTICLES OF ORGANIZATION OF
IMMUNOGEN, INC.

To borrow or lend money, and to make and issue notes, bonds, debentures, obligations, and evidence of indebtedness of all kinds, whether secured by mortgage, pledge, or otherwise, without limit as to amount, and to secure the same by mortgage, pledge, or otherwise and generally to make and perform agreements and contracts of every kind and description.

To purchase, receive, take by grant, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with, real property, or any interest therein, wherever situated.

To subscribe for, take, acquire, hold, sell, exchange and deal in shares, stocks, bonds, obligations and securities of any corporation, government, authority or company; to form, promote, subsidize and assist companies, syndicates or partnerships of all kinds and to finance and refinance the same; and to guaranty the obligations of other persons, firms or corporations.

To carry on any business, operation or activity referred to in the foregoing paragraphs either alone or in conjunction with, or as a partnership, joint venture or other arrangement with, any corporation, association, trust, firm or individual.

To do any act necessary or incidental to the conduct of said businesses and to carry on any other business, and to do any other thing permitted by all present and future laws of the Commonwealth of Massachusetts applicable to business corporations.

EXHIBIT B
-----CONTINUATION OF ARTICLE 4 OF
ARTICLES OF ORGANIZATION OF
IMMUNOGEN, INC.

There shall be authorized a total of thirty million (30,000,000) shares of Common Stock, \$.01 par value (the "Common Stock"), and five million (5,000,000) shares of Preferred Stock, \$.01 par value (the "Preferred Stock"). The following is a statement of the designations, powers, preferences and rights, and qualifications, limitations or restrictions of the Common Stock and the Preferred Stock.

SECTION 1 - Common Stock

All shares of Common Stock will be identical and will entitle the holders thereof to the same rights and privileges.

1.1. VOTING RIGHTS. Each holder of Common Stock shall at every meeting of stockholders be entitled to one vote in person or by proxy for each share of Common Stock held by him. There shall be no cumulative voting.

1.2. NO PREEMPTIVE RIGHTS. No share of Common Stock shall entitle its holder to have any preemptive right in or preemptive right to subscribe to any additional shares of Common Stock or any shares of any other class of stock which may at any time be authorized or issued, or any bonds, debentures or other securities convertible into shares of stock of any class of the Company, or options or warrants carrying rights to purchase such shares or securities.

1.3. DIVIDENDS. The holders of the Common Stock shall be entitled to such dividends as may from time to time be declared by the Board of Directors out of any funds legally available for the declaration of dividends, subject to any provisions of these Restated Articles of Organization, as amended from time to time, and subject to the relative rights and preferences of any shares of Preferred Stock authorized and issued hereunder.

1.4 LIQUIDATION RIGHTS. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Common Stock shall be entitled, subject to the rights and preferences, if any, of any shares of Preferred Stock authorized and issued hereunder, to share, ratably according to the number of shares of Common Stock held by them, in the remaining assets of the Corporation available for distribution to its stockholders.

SECTION 2 - Preferred Stock

A: DESCRIPTION OF UNDESIGNATED PREFERRED STOCK. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article 4, to approve the issuance of the shares of Preferred Stock, with or without series, and, by filing a certificate or Articles of Amendment pursuant to the applicable law of the Commonwealth of Massachusetts ("Articles of Amendment"), to establish from time to time the number of shares to be included in each such series and to fix the designation, preferences, voting powers, qualifications and special or relative rights or privileges of the shares of each such series. In the event that at any time the Board of Directors shall have established and designated one or more series of Preferred Stock consisting of a number of shares less than all of the authorized number of shares of Preferred Stock, the remaining authorized shares of Preferred Stock shall be deemed to be shares of an undesignated series of Preferred Stock until designated by the Board of Directors as being part of a series previously established or a new series then being established by the Board of Directors. Notwithstanding the fixing of the number of shares constituting a particular series, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series except as set forth in the Articles of Amendment.

The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(i) The number of shares constituting that series and the distinctive designation of that series, and whether additional shares of that series may be issued;

(ii) whether any dividends shall be paid on shares of that series, and, if so, the dividend rate on the shares of that series; whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(iii) whether shares of that series shall have voting rights in addition to the voting rights provided by law and, if so, the terms of such voting rights;

(iv) whether shares of that series shall be convertible into shares of Common Stock or another security and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(v) whether or not the shares of that series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; and whether that series shall have

a sinking fund for the redemption or purchase of shares of that series and, if so, the terms and amount of such sinking fund;

(vi) whether, in the event of purchase, redemption, conversion or other acquisition by the Corporation of the shares of that series, any shares of that series shall be restored to the status of authorized but unissued shares or shall have such other status as shall be set forth in the Articles of Amendment;

(vii) the rights of the shares of that series in the event of the sale, conveyance, exchange or transfer of all or substantially all of the property and assets of the Company, or the merger or consolidation of the Company into or with any other company, or the merger of any other company into it, or the voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights or priority, if any, of shares of that series to payment in any such event;

(viii) whether the shares of that series shall carry any preemptive right in or preemptive right to subscribe for any additional shares of Preferred Stock or any shares of any other class of stock which may at any time be authorized or issued, or any bonds, debentures or other securities convertible into shares of stock of any class of the Company, or options or warrants carrying rights to purchase such shares or securities; and

(ix) any other designation, preferences, voting powers, qualifications, and special or relative rights or privileges of the shares of that series.

B: Description and Designation of Series A Preferred Stock

I. Designation and Amount

The designation of this series, which consists of Two Thousand Five Hundred (2,500) shares of Preferred Stock, is Series A Convertible Preferred Stock (the "Series A Preferred Stock") and the stated value shall be One Thousand Dollars (\$1,000) per share (the "Stated Value").

II. Rank

The Series A Preferred Stock shall rank (i) prior to the Corporation's common stock, par value \$.01 per share (the "Common Stock"); (ii) prior to any class or series of capital stock of the Corporation hereafter created (unless, with the consent of the holders of Series A Preferred Stock obtained in accordance with Section IX hereof, such class or series of capital stock specifically, by its terms, ranks senior to or PARI PASSU with the Series A Preferred Stock)

(collectively, with the Common Stock, "Junior Securities"); (iii) PARI PASSU with any class or series of capital stock of the Corporation hereafter created (other than with respect to 12,000 shares of Preferred Stock to be issued to Southbrook International Investments Ltd., with the consent of the holders of Series A Preferred Stock obtained in accordance with Section IX hereof) specifically ranking, by its terms, on parity with the Series A Preferred Stock ("PARI PASSU Securities"); and (iv) junior to any class or series of capital stock of the Corporation hereafter created (with the consent of the holders of Series A Preferred Stock obtained in accordance with Section IX hereof) specifically ranking, by its terms, senior to the Series A Preferred Stock ("Senior Securities"), in each case as to payment of dividends or distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

III. Dividends

A. The holders of shares of Series A Preferred Stock shall be entitled to receive cash dividends at the rate (the "Dividend Rate") of Nine Percent (9%) per annum, through and including the date on which such Series A Preferred Stock is no longer issued and outstanding, which dividends shall be payable in equal quarterly installments on March 31, June 30, September 30 and December 31 each year (each such date, regardless of whether any dividends have been paid or declared and set aside for payment on such date, being a "Dividend Payment Date") to holders of record as they appear on the stock books on such record dates as are fixed by the Board of Directors, but only when, as and if declared by the Board of Directors out of funds at the time legally available for the payment of dividends. For purposes of calculation of such cash dividends, the Series A Preferred Stock shall be valued at the Stated Value. Such dividends shall begin to accrue on outstanding shares of Series A preferred Stock from June 13, 1996 and shall be deemed to accrue from day to day whether or not earned or declared until paid (or until the date of payment if paid in accordance with Section V.A below); PROVIDED, HOWEVER, that dividends accrued or deemed to have accrued for any period shorter than the full three-month period between Dividend Payment Dates shall be computed based on the actual number of days elapsed in the three-month period for which such dividends are payable. Dividends on the Series A Preferred Stock shall be cumulative.

B. Notwithstanding Clause A above, the Corporation may, in its sole discretion, but is not obligated to, pay any or all dividends in Common Stock and Warrants (as defined below) rather than cash. The Corporation shall pay such dividend by issuing to such holder (i) such number of shares of common Stock as is determined by dividing the amount of the cash dividends otherwise payable to such holder on the applicable Dividend Payment Date by the Conversion Price (as defined below) in effect on such Dividend Payment Date and (ii) Warrants to acquire a number of shares of Common Stock equal to 50% of the number of shares of Common Stock issuable as payment of such dividend.

C. Notwithstanding Clauses A and B above, the Corporation shall pay any or all dividends in Common Stock and Warrants rather than cash if, on the Dividend Payment Date, there are no funds legally available for the payment of dividends. The Corporation shall pay such dividend by issuing to such holder (i) such number of shares of Common Stock as is determined by dividing the amount of the cash dividends otherwise payable to such holder on the applicable Dividend Payment Date by the Conversion Price in effect on such Dividend Payment Date and (ii) Warrants to acquire a number of shares of Common Stock equal to 50% of the number of shares of Common Stock issuable as payment of such dividend.

D. No dividends or other distributions, other than dividends or other distribution payable solely in shares of capital stock of the Corporation and liquidating distributions which are subject to the provision of Section IV, shall be paid or set aside for payment on, and no purchase, redemption or other acquisition shall be made of, any shares of capital stock of the Corporation (other than any class or series of Preferred Stock that, in accordance with Section II hereof, (i) ranks senior to the Series A Preferred Stock or (ii) ranks PARI PASSU with the Series A Preferred Stock so long as any dividend payments per share on Pari Passu Securities as a percentage of accrued and unpaid dividends per share on Pari Passu Securities do not exceed contemporaneous dividend payments per share on the Series A Preferred Stock as a percentage of accrued and unpaid dividends per share on the Series A Preferred Stock), unless and until all accrued and unpaid dividends on the Series A Preferred Stock, including the full dividend for the then current quarterly dividend period, shall have been declared and paid or a sum sufficient for the payment thereof set aside for such purposes.

E. Any reference to "distribution" contained in this Section III shall not be deemed to include any stock dividend or distributions made in connection with any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

IV. Liquidation Preference

A. If the Corporation shall commence a voluntary case under the Federal bankruptcy laws or any other applicable Federal or State bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws or any other applicable Federal or State bankruptcy, insolvency or similar law resulting in the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in

effect for a period of sixty (60) consecutive days and, on account of any such event (a "Liquidation Event"), the Corporation shall liquidate, dissolve or wind up, or if the Corporation shall otherwise liquidate, dissolve or wind up, no distribution shall be made to holders of any shares of capital stock of the Corporation (other than Senior Securities) upon liquidation, dissolution or winding up unless prior thereto, the holders of shares of Series A Preferred Stock, subject to Section VI, shall have received the Liquidation Preference (as defined in Section IV.C) with respect to each share. If upon the occurrence of a Liquidation Event, the assets and funds available for distribution among the holders of the Series A Preferred Stock and holders of PARI PASSU Securities shall be insufficient to permit the payment to such holders of the preferential amounts payable thereon, then the entire assets and funds of the Corporation legally available for distribution to the Series A Preferred Stock and the PARI PASSU Securities shall be distributed ratably among such shares in proportion to the ratios that the Liquidation Preference payable on each such share bears to the aggregate Liquidation Preference payable on all such shares.

B. Intentionally omitted.

C. For purposes hereof, the "Liquidation Preference" with respect to a share of the Series A Preferred Stock shall mean an amount equal to the sum of (A) the Stated Value thereof plus (B) accrued and unpaid dividends thereon. The Liquidation Preference with respect to any PARI PASSU Securities shall be set forth in the Articles of Amendment in respect thereof.

V. CASH PAYMENT OF DIVIDENDS BY
CORPORATION, REDEMPTION OF SERIES A
PREFERRED STOCK

A. The Corporation shall have the right, in its sole discretion, upon receipt of a Notice of Conversion pursuant to Section VI.E or in the event of an Automatic Conversion (as defined in Section VII) effected in accordance with Section VII hereof, to pay all or any portion of the accrued and unpaid dividends subject to such conversion for a sum of cash equal to the amount of such accrued and unpaid dividends; PROVIDED, HOWEVER, that upon receipt of a Notice of Conversion, the Corporation shall notify such holder, on or before the next business day following the Corporation's receipt of such Notice of Conversion, as to whether it will elect to pay such accrued and unpaid dividends in cash. All cash payments hereunder shall be paid in lawful money of the United States of America at such address for the holder as appears on the record books of the Corporation (or at such other address as such holder shall hereafter give to the Corporation by written notice). In the event the Corporation elects, pursuant to this Section V.A., to pay all or any portion of the accrued and unpaid dividends in cash and fails to pay such holder the applicable cash amount to which such holder is entitled by delivering a check in the U.S. Mail to such holder within five (5) business days of receipt by the Corporation of a Conversion Notice (in the case of a cash payment in connection with an Optional

Conversion) or June 13, 2000 (in the case of a cash payment in connection with an Automatic Conversion), 110% of such accrued and unpaid dividends shall thereafter be converted into shares of Common Stock and warrants, exercisable for a period of five (5) years from the date of issuance, to acquire a number of shares of Common Stock equal to fifty percent (50%) of the number of shares of Common Stock issuable upon such conversion, at an initial exercise price of Four Dollars (\$4.00) per share ("Warrants"), in accordance with Section VI hereof.

B. (a) If the Corporation fails to issue shares of Common Stock or Warrants to any holder of Series A Preferred Stock upon exercise by a holder of its conversion rights in accordance with the terms of these Restated Articles of Organization (or upon exercise of the Warrants), and such failure is solely the result of a Conversion Default (as defined in Section VI.F below) and continues for a period of at least one hundred twenty (120) days, and the Corporation is using all commercially reasonable efforts to authorize a sufficient number of shares of Common Stock as soon as practicable (a "Mandatory Redemption Event"); then, upon the occurrence and during the continuation of such a Mandatory Redemption Event, at the option of the holders of at least 50% of the then outstanding shares of Series A Preferred Stock by written notice (the "Mandatory Redemption Notice") to the Corporation of such Mandatory Redemption Event, the Corporation shall purchase all of the shares of Series A Preferred Stock then outstanding for an amount per share in cash (the "Mandatory Redemption Amount") equal to 125% multiplied by the Redemption Price (as defined herein) in effect at the time of the redemption hereunder.

The "Redemption Price" with respect to each share of Series A Preferred Stock shall mean the amount of cash equal to the sum of (i) the Stated Value thereof plus (ii) the amount equal to nine percent (9%) per annum of such Stated Value for the period beginning June 13, 1996 and ending on the effective date of redemption hereunder.

If the Corporation fails to pay the Mandatory Redemption Amount for each share within five (5) business days of written notice that such amount is due and payable, then each holder of Series A Preferred Stock shall have the right at any time, so long as the Mandatory Redemption Event continues, to require the Corporation, upon written notice, to immediately issue (in accordance with the terms of Section VI below), in lieu of the Mandatory Redemption Amount with respect to each outstanding share of Series A Preferred Stock held by such holder, the number of shares of Common Stock of the Corporation equal to the Mandatory Redemption Amount divided by the Conversion Price then in effect.

(b) If the Corporation (i) fails to issue shares of Common Stock or Warrants to any holder of Series A Preferred Stock upon exercise by a holder of its conversion rights in accordance with the terms of these Restated Articles of Organization (or upon exercise of the Warrants), and such failure is the result of anything other than a Conversion Default (ii) fails to transfer any certificate for shares of Common Stock or Warrants issued to the holders upon conversion of the Series A Preferred Stock (or upon exercise of the Warrants) as and when

required by these Restated Articles of Organization, the Warrants or otherwise, or (iii) fails to remove any restrictive legend on any certificate or any shares of Common Stock or Warrants issued to the holders of the Series A Preferred Stock upon conversion of the Series A Preferred Stock as and when required by these Restated Articles of Organization or otherwise, and such failure shall continue uncured for at least three (3) business days after the Corporation is notified thereof in writing by the holder; then, upon the occurrence and during the continuation of an event specified in clauses (i) - (iii) above, at the option of the holders of at least 50% of the then outstanding shares of Series A Preferred Stock by written notice (the "Notice") to the Corporation of such an event, the Corporation shall be required to immediately issue (in accordance with the terms of Section VI below), with respect to each outstanding share of Series A Preferred Stock held by such holder, the number of shares of Common Stock of the Corporation equal to 125% multiplied by the sum of (A) the Stated Value thereof plus (B) the amount equal to nine percent (9%) per annum of such Stated Value for the period beginning June 13, 1996 and ending on the effective date of redemption hereunder, divided by the Conversion Price on the date of the Notice.

C. (a) Commencing March 25, 1998, at any time that the closing bid price for the Common Stock on NASDAQ-NM (as defined below), or on the principal securities exchange or other securities market on which the Common Stock is being traded, is, both on the date of receipt of the Optional Redemption Notice (as defined herein) and on the Effective Date of Redemption (as defined herein), and has been for at least five (5) consecutive Trading Days prior thereto, equal to or greater than \$5.00 per share (the "Optional Redemption Threshold Price"), the Corporation shall have the right, in its sole discretion, to redeem ("Redemption at Corporation's Election") any or all of the Series A Preferred Stock for the Optional Redemption Amount (as defined herein) in accordance with the redemption procedures set forth below. "Trading Day" shall mean any day on which the Common Stock is traded for any period on NASDAQ-NM, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. If the Corporation elects to redeem some, but not all, of the Series A Preferred Stock, the Corporation shall redeem a pro-rata amount from each holder of Series A Preferred Stock. Holders of Series A Preferred Stock may convert all or any part of their shares of Series A Preferred Stock into Common Stock by delivering a Notice of Conversion (as defined herein) to the Corporation at any time prior to the Effective Date of Redemption.

The "Optional Redemption Amount" with respect to each share of Series A Preferred Stock shall mean the number of shares of Common Stock of the Corporation determined by dividing (X) the sum of (i) the Stated Value thereof plus (ii) the amount equal to nine percent (9%) per annum of such Stated Value for the period beginning June 13, 1996 and ending on the Effective Date of Redemption by (Y) the Conversion Price on the date of the Optional Redemption Notice (as defined herein).

(b) The Corporation shall effect each redemption under this Section V.C. by giving at least one hundred twenty (120) days (subject to extension as set forth below) prior written notice (the "Optional Redemption Notice") to (i) the holders of Series A Preferred Stock selected for redemption at the address and facsimile number of such holder appearing in the Corporation's register for the Series A Preferred Stock and (ii) the Transfer Agent, which Optional Redemption Notice shall be deemed to have been delivered three (3) business days after the Corporation's mailing (by overnight courier, with a copy by facsimile) of such notice. Such Redemption Notice shall indicate the number of shares of the holder's Series A Preferred Stock that have been selected for redemption, the date which such redemption is to become effective (the "Effective Date of Redemption") and the Optional Redemption Amount. Notwithstanding the foregoing, the one hundred twenty (120) day notice period referred to herein shall be extended with respect to any holder of Series A Preferred Stock by such number of days after the date of the Optional Redemption Notice as such holder is not permitted to sell all of its Series A Preferred Stock pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (or a successor statute) (the "1933 Act") or pursuant to Rule 144(k) under the 1933 Act.

The Optional Redemption Amount shall be paid to the holder of the Series A Preferred Stock being redeemed within five (5) business days of the Effective Date of Redemption; provided however, that the Corporation shall not be obligated to deliver any portion of the Optional Redemption amount until either the certificates evidencing the Series A Preferred Stock being redeemed are delivered to the office of the Corporation or the Transfer Agent, or the holder notifies the Corporation or the Transfer Agent that such certificates have been lost, stolen or destroyed and delivers the documentation in accordance with Section VI.D. hereof. Notwithstanding anything herein to the contrary, in the event that the certificates evidencing the Series A Preferred Stock redeemed are not delivered to the Corporation or the Transfer Agent prior to the 5th business day following the Effective Date of Redemption, the redemption of the Series A Preferred Stock pursuant to this Section V.C. shall still be deemed effective as of the Effective Date of Redemption and the Optional Redemption Price shall be paid to the holder of Series A Preferred Stock redeemed within 5 business days of the date the certificates evidencing the Series A Preferred Stock redeemed are actually delivered to the Corporation or the Transfer Agent.

VI. Conversion at the Option of the Holder

A. Each holder of shares of Series A Preferred Stock may, at its option at any time and from time to time, upon surrender of the certificates therefor, convert, in increments of at least one hundred (100) shares of Series A Preferred Stock (unless the total number of shares owned by such holder is less than one hundred (100), in which case such holder may convert all of such holder's shares), into Common Stock and Warrants as follows (an "Optional Conversion"). Each share of Series A Preferred Stock shall be convertible into such number

of fully paid and nonassessable shares of Common Stock as is determined by dividing (x) the sum of (I) the Stated Value thereof, plus (II) unless the Corporation has timely paid such amount in cash in accordance with Section V.A, the accrued and unpaid dividends thereon, multiplied by 1.10 if required by Section V.A(i), by (y) the then effective Conversion Price (as defined below) and (ii) Warrants to acquire a number of shares of Common Stock equal to 50% of the number of Shares of Common Stock issuable upon such conversion; PROVIDED, HOWEVER, that in no event shall a holder of shares of Series A Preferred Stock be entitled to convert any such shares in excess of that number of shares upon conversion of which the sum of (x) the number of shares of Common Stock beneficially owned by the holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the shares of Series A Preferred Stock or the unexercised or unconverted portion of any other securities of the Corporation (including, without limitation, the Warrants) (including shares of Common Stock issuable upon exercise of Warrants), subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (y) the number of shares of Common Stock issuable upon the conversion of the shares of Series A Preferred Stock with respect to which the determination of this proviso is being made would result in beneficial ownership by a holder and such holder's affiliates of more than 9.9% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulation 13 D-G thereunder, except as otherwise provided in clause (x) of such proviso. The restriction contained in the proviso of this Section VI.A shall not be altered, amended, deleted or changed in any manner whatsoever unless the holders of a majority of the Common Stock shall approve such alteration, amendment, deletion or change.

B. (a) Subject to subparagraph (b) below, the "Conversion Price" shall be the lesser of (i) 85% of the average of the closing bid prices for the Common Stock as reported by the NASDAQ National Market ("NASDAQ-NM"), or on the principal securities exchange or other securities market on which the Common Stock is then being traded, for the five (5) consecutive Trading Days ending one Trading Day prior to the date (the "Conversion Date") the Conversion Notice is sent by a holder to the Corporation via facsimile (the "Variable Conversion Price"), and (ii) \$2.50 (the "Fixed Conversion Price") (subject to equitable adjustments from time to time pursuant to the antidilution provisions of Section VI.C below).

(b) Notwithstanding anything contained in subparagraph (a) of this Paragraph B to the contrary, in the event the Corporation (i) makes a public announcement that it intends to consolidate or merge with any other corporation (other than a merger in which the Corporation is the surviving or continuing corporation and its capital stock is unchanged) or sell or transfer all or substantially all of the assets of the Corporation or (ii) any person, group or entity (including the Corporation) publicly announces a tender offer to purchase 50% or more of the Corporation's Common Stock (the date of the announcement referred to in clause (i) or (ii) is hereinafter referred to as the "Announcement Date"), then the Conversion Price shall,

effective upon the Announcement Date and continuing through the Adjusted Conversion Price Termination Date (as defined below), be equal to the lower of (i) the Conversion Price which would have been applicable for an Optional Conversion occurring on the Announcement Date and (ii) the Conversion Price on the Conversion Date. From and after the Adjusted Conversion Price Termination Date, the Conversion Price shall be determined as set forth in subparagraph (a) of this Section VI.B. For purposes hereof, "Adjusted Conversion Price Termination Date" shall mean, with respect to any proposed transaction or tender offer for which a public announcement as contemplated by this subparagraph (b) has been made, the date upon which the Corporation (in the case of clause (i) above) or the person, group or entity (in the case of clause (ii) above) publicly announces the termination or abandonment of the proposed transaction or tender offer which caused this subparagraph (b) to become operative.

C. The Conversion Price shall be subject to adjustment from time to time as follows:

(a) ADJUSTMENT TO FIXED CONVERSION PRICE DUE TO STOCK SPLIT, STOCK DIVIDEND, ETC. If at any time when any Series A Preferred Stock is issued and outstanding, the number of outstanding shares of Common Stock is increased by a stock split, stock dividend, combination, reclassification, below-Market Price (as defined in Section VI.D) rights offering to all holders of Common Stock or other similar event, the Fixed Conversion Price shall be proportionately reduced, or if the number of outstanding shares of Common Stock is decreased by a reverse stock split, combination or reclassification of shares, or other similar event, the Fixed Conversion Price shall be proportionately increased. In such event, the Corporation shall notify its transfer agent ("Transfer Agent") of such change on or before the effective date thereof.

(b) ADJUSTMENT TO VARIABLE CONVERSION PRICE. If at any time when Series A Preferred Stock is issued and outstanding, the number of outstanding shares of Common Stock is increased or decreased by a stock split, stock dividend, combination, reclassification, below-Market Price rights offering to all holders of Common Stock or other similar event, which event shall have taken place during the reference period for determination of the Conversion Price for any Optional Conversion or Automatic Conversion of the Series A Preferred Stock, then the Variable Conversion Price shall be calculated giving appropriate effect to the stock split, stock dividend, combination, reclassification, below-Market Price rights offering or other similar event for all five (5) Trading Days immediately preceding the Conversion Date. In such event, the Corporation shall notify the Transfer Agent of such change on or before the effective date thereof.

(c) ADJUSTMENT DUE TO MERGER, CONSOLIDATION, ETC. If, at any time when any Series A Preferred Stock is issued and outstanding and prior to the conversion of all Series A Preferred Stock, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common

Stock of the Corporation shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Corporation or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Corporation other than in connection with a plan of complete liquidation of the Corporation, then the holders of Series A Preferred Stock shall thereafter have the right to receive upon conversion of the Series A Preferred Stock, upon the bases and upon the terms and conditions specified herein and in lieu of the shares of Common Stock and Warrants immediately theretofore issuable upon conversion, such stock, securities or assets which the holders of Series A Preferred Stock would have been entitled to receive in such transaction had the Series A Preferred Stock been converted in full immediately prior to such transaction, and in any such case appropriate provisions shall be made with respect to the rights and interests of the holders of Series A Preferred Stock to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares of Common Stock and Warrants issuable upon conversion of the Series A Preferred Stock) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Corporation shall not effect any transaction described in this subsection (c) unless (a) it first gives, to the extent practical, forty-five (45) days' prior written notice (but in any event at least fifteen (15) business days prior written notice) of such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the holders of Series A Preferred Stock shall be entitled to convert the Series A Preferred Stock) and (b) the resulting successor or acquiring entity (if not the Corporation) assumes by written instrument the obligations of this subsection (c).

D. "Market Price," as of any date, (i) means the average of the closing bid prices for the shares of Common Stock as reported by NASDAQ-NM for the five (5) trading days immediately preceding such date, or (ii) if NASDAQ-NM is not the principal trading market for the shares of Common Stock, the average of the last reported sale prices on the principal trading market for the Common Stock during the same period, or (iii) if market value cannot be calculated as of such date on any of the foregoing bases, the Market Price shall be the average fair market value as reasonably determined in good faith by the Board of Directors of the Corporation. The manner of determining the Market Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to market value must be made hereunder.

E. In order to convert Series A Preferred Stock into full shares of Common Stock and Warrants, a holder of Series A Preferred Stock shall: (i) submit a copy of the fully executed notice of conversion in the form attached hereto as Exhibit A ("Notice of Conversion") to the Corporation by facsimile dispatched on the Conversion Date (or by other means resulting in notice to the Corporation on the Conversion Date) at the office of the Corporation or its designated Transfer Agent for the Series A Preferred Stock that the holder elects to convert the same, which notice shall specify the number of shares of Series A Preferred Stock to be converted (assuming conversion of the accrued and unpaid dividends), the applicable Conversion

Price and a calculation of the number of shares of Common Stock and Warrants issuable upon such conversion (together with a copy of the first page of each certificate to be converted) prior to Midnight, New York City time (the "Conversion Notice Deadline") on the date of conversion specified on the Notice of Conversion; and (ii) surrender the original certificates representing the Series A Preferred Stock being converted (the "Preferred Stock Certificates"), duly endorsed, along with a copy of the Notice of Conversion to the office of the Corporation or the Transfer Agent for the Series A Preferred Stock as soon as practicable thereafter. The Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock and Warrants issuable upon such conversion unless either the Preferred Stock Certificates are delivered to the Company or its Transfer Agent as provided above, or the holder notifies the Corporation or its Transfer Agent that such certificates have been lost, stolen or destroyed (subject to the requirements of subparagraph (a) below). In the case of a dispute as to the calculation of the Conversion Price, the Corporation shall promptly issue such number of shares of Common Stock and Warrants that are not disputed in accordance with subparagraph (b) below. The Corporation shall submit the disputed calculations to its outside accountant via facsimile within two (2) business days of receipt of the Notice of Conversion. The accountant shall audit the calculations and notify the Corporation and the holder of the results no later than 48 hours from the time it receives the disputed calculations. The accountant's calculation shall be deemed conclusive absent manifest error.

(a) LOST OR STOLEN CERTIFICATES. Upon receipt by the Corporation of evidence of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing shares of Series A Preferred Stock, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Corporation, and upon surrender and cancellation of the Preferred Stock Certificate(s), if mutilated, the Corporation shall execute and deliver new Preferred Stock Certificate(s) of like tenor and date. However, the Corporation shall not be obligated to reissue such lost or stolen Preferred Stock Certificate(s) if the holder contemporaneously requests the Corporation to convert such Series A Preferred Stock.

(b) DELIVERY OF COMMON STOCK AND WARRANTS UPON CONVERSION. Upon the surrender of certificates as described above from a holder of Series A Preferred Stock accompanied by a Notice of Conversion, the Corporation shall issue and, within two (2) business days (the "Deadline") after such surrender (or, in the case of lost, stolen or destroyed certificates, after provision of agreement and indemnification pursuant to subparagraph (a) above) (the "Delivery Period"), deliver to or upon the order of the holder (i) that number of shares of Common Stock and Warrants for the portion of the shares of Series A Preferred Stock converted as shall be determined in accordance herewith and (ii) a certificate representing the balance of the shares of Series A Preferred Stock not converted, if any. If delivery of the Common Stock and Warrants issuable upon conversion of the Series A Preferred Stock is more than one (1) business day after the Deadline (other than a failure due to the circumstances described in Section VI.F below, which failure shall be governed by such Article), in addition to any other remedies available to the holder, including actual damages and/or equitable relief,

the Corporation shall pay to such holder \$150 per day in cash for the first day beyond the Deadline and \$500 per day for each day thereafter that the Corporation fails to deliver such Common Stock and Warrants. Such cash amount shall be paid to such holder by the fifth (5th) day of the month following the month in which it has accrued or, at the option of the holder (by written notice to the Corporation by the first day of the month following the month in which it has accrued), shall be convertible into Common Stock and Warrants in accordance with the terms of this Section VI.

(c) NO FRACTIONAL SHARES. If any conversion of Series A Preferred Stock would result in a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock shall be the next higher number of shares.

(d) CONVERSION DATE. The "Conversion Date" shall be the date specified in the Notice of Conversion, provided (i) that the advance copy of the Notice of Conversion is submitted by facsimile (or by other means resulting in notice) to the Corporation before Midnight, New York City time, on the Conversion Date, and (ii) that the original Preferred Stock Certificate(s), duly endorsed, are surrendered along with a copy of the Notice of Conversion as soon as practicable thereafter to the office of the Corporation or the Transfer Agent for the Series A Preferred Stock. Notwithstanding the surrender of the original Preferred Stock Certificates to the Company or its Transfer Agent, the surrenderor of such certificates shall maintain all of its rights as a holder of Series A Preferred Stock, except as otherwise provided in Section V.B hereof, until such holder receives the shares of Common Stock and Warrants issuable upon conversion.

F. A number of shares of the authorized but unissued Common Stock sufficient to provide for (i) the conversion of the Series A Preferred Stock outstanding at the then current Conversion Price and (ii) the exercise of Warrants shall at all times be reserved by the Corporation, free from preemptive rights, for such conversion or exercise. If the Corporation shall issue any securities or make any change in its capital structure which would change the number of shares of Common Stock and Warrants into which each share of the Series A Preferred Stock shall be convertible at the then current Conversion Price, the Corporation shall at the same time also make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Series A Preferred Stock and exercise of the Warrants on the new basis, if applicable.

If, at any time a holder of shares of Series A Preferred Stock submits a Notice of Conversion, and the Corporation does not have sufficient authorized but unissued shares of Common Stock available to effect such conversion in accordance with the provisions of this Section VI (a "Conversion Default"), the Corporation shall issue to the holder all of the shares of Common Stock which are available to effect such conversion (including, with the holder's

written consent, any shares underlying Warrants issued or then issuable ("Borrowed Shares"). The number of shares of Series A Preferred Stock included in the Notice of Conversion which exceeds the amount which is then convertible into available shares of Common Stock (after utilizing Borrowed Shares, if any) (the "Excess Amount") shall, notwithstanding anything to the contrary contained herein, not be convertible into Common Stock in accordance with the terms hereof until (and at the holder's option on or at any time after) the date additional shares of Common Stock are authorized by the Corporation to permit such conversion, at which time the Conversion Price in respect thereof shall be the lesser of (i) the Conversion Price on the Conversion Default Date (as defined below) and (ii) the Conversion Price on the Conversion Date subsequently elected by the holder in respect thereof. The Corporation shall pay to the holder payments ("Conversion Default Payments") for a Conversion Default in the amount of (a) $(N/365)$, multiplied by (b) the sum of the Stated Value per share of Series A Preferred Stock plus accrued and unpaid dividends thereon calculated through the Authorization Date (as defined below), multiplied by (c) the Default Amount (as defined below) on the date the Notice of Conversion giving rise to the Conversion Default is transmitted in accordance with Section VI.A above (the "Conversion Default Date"), multiplied by (d) the Default Rate (as defined below) where (i) N = the number of days from the Conversion Default Date to the date (the "Authorization Date") that the Corporation authorizes a sufficient number of shares of Common Stock to effect conversion of the full number of shares of Series A Preferred Stock and the Warrants, (ii) "Default Amount" means the Excess Amount plus the number of shares of Series A Preferred Stock that would not be convertible as a result of this Section VI.E but for the Borrowed Shares and (iii) "Default Rate" means .10 for the first forty-five (45) days following the Conversion Default Date and .24 for the period thereafter until the Authorization Date. The Corporation shall send notice to the holder of the authorization of additional shares of Common Stock, the Authorization Date and the amount of holder's accrued Conversion Default Payments. The accrued Conversion Default Payment for each calendar month shall be paid in cash or shall be convertible into Common Stock at the Conversion Price, at the holder's option, as follows:

(a) In the event holder elects to take such payment in cash, cash payment shall be made to holder by the fifth (5th) day of the month following the month in which it has accrued; and

(b) In the event holder elects to take such payment in Common Stock, the holder may convert such payment amount into Common Stock at the Conversion Price (as in effect at the time of Conversion) at any time after the fifth day of the month following the month in which it has accrued in accordance with the terms of this Section VI.

Nothing herein shall limit the holder's right to pursue actual damages for the Corporation's failure to maintain a sufficient number of authorized shares of Common Stock as required pursuant to the terms of this Section VI.F, and each holder shall have the right to pursue all remedies available at law or in equity (including a decree of specific performance and/or injunctive relief).

G. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section VI, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and Warrants and the amount, if any, of other securities or property which at the time would be received upon conversion of a share of Series A Preferred Stock.

VII. Automatic Conversion

Each share of Series A Preferred Stock issued and outstanding on June 13, 2000 (the "Automatic Conversion Date"), automatically shall be converted into shares of Common Stock and Warrants on such date at the then effective Conversion Price in accordance with the provisions of Section VI hereof (the "Automatic Conversion"). The Automatic Conversion Date shall be the Conversion Date for purposes of determining the Conversion Price and the time within which certificates representing the Common Stock and Warrants must be delivered to the holder.

VIII. Voting Rights

The holders of the Series A Preferred Stock have no voting power whatsoever, except as otherwise provided by the Massachusetts Business Corporation Law ("MBCL") and in this Section VIII, and in Section IX below.

Notwithstanding the above, the Corporation shall provide each holder of Series A Preferred Stock with prior notification of any meeting of the shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Corporation of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any proposed sale, lease or conveyance of all or substantially all of the assets of the Corporation, or any proposed liquidation, dissolution or winding up of the Corporation, the Corporation shall mail a notice to each holder, at least thirty (30) days prior to the record date specified therein (or 30 days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right

or other event, and a brief statement regarding the amount and character of such dividend, distribution, right or other event to the extent known at such time.

To the extent that under the MBCL the vote of the holders of the Series A Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series A Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series A Preferred Stock (except as otherwise may be required under the MBCL) shall constitute the approval of such action by the class. To the extent that under the MBCL holders of the Series A Preferred Stock are entitled to vote on a matter with holders of Common Stock, voting together as one class, each share of Series A Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which it is then convertible using the record date for the taking of such vote of shareholders as the date as of which the Conversion Price is calculated. Holders of the Series A Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to shareholders) all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's bylaws and the MBCL.

IX. Protective Provisions

So long as shares of Series A Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by the MBCL) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock:

(a) alter or change the rights, preferences or privileges of the Series A Preferred Stock or any other capital stock of the Corporation so as to affect adversely the Series A Preferred Stock;

(b) create any new class or series of capital stock having a preference over the Series A Preferred Stock as to payment of dividends or distribution of assets upon liquidation, dissolution or winding up of the Corporation (as previously defined in Section II hereof, "Senior Securities");

(c) other than the 12,000 shares of Preferred Stock to be issued to Southbrook International Investments Ltd., create any new class or series of capital stock ranking PARI PASSU with the Series A Preferred Stock as to payment of dividends or distribution of assets upon liquidation, dissolution or winding up of the Corporation (as previously defined in Section II hereof, "PARI PASSU Securities");

(d) increase the authorized number of shares of Series A Preferred Stock;

(e) issue any shares of Series A Preferred Stock other than pursuant to these Restated Articles of Organization; or

(f) do any act or thing not authorized or contemplated by these Restated Articles of Organization which would result in taxation of the holders of shares of the Series A Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended).

In the event holders of at least a majority of the then outstanding shares of Series A Preferred Stock agree to allow the Corporation to alter or change the rights, preferences or privileges of any class of capital stock of the Corporation, pursuant to subsection (a) above, so as to affect the Series A Preferred Stock, then the Corporation will deliver notice of such approved change to the holders of the Series A Preferred Stock that did not agree to such alteration or change (the "Dissenting Holders") and Dissenting Holders shall have the right for a period of thirty (30) days to convert pursuant to the terms of these Restated Articles of Organization as they exist prior to such alteration or change or continue to hold their shares of Series A Preferred Stock.

X. Limitations on Transfer

No "Subject Holder" (as defined below) may sell or otherwise transfer shares of Series A Preferred Stock, except (i) to the Corporation or to a shareholder or a group of shareholders who immediately prior to the sale control a majority of the Corporation's voting shares (a "Controlling Shareholder" or "Controlling Group", as applicable); (ii) to an affiliate of such holder; (iii) in connection with any merger, consolidation, reorganization, tender offer or sale of more than 50% of the outstanding Common Stock of the Corporation (a "Reorganization"); (iv) in a registered public offering or a public sale pursuant to Rule 144 or other applicable exemption from the registration requirements of the Securities Act (or any successor rule or regulation); or (v) in a private sale (otherwise than to the Corporation, to a Controlling Shareholder or a Controlling Group, to an affiliate of such holder, or in a Reorganization), provided that the holder shall not sell or otherwise transfer during any ninety (90) day period a number of shares of Series A Preferred Stock, a portion(s) of the Warrants or any other securities of the Corporation subject to a limitation on sale or transfer analogous to the limitation contained herein, which, if exercised for or converted into Common Stock at the time of the transfer, would represent, in the aggregate (together with any other shares of Common Stock transferred), beneficial ownership by the transferee(s) of more than 9.9% of the Common Stock then outstanding. Subject Holder means any holder who, but for Section VI.A hereof and this

Section X, would beneficially own 10% or more of the outstanding Common Stock of the Corporation. The restriction contained in the proviso of this Section X shall not be altered, amended, deleted or changed in any manner whatsoever unless the holders of a majority of the Common Stock shall approve such alteration, amendment, deletion or change.

NOTICE OF CONVERSION

(To be Executed by the Registered Holder
in order to Convert the Series A Preferred Stock)

The undersigned hereby irrevocably elects to convert _____ shares of Series A Preferred Stock, represented by stock certificate No(s). _____ (the "Preferred Stock Certificates") into (i) shares of common stock ("Common Stock") of ImmunoGen, Inc. (the "Corporation") and (ii) warrants ("Warrants") to acquire shares of Common Stock at a price of \$4.00 per share, according to the conditions of the Restated Articles of Organization concerning the Series A Preferred Stock, as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any. A copy of each Preferred Stock Certificate is attached hereto (or evidence of loss, theft or destruction thereof).

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable to the undersigned upon conversion of the Series A Preferred Stock shall be made pursuant to registration of the securities under the Securities Act of 1933, as amended (the "Act"), or pursuant to an exemption from registration under the Act.

Date of Conversion: _____

Applicable Conversion Price: _____

Number of Shares of
Common Stock to be Issued: _____

Number of Warrants to be Issued
(50% of number of shares of
Common Stock to be issued): _____

Signature: _____

Name: _____

Address: _____

*The Corporation is not required to issue shares of Common Stock and Warrants until the original Series A Preferred Stock Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the Corporation or its Transfer Agent. The Corporation shall issue and deliver shares of Common Stock and Warrants to an overnight courier not later than two (2) business days following receipt of the original Preferred Stock Certificate(s) to be converted, and shall make payments pursuant to the Restated Articles of Organization for the number of business days such issuance and delivery is late.

EXHIBIT C
-----CONTINUATION OF ARTICLE 6 OF
ARTICLES OF ORGANIZATION OF
IMMUNOGEN, INC.

- a. Meetings of the stockholders of the Corporation may be held anywhere in the United States.
- b. The directors of the Corporation may make, amend or repeal the By-Laws of the Corporation.
- c. The Corporation may be a partner in any business enterprise which said Corporation would have the power to conduct itself.
- d. The liability of the Directors of the Corporations shall be limited to the fullest extent permitted by Section 13(b)(1 1/2) of the Massachusetts Business Corporation Law.
- e. Any two Directors of the Corporation may call a meeting of the stockholders entitled to vote. The call for the meeting shall state the day, time, place and purposes of the meeting, and only business to which reference shall have been contained in the notice of such meeting may be transacted at such meeting.

* We further certify that the foregoing restated articles of organization effect no amendments to the articles of organization of the corporation as heretofore amended, except amendments to the following articles 3 and 4

(*If there are no such amendments, state "None".)

Briefly describe amendments in space below:

Article 3 - Delete references to Series A, B, C and D Preferred Stock and increase the number of authorized shares of Preferred Stock, \$.01 par value, from 277,080 to 5,000,000 shares, consisting of 2,500 shares of Series A Convertible Preferred Stock and 4,997,500 shares of undesignated Preferred Stock.

Article 4 - Delete all descriptions of Common Stock and Preferred Stock and insert in lieu thereof the description of Common Stock, undesignated Preferred Stock and Series A Convertible Preferred Stock attached hereto as EXHIBIT B.

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this

third day of October in the year 1996

/s/ Frank J. Pocher Vice President

/s/ Jonathan L. Kravetz Clerk

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE
WILLIAM FRANCIS GALVIN, SECRETARY FEDERAL IDENTIFICATION
ONE ASHBURTON PLACE, BOSTON, MASS. 02108 NO. 04 2726691

CERTIFICATE OF VOTE OF DIRECTORS ESTABLISHING
A SERIES OF A CLASS OF STOCK

General Laws, Chapter 156B, Section 26

We, Frank J. Pocher ,Vice President, and
Jonathan L. Kravetz ,Clerk of

IMMUNOGEN, INC.

(Name of Corporation)

located at 148 SIDNEY STREET, CAMBRIDGE, MA 02139

do hereby certify that at a meeting of the directors of the corporation held
on October 3, 1996

1996, the following vote establishing and designating a series of a class of
stock and determining the relative rights and preferences thereof was duly
adopted:

SEE CONTINUATION SHEETS ATTACHED

(PAGES 1 - 14)

NOTE: Votes for which the space provided above is not sufficient should be set
out on continuation sheets to be numbered 2A, 2B, etc. Continuation
sheets must have a left-hand margin 1 inch wide for binding and shall
be 8 1/2" X 11". Only one side should be used.

CONTINUATION SHEETS

Description and Designation of Series B Preferred Stock

SECTION I. DESIGNATION, AMOUNT AND PAR VALUE. The series of Preferred Stock shall be designated as the Series B Convertible Preferred Stock (the "Series B Preferred Stock"), and the number of shares so designated shall be 3,000. The par value of each share of Series B Preferred Stock shall be \$.01. Each share of Series B Preferred Stock shall have a stated value of \$1,000 per share (the "Stated Value").

Section II. Dividends.

A. Holders of outstanding shares of Series B Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available therefor, and the Company shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) equal to 9% per annum, in cash or (at the option of the Company) shares of Common Stock, in arrears on the Conversion Date (as defined in Section 5(b)) or earlier if so determined by the Company. Dividends on the Series B Preferred Stock shall accrue daily commencing on the Original Issue Date (as defined in Section 6) and shall be deemed to accrue on such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends. The party that holds the Series B Preferred Stock on an applicable record date for any dividend payment will be entitled to receive such dividend payment and any other accrued and unpaid dividends which accrued prior to such dividend payment date, without regard to any sale or disposition of such Series B Preferred Stock subsequent to the applicable record date but prior to the applicable dividend payment date. Except as otherwise provided herein, if at any time the Company pays less than the total amount of dividends then accrued on account of the Series B Preferred Stock, such payment shall be distributed ratably among the holders of Series B Preferred Stock.

B. So long as any Series B Preferred Stock shall remain outstanding, neither the Company nor any subsidiary thereof shall redeem, purchase or otherwise acquire directly or indirectly any Junior Securities (as hereinafter defined), nor shall the Company directly or indirectly pay or declare any dividend or make any distribution (other than a dividend or distribution described in Section 5) upon, nor shall any distribution be made in respect of, any Junior Securities, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Securities, unless in each case all dividends on the Series B Preferred Stock for all past dividend periods shall have been paid or declared and a sum sufficient for the payment thereof set aside (or, if payment thereof is to be made in stock, such number of shares of Common Stock as are required to pay such dividend shall have been duly reserved for issuance to the holders of Series B Preferred Stock for payment thereof).

SECTION III. VOTING RIGHTS. Except as otherwise provided herein and as otherwise provided by law, the Series B Preferred Stock shall have no voting rights. However, so long as any shares of Series B Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the shares of the Series B Preferred Stock then outstanding, 1. alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock or 2. authorize or create any class of stock ranking as to dividends or distribution of assets upon a Liquidation senior to, prior to or PARI PASSU with the Series B Preferred Stock.

SECTION IV. LIQUIDATION. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of shares of Series B Preferred Stock shall be entitled to receive out of the assets of the Company, whether such assets are capital or surplus, for each share of Series B Preferred Stock an amount equal to the Stated Value, plus an amount equal to accrued but unpaid dividends per share, whether declared or not, but without interest, before any distribution or payment shall be made to the holders of any Junior Securities, and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed shall be distributed among the holders of Series B Preferred Stock ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full. A sale, conveyance or disposition of all or substantially all of the assets of the Company or the effectuation by the Company of a transaction or series of related transactions in which more than 50% of the voting power of the Company is disposed of shall be deemed a Liquidation; provided that, a consolidation or merger of the Company with or into any other company or companies shall not be treated as a Liquidation, but instead shall be subject to the provisions of Section 5. The Company shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each record holder of Series B Preferred Stock.

Section V. Conversion.

A. 1. Each share of Series B Preferred Stock shall be convertible into shares of Common Stock at the Conversion Ratio (subject to reduction under Section 5(a)(ii)), at the option of the holder in whole or in part at any time after the Original Issue Date. Any conversion under this Section 5(a) shall be of a minimum amount of 100 shares of Series B Preferred Stock. The holder of the Series B Preferred Stock shall effect conversions by surrendering the certificate or certificates representing the shares of Series B Preferred Stock to be converted to the Company, together with the form of conversion notice attached hereto as Exhibit A (the "Holder Conversion Notice") in the manner set forth in Section 5(j). Each Holder Conversion Notice shall specify the number of shares of Series B Preferred Stock to be converted and the date on which such conversion is to be effected, which date may not be prior to the date the holder of Series B Preferred Stock delivers such Notice by facsimile (the "Holder Conversion Date"). Subject to Section 5(c), each Holder Conversion Notice, once given, shall be irrevocable, except that the original holder of the Series B Preferred Stock may revoke in whole or in part the conversion requested by such

Holder Conversion Notice to the extent the conversion contemplated by such notice would result in such holder owning more than 4.9% of the then outstanding shares of the Common Stock. If a holder of Series B Preferred Stock is converting less than all of the shares of Series B Preferred Stock represented by the certificate(s) tendered by such holder with the Holder Conversion Notice, the Company shall promptly deliver to such holder a certificate for such number of shares as have not been converted.

2. CERTAIN REGULATORY APPROVAL. If on the Conversion Date (as defined below) applicable to any conversion under Section 5(a) or 5(b), (A) the Common Stock is then listed for trading on the Nasdaq National Market, (B) the Conversion Price (as defined below) then in effect is such that the aggregate number of shares of Common Stock that would then be issuable upon conversion of all outstanding shares of Series B Preferred Stock and Warrants, together with any shares of Common Stock previously issued upon conversion of Series B Preferred Stock, would exceed 3,392,298 shares of Common Stock (the "Issuable Maximum"), and (C) the Company has not previously obtained Shareholder Approval (as defined below), then the Company shall issue to the converting holder of the Series B Preferred Stock the Issuable Maximum and, with respect to any shares of Common Stock that would be issuable to such holder, in respect of the Conversion Notice at issue in excess of the Issuable Maximum, the Company shall have the option to either (i) as promptly as possible, but in no event later than 60 days after such Conversion Date, convene a meeting of the holders of the Common Stock and obtain the Shareholder Approval (as defined below) or (ii) redeem the balance of the Series B Preferred Stock subject to such Conversion Notice for a redemption price equal to the product of (A) the Per Share Market Value and (B) the Conversion Ratio (as defined in Section 6) (the "Redemption Price"), each as calculated on the Conversion Date; PROVIDED, HOWEVER, that if the Company elects to obtain the Shareholder Approval under paragraph (i) above and the Company fails for any reason to obtain such Shareholder Approval within the time period set forth in (i) above, the Company shall be obligated to redeem the Series B Preferred Stock not converted as a result of the provisions of this Section in accordance with the provisions of paragraph (ii) above, and in such case the interest contemplated by the immediately succeeding sentence shall be deemed to accrue from the Conversion Date. If the Company shall have elected to redeem shares of Series B Preferred Stock pursuant to this Section and fails for any reason to pay the Redemption Price under (ii) above within seven days after the Conversion Date, the Company will pay interest on the Redemption Price at a rate of 18% per annum, in cash to the converting holder of Series B Preferred Stock, accruing from the Conversion Date until the Redemption Price and any accrued interest thereon is paid in full. "Shareholder Approval" means the approval by a majority of the total votes cast on the proposal, in person or by proxy, at a meeting of the shareholders of the Company held in accordance with the Company's articles of organization and by-laws, of the issuance by the Company of shares of Common Stock exceeding the Issuable Maximum as a consequence of the conversion of Series B Preferred Stock into Common Stock at a price less than the greater of the book or market value on the Original Issue Date as and to the extent required pursuant to Rule 4460(i) of the Nasdaq Stock Market (or any successor or replacement provision thereof).

B. Provided that ten (10) Trading Days (as defined in Section 6) shall have elapsed from the date the Securities and Exchange Commission (the "Commission") has declared a registration statement registering the resale of the shares of Common Stock issuable upon conversion of the Series B Preferred Stock and related warrants (the "Underlying Shares Registration Statement") effective under the Securities Act of 1933, as amended (the "Securities Act"), each share of the Series B Preferred Stock shall be convertible into shares of Common Stock at the Conversion Ratio (subject to reduction under Section 5(a)(ii)) at the option of the Company in whole or in part at any time on or after the expiration of four (4) years after the Original Issue Date; PROVIDED, HOWEVER, that the Company is not permitted to deliver a Company Conversion Notice (as defined below) within ten (10) days of issuing any press release or other public statement relating to such conversion or during any Event (as defined in Section 5(d)(i) below); and PROVIDED, FURTHER, that the Company shall have no right to deliver a Company Conversion Notice and effect the conversion of shares of Series B Preferred Stock under this Section 5(b) unless all of such shares may be converted into shares of Common Stock in accordance with Section 5(a)(ii). The Company shall effect such conversion by delivering to the holders of such shares of Series B Preferred Stock to be converted a written notice in the form attached hereto as EXHIBIT B (the "Company Conversion Notice"), which Company Conversion Notice, once given, shall be irrevocable. Each Company Conversion Notice shall specify the number of shares of Series B Preferred Stock to be converted and the date on which such conversion is to be effected, which date will be at least one (1) Trading Day after the date the Company delivers such Notice by facsimile to the holder (the "Company Conversion Date"). The Company shall give such Company Conversion Notice in accordance with Section 5(j) below at least one (1) Trading Day before the Company Conversion Date. Any such conversion shall be effected on a pro rata basis among the holders of Series B Preferred Stock. Upon the conversion of shares of Series B Preferred Stock pursuant to a Company Conversion Notice, the holders of the Series B Preferred Stock shall surrender the certificates representing such shares at the office of the Company or of any transfer agent for the Series B Preferred Stock or Common Stock not later than three (3) Trading Days after the Company Conversion Date. Each of a Holder Conversion Notice and a Company Conversion Notice is sometimes referred to herein as a "Conversion Notice," and each of a "Holder Conversion Date" and a "Company Conversion Date" is sometimes referred to herein as a "Conversion Date."

C. Not later than three (3) Trading Days after the Conversion Date, the Company will deliver to the holder of Series B Preferred Stock (i) a certificate or certificates which shall be free of restrictive legends and trading restrictions (other than those then required by law), representing the number of shares of Common Stock being acquired upon the conversion of shares of Series B Preferred Stock (subject to any reduction required pursuant to Section 5(a)(ii)), and (ii) one or more certificates representing the number of shares of Series B Preferred Stock not converted; PROVIDED, HOWEVER, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon conversion of any shares of Series B Preferred Stock (or with respect to shares subject to redemption pursuant to Section 5(a)(ii), to pay the Redemption Price under such Section)

until certificates evidencing such shares of Series B Preferred Stock are either delivered for conversion to the Company or any transfer agent for the Series B Preferred Stock or Common Stock, or the holder of Series B Preferred Stock notifies the Company that such certificates have been lost, stolen or destroyed and provides a bond (or other adequate security reasonably acceptable to the Company) reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection therewith and PROVIDED, FURTHER, that no dividends shall accrue on the Series B Preferred Stock after the Conversion Date unless the Company fails to deliver a certificate or certificates representing the shares of Common Stock issuable upon the Conversion in question, in which event such dividends shall accrue until such certificates are delivered. The Company shall, upon request of the holder of Series B Preferred Stock, use its best efforts to deliver any certificate or certificates required to be delivered by the Company under this Section 5(c) electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. In the case of a conversion pursuant to a Holder Conversion Notice, if such certificate or certificates are not delivered by the date required under this Section 5(c), the holder shall be entitled by written notice to the Company at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Company shall immediately return the certificates representing the shares of Series B Preferred Stock tendered for conversion.

D. 1. The conversion price for each share of Series B Preferred Stock (the "Conversion Price") in effect on any Conversion Date shall be the lesser of (a) the average Per Share Market Value for the five (5) Trading Days immediately preceding the Original Issue Date (the "Initial Conversion Price") and (b) the "Applicable Percentage" (as defined below) of the average Per Share Market Value for the five (5) Trading Days immediately preceding the Conversion Date; PROVIDED, HOWEVER, (x) if the Underlying Shares Registration Statement is not filed with the Commission on or prior to the 25th day after the Original Issue Date, or (y) if the Underlying Shares Registration Statement is not declared effective by the Commission on or prior to the 80th day after the Original Issue Date, or (z) if the Underlying Shares Registration Statement is declared effective but thereafter ceases to be effective at any time between the date originally declared effective and the date which is four (4) years after the Original Issue Date or such earlier date when all securities subject to the registration requirements of the Registration Rights Agreement and covered by such Underlying Shares Registration Statement have been sold or may be sold without volume or other restrictions pursuant to Rule 144 or 144A (each as promulgated under the Securities Act), as the case may be, as determined by counsel to the Company pursuant to a written opinion letter addressed to the holders of the then outstanding shares of Series B Preferred Stock to such effect, without being succeeded within 30 days by a subsequent registration statement filed with and declared effective by the Commission (any such failure being hereinafter referred to as an "Event", and for purposes of clauses (x) or (y), the date on which such Event occurs, or for purposes of clause (z), the date on which such 30-day limit is exceeded, being hereinafter referred to as an "Event Date"), the Conversion Price shall be decreased by 3% per month (for example, if the Applicable Percentage is 90%, 87% at the Event Date and 84% commencing the 30th day after such Event Date) and the dividends to

be paid in respect of the Series B Preferred Stock shall be increased to 18% per annum. Commencing on the 60th day after the Event Date, the 3% monthly penalty shall be paid to the holder in cash. "Applicable Percentage" means (i) 100% if the Conversion Date occurs on or prior to the 40th day after the Original Issue Date, (ii) 90% if the Conversion Date occurs between the 41st and 80th day after the Original Issue Date, and (iii) 85% if the Conversion Date is more than 80 days after the Original Issue Date.

2. If the Company, at any time while any shares of Series B Preferred Stock are outstanding, (a) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Junior Securities payable in shares of its capital stock (whether payable in shares of its Common Stock or of capital stock of any class), (b) subdivide outstanding shares of Common Stock into a larger number of shares, (c) combine outstanding shares of Common Stock into a smaller number of shares, or (d) issue by reclassification of shares of Common Stock any shares of capital stock of the Company, the Initial Conversion Price designated in Section 5(d)(i) shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock of the Company outstanding before such event and of which the denominator shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section 5(d)(ii) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

3. If the Company, at any time while any shares of Series B Preferred Stock are outstanding, shall issue rights or warrants to all holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the Per Share Market Value of Common Stock at the record date mentioned below, the Initial Conversion Price designated in Section 5(d)(i) shall be multiplied by a fraction, of which the denominator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Per Share Market Value. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights or warrants. However, upon the expiration of any right or warrant to purchase Common Stock the issuance of which resulted in an adjustment in the Initial Conversion Price designated in Section 5(d)(i) pursuant to this Section 5(d)(iii), if any such right or warrant shall expire and shall not have been exercised, the Initial Conversion Price designated in Section 5(d)(i) shall immediately upon such expiration be recomputed and effective immediately upon such expiration be increased to the price which it would have been (but reflecting any other adjustments in the Initial Conversion Price made pursuant to the provisions of this Section 5

after the issuance of such rights or warrants) had the adjustment of the Initial Conversion Price made upon the issuance of such rights or warrants been made on the basis of offering for subscription or purchase only that number of shares of Common Stock actually purchased upon the exercise of such rights or warrants actually exercised.

4. If the Company, at any time while shares of Series B Preferred Stock are outstanding, shall distribute to all holders of Common Stock (and not to holders of Series B Preferred Stock) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security (excluding those referred to in Section 5(d)(iii) above), then in each such case the Initial Conversion Price at which each share of Series B Preferred Stock shall thereafter be convertible shall be determined by multiplying the Initial Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Per Share Market Value of Common Stock determined as of the record date mentioned above, and of which the numerator shall be such Per Share Market Value of the Common Stock on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Board of Directors in good faith; PROVIDED, HOWEVER, that in the event of a distribution exceeding ten percent (10%) of the net assets of the Company, such fair market value shall be determined by a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Company) (an "Appraiser") selected in good faith by the holders of a majority in interest of the shares of Series B Preferred Stock then outstanding; and PROVIDED, further that the Company, after receipt of the determination by such Appraiser shall have the right to select an additional Appraiser, in which case the fair market value shall be equal to the average of the determinations by each such Appraiser. In either case the adjustments shall be described in a statement provided to the holders of Series B Preferred Stock of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

5. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be.

6. Whenever the Initial Conversion Price is adjusted pursuant to Section 5(d)(ii),(iii), (iv) or (v), the Company shall promptly mail to the holders of Series B Preferred Stock, a notice setting forth the Initial Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

7. In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another person, the sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, the

holders of Series B Preferred Stock then outstanding shall have the right thereafter to convert such shares only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or share exchange, and the holders of Series B Preferred Stock shall be entitled upon such event to receive such amount of securities or property as the shares of the Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange would have been entitled. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the holder of Series B Preferred Stock the right to receive the securities or property set forth in this Section 5(d)(vii) upon any conversion following such consolidation, merger, sale, transfer or share exchange. This provision shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

8. If:

- (A) the Company shall declare a dividend (or any other distribution) on its Common Stock; or
- (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or
- (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; or
- (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or
- (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of Series B Preferred Stock, and shall cause to be mailed to the holders of Series B Preferred Stock at their last respective addresses as they shall appear upon the stock

books of the Company, at least 30 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; PROVIDED, HOWEVER, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

E. If at any time conditions shall arise by reason of action taken by the Company which in the opinion of the Board of Directors are not adequately covered by the other provisions hereof and which might materially and adversely affect the rights of the holders of Series B Preferred Stock (different than or distinguished from the effect generally on rights of holders of any class of the Company's capital stock) or if at any time any such conditions are expected to arise by reason of any action contemplated by the Company, the Company shall, at least 30 calendar days prior to the effective date of such action, mail a written notice to each holder of Series B Preferred Stock briefly describing the action contemplated and the material adverse effects of such action on the rights of such holders and an Appraiser selected by the holders of majority in interest of the Series B Preferred Stock shall give its opinion as to the adjustment, if any (not inconsistent with the standards established in this Section 5), of the Conversion Price (including, if necessary, any adjustment as to the securities into which shares of Series B Preferred Stock may thereafter be convertible) and any distribution which is or would be required to preserve without diluting the rights of the holders of shares of Series B Preferred Stock; PROVIDED, HOWEVER, that the Company, after receipt of the determination by such Appraiser, shall have the right to select an additional Appraiser, in which case the adjustment shall be equal to the average of the adjustments recommended by each such Appraiser. The Board of Directors shall make the adjustment recommended forthwith upon the receipt of such opinion or opinions or the taking of any such action contemplated, as the case may be; PROVIDED, HOWEVER, that no such adjustment of the Conversion Price shall be made which in the opinion of the Appraiser(s) giving the aforesaid opinion or opinions would result in an increase of the Conversion Price to more than the Conversion Price then in effect.

F. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Common Stock solely for the purpose of issuance upon conversion of Series B Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of Series B Preferred Stock, such number of shares of Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5(d) hereof) upon the conversion of the

aggregate principal amount of all outstanding shares of Series B Preferred Stock. The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid and nonassessable.

G. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of Common Stock, but may if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the Per Share Market Value at such time. If the Company elects not to, or is unable to, make such a cash payment, the holder of Series B Preferred Stock shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

H. The issuance of certificates for shares of Common Stock on conversion of Series B Preferred Stock shall be made without charge to the holders thereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the holder of such shares of Series B Preferred Stock so converted and the Company shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

I. Shares of Series B Preferred Stock converted into Common Stock shall be canceled and shall have the status of authorized but unissued shares of preferred stock.

J. Each Holder Conversion Notice shall be given by facsimile and by mail, postage prepaid, addressed to the attention of the Chief Financial Officer of the Company at the facsimile telephone number and address of the principal place of business of the Company. Each Company Conversion Notice shall be given by facsimile and by mail, postage prepaid, addressed to each holder of Series B Preferred Stock at the facsimile telephone number and address of such holder appearing on the books of the Company or provided to the Company by such holder for the purpose of such Company Conversion Notice, or if no such facsimile telephone number or address appears or is so provided, at the principal place of business of the holder. Any such notice shall be deemed given and effective upon the earliest to occur of (i)(a) if such Conversion Notice is delivered via facsimile at the facsimile telephone number specified in this Section 5(j) prior to 4:30 p.m. (Eastern Standard Time) on any date, such date (or, in the case of a Company Conversion Notice, the next Trading Day) or such later date as is specified in the Conversion Notice, and (b) if such Conversion Notice is delivered via facsimile at the facsimile telephone number specified in this Section 5(j) after 11:59 p.m. (Eastern Standard Time) on any date, the next date (or, in the case of a Company Conversion Notice, the next Trading Day after such next day) or such later date as is specified in the Conversion Notice, (ii) five days after deposit in the United States mails or (iii) upon actual receipt by the party to whom such notice is required to be given.

SECTION VI. DEFINITIONS. For the purposes hereof, the following terms shall have the following meanings:

"Business Day" means any day of the year on which commercial banks are not required or authorized to be closed in New York City.

"Common Stock" means shares now or hereafter authorized of the class of Common Stock, \$.01 par value, of the Company and stock of any other class into which such shares may hereafter have been reclassified or changed.

"Conversion Ratio" means, at any time, a fraction, of which the numerator is the Stated Value plus accrued but unpaid dividends, and of which the denominator is the Conversion Price at such time.

"Junior Securities" means the Common Stock, and all other classes of equity securities of the Company, other than the 2,500 issued and outstanding shares of the Company's Series A Convertible Preferred Stock and shares of the Company's Convertible Preferred Stock issued to the original holder of the Series B Preferred Stock.

"Original Issue Date" shall mean the date of the first issuance of any shares of the Series B Preferred Stock regardless of the number of transfers of any particular shares of Series B Preferred Stock and regardless of the number of certificates which may be issued to evidence such Series B Preferred Stock.

"Per Share Market Value" means on any particular date (a) the closing bid price per share of the Common Stock on such date on The Nasdaq National Market or Nasdaq Small Cap Market or other stock exchange on which the Common Stock has been listed or if there is no such price on such date, then the closing bid price on such exchange on the date nearest preceding such date, or (b) if the Common Stock is not listed on The Nasdaq National Market or Nasdaq Small Cap Market or any stock exchange, the closing bid price for a share of Common Stock in the over-the-counter market, as reported by the Nasdaq Stock Market at the close of business on such date, or (c) if the Common Stock is not quoted on the Nasdaq Stock Market, the closing bid price for a share of Common Stock in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), or (d) if the Common Stock is not reported by the National Quotation Bureau Incorporated (or similar organization or agency succeeding to its functions of reporting prices), then the average of the "Pink Sheet" quotes for the relevant conversion period, as determined in good faith by the holder, or (e) if the Common Stock is not publicly traded the fair market value of a share of Common Stock as determined by an Appraiser (as defined in Section 5(d)(iv) above) selected in good faith by the holders of a majority in interest of the shares of the Series B Preferred Stock; PROVIDED, HOWEVER, that the Company, after receipt of the determination by

such Appraiser, shall have the right to select an additional Appraiser, in which case, the fair market value shall be equal to the average of the determinations by each such Appraiser.

"Person" means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

"Trading Day" means (a) a day on which the Common Stock is traded on The Nasdaq National Market or Nasdaq Small Cap Market or principal stock exchange on which the Common Stock has been listed, or (b) if the Common Stock is not listed on The Nasdaq National Market or Nasdaq Small Cap Market or any stock exchange, a day on which the Common Stock is traded in the over-the-counter market, as reported by the Nasdaq Stock Market, or (c) if the Common Stock is not quoted on the Nasdaq Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices).

EXHIBIT A

NOTICE OF CONVERSION
AT THE ELECTION OF HOLDER

(To be Executed by the Registered Holder to Convert shares of Series B Preferred Stock)

The undersigned hereby irrevocably elects to convert the number of shares of Series B Convertible Preferred Stock indicated below into shares of Common Stock, par value \$.01 per share (the "Common Stock"), of ImmunoGen, Inc. (the "Company") according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any.

Conversion calculations: -----
Date to Effect Conversion

Number of shares of Series B Preferred Stock to be Converted

Applicable Conversion Price

Number of shares of Common Stock to Issue

Signature

Name:

Address:

The Company undertakes to promptly upon its receipt of this conversion notice (and, in any case prior to the time it effects the conversion requested hereby), notify the converting holder by facsimile and telephone of the number of shares of Common Stock outstanding on such date and the number of shares of Common Stock which would be issuable to the holder if the conversion requested in this conversion notice were effected in full, whereupon, the holder may, within one day of the notice from the Company, revoke in whole or in part the conversion requested hereby to the extent that it determines that such conversion would result in it owning in excess of 4.9% of the outstanding shares of Common Stock on such date, and the Company shall issue to the holder one or more certificates representing shares of Series B Preferred Stock which have not been converted as a result of this provision. If the holder waives the applicability of this limitation by notice to the Company delivered upon its receipt of the Company's notice regarding the number of outstanding shares of Common Stock or if the Purchaser fails to respond to the Company's notice within one day thereafter, the Company shall effect in full the conversion requested in this notice.

EXHIBIT B

IMMUNOGEN, INC.

NOTICE OF CONVERSION AT
THE ELECTION OF THE COMPANY

The undersigned in the name and on behalf of ImmunoGen, Inc. (the "Company") hereby notifies the addressee hereof that the Company hereby elects to exercise its right to convert [] shares of its Series B Convertible Preferred Stock held by the Holder into shares of Common Stock, par value \$.01 per share (the "Common Stock") of the Company according to the terms hereof, as of the date written below. No fee will be charged to the Holder for any conversion hereunder, except for such transfer taxes, if any which may be incurred by the Company if shares are to be issued in the name of a person other than the person to whom this notice is addressed.

Conversion calculations: -----
Date to Effect Conversion

Number of Shares of Series B Preferred Stock to be Converted

Applicable Conversion Price

Number of Shares of Common Stock outstanding at close of trading
on Conversion Date

Number of shares of Common Stock to Issue

Signature

Name:

Address:

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this 16th day of October in the year 1996.

/s/ Frank J. Pocher , Vice President

/s/ Jonathan L. Kravetz , Clerk

THE COMMONWEALTH OF MASSACHUSETTS

CERTIFICATE OF VOTE OF DIRECTORS ESTABLISHING

A SERIES OF A CLASS OF STOCK

(General Laws, Chapter 156B, Section 26)

I hereby approve the within certificate and, the
filing fee in the amount of \$
having been paid, said certificate is hereby filed this
day of ,
19 .

WILLIAM FRANCIS GALVIN

Secretary of State

TO BE FILLED IN BY CORPORATION

PHOTO COPY OF CERTIFICATE TO BE SENT

TO:

Susan E. Hislop, Esquire

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

One Financial Center, Boston, MA 02111

Telephone 617 542 6000

CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT (this "AGREEMENT"), dated as of October 16, 1996, between Southbrook International Investments, Ltd., a corporation organized and existing under the laws of the British Virgin Islands (the "PURCHASER"), and ImmunoGen, Inc., a corporation organized and existing under the laws of Massachusetts (the "COMPANY").

WHEREAS, subject to the terms and conditions set forth in this Agreement, the Company desires to issue and sell to the Purchaser and the Purchaser desires to acquire shares of the Company's Series B Convertible Preferred Stock, par value \$.01 per share (the "SERIES B PREFERRED"), the Company's Series C Convertible Preferred Stock, par value \$.01 per share (the "SERIES C PREFERRED"), the Company's Series D Convertible Preferred Stock, par value \$.01 per share (the "SERIES D PREFERRED"), the Company's Series E Convertible Preferred Stock, par value \$.01 per share, (the "SERIES E PREFERRED") and the Company's Series F Convertible Preferred Stock, par value \$.01 per share (the "SERIES F PREFERRED"), (the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred are collectively referred to as the "PREFERRED STOCK").

IN CONSIDERATION of the mutual covenants contained in this Agreement, the Company and the Purchaser agree as follows:

ARTICLE I

PURCHASE AND SALE OF PREFERRED SHARES

1.1 PURCHASE AND SALE. (a) Subject to the terms and conditions set forth herein, the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase (a) 3,000 shares of Series B Preferred (the "SERIES B SHARES"); (b) up to 3,000 shares of Series C Preferred (the "SERIES C SHARES"); (c) up to 3,000 shares of Series D Preferred (the "SERIES D SHARES"); (d) up to 3,000 shares of Series E Preferred (the "SERIES E SHARES"); and (e) up to 3,000 shares of Series F Preferred (the "SERIES F SHARES"). The Series B Shares, Series C Shares, Series D Shares, Series E Shares and Series F Shares are collectively referred to as the "SHARES."

(b) The Series B Preferred shall have the respective rights, preferences and privileges set forth in EXHIBIT A attached hereto (the "SERIES B TERMS"), which shall be incorporated into a Certificate of Vote of Directors to be approved by the Purchaser and filed by the Company with the Secretary of State of Massachusetts (the "SERIES B VOTE CERTIFICATE"). The Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred shall have respective rights, preferences and privileges identical to the Series B Terms as set forth in Exhibit A, mutatis mutandis, except that the Conversion Price for conversion of said Shares shall reset as of the Original Issue Date for such Shares. The Series C Shares, Series D Shares, Series E Shares and Series F Shares shall be authorized pursuant to certificates of vote of directors to be prepared by the Company, subject to the approval of the Purchaser, and filed by the Company with the Secretary of State of

Massachusetts (such certificates of vote of directors, together with the Series B Vote Certificate, are referred to as the "VOTE CERTIFICATES").

For purposes of this Agreement, "CONVERSION PRICE," "ORIGINAL ISSUE DATE," "CONVERSION DATE" "TRADING DAY" and "PER SHARE MARKET VALUE" shall have the meanings set forth in the Series B Terms; and "MARKET PRICE" as at any date shall mean the average Per Share Market Value for the five (5) Trading Days immediately preceding such date.

1.2 Purchase Price. The purchase price per Share shall be \$1,000.

1.3 The Closings.

(a) THE SERIES B CLOSING. (i) The closing of the purchase and sale of the Series B Shares (the "SERIES B CLOSING") shall take place at the offices of Robinson Silverman Pearce Aronsohn & Berman LLP ("ROBINSON SILVERMAN"), 1290 Avenue of the Americas, New York, New York 10104, immediately following the execution hereof or such later date as the parties shall agree, but not prior to the date that the conditions set forth in Section 4.1 have been satisfied or waived by the appropriate party. The date of the Series B Closing is hereinafter referred to as the "SERIES B CLOSING DATE." At the Series B Closing, the Company shall sell and issue to the Purchaser, and the Purchaser shall purchase, the Series B Shares, for an aggregate purchase price of \$3,000,000.

(ii) At the Series B Closing, (a) the Company shall deliver to the Purchaser (1) one or more stock certificates representing the Series B Shares and the Initial Warrant (as hereinafter defined), each registered in the name of the Purchaser, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series B Closing by the Company pursuant to this Agreement and the Registration Rights Agreement; and (b) the Purchaser shall deliver to the Company (1) the purchase price for the Series B Shares as set forth in Section 1.3(a), less the fees and disbursements of the legal counsel contemplated in Section 6.1, in United States dollars in immediately available funds by wire transfer to an account designated in writing by the Company prior to the Series B Closing Date, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series B Closing by the Purchaser pursuant to this Agreement and the Registration Rights Agreement.

(b) THE SERIES C CLOSING. (i) The closing of the purchase and sale of the Series C Shares (the "SERIES C CLOSING") shall take place at the offices of Robinson Silverman on such date (which may not be prior to the tenth day after receipt of the notice described hereafter in this paragraph (b)) as the Company may designate in a written notice to the Purchaser (a "SUBSEQUENT FINANCING NOTICE") relating to the Series C Shares which the Company may deliver no earlier than January 1, 1997 and no later than March 19, 1997, which Subsequent Financing Notice shall set forth the number of Series C Shares (which may not exceed 3,000) that the Company intends to sell to the Purchaser, PROVIDED, HOWEVER, in no case shall the Series C Closing take place (A) earlier than the later to occur of January 11, 1997 and the tenth day after receipt of the Subsequent Financing Notice relating to such Closing or (B) later than March 30, 1997 (the "SERIES C CLOSING EXPIRATION DATE"), and, PROVIDED, FURTHER, that in no case shall the Series C Closing take place unless and until the conditions listed in Section 4.2 have been

satisfied or waived by the appropriate party. The date of the Series C Closing is hereinafter referred to as the "SERIES C CLOSING DATE."

(ii) At the Series C Closing, (a) the Company shall deliver to the Purchaser (1) one or more stock certificates representing the Series C Shares being sold at such Closing, registered in the name of the Purchaser, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series C Closing by the Company pursuant to this Agreement and the Registration Rights Agreement and (b) the Purchaser shall deliver to the Company (1) the purchase price for the Series C Shares being purchased as determined pursuant to this Article I in immediately available funds by wire transfer to an account designated in writing by the Company prior to the Series C Closing Date and (2) all documents, instruments and writings required to have been delivered at or prior to the Series C Closing by the Purchaser pursuant to this Agreement and the Registration Rights Agreement.

(c) THE SERIES D CLOSING. (i) The closing of the purchase and sale of the Series D Shares (the "SERIES D CLOSING") shall take place at the offices of Robinson Silverman on such date (which may not be prior to the tenth day after receipt of the Subsequent Financing Notice relating to the Series D Shares) as the Company shall designate in the Subsequent Financing Notice relating to the Series D Shares, which the Company may deliver no earlier than April 1, 1997 and no later than June 20, 1997, which Subsequent Financing Notice shall set forth the number of Series D Shares (which may not exceed 3,000) that the Company intends to sell to the Purchaser, PROVIDED, HOWEVER, in no case shall the Series D Closing take place (A) earlier than the later to occur of April 11, 1997 and the tenth day after receipt of the Subsequent Financing Notice relating to such Closing or (B) later than June 30, 1997 (the "SERIES D CLOSING EXPIRATION DATE"), and, PROVIDED, FURTHER, that in no case shall the Series D Closing take place unless and until the conditions listed in Section 4.2 have been satisfied or waived by the appropriate party. The date of the Series D Closing is referred to as the "Series D Closing Date."

(ii) At the Series D Closing, (a) the Company shall deliver to the Purchaser (1) one or more stock certificates representing the Series D Shares being sold at such Closing, registered in the name of the Purchaser, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series D Closing by the Company pursuant to this Agreement and the Registration Rights Agreement, and (b) the Purchaser shall deliver to the Company (1) the purchase price for the Series D Shares being purchased, as determined pursuant to this Article I, in immediately available funds by wire transfer to an account designated in writing by the Company prior to the Series D Closing Date, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series D Closing by the Purchaser pursuant to this Agreement and the Registration Rights Agreement.

(d) THE SERIES E CLOSING. (i) The closing of the purchase and sale of the Series E Shares (the "SERIES E CLOSING") shall take place at the offices of Robinson Silverman on such date (which may not be prior to the tenth day after receipt of the Subsequent Financing Notice relating to the Series E Shares) as the Company shall designate in the Subsequent Financing Notice relating to the Series E Shares, which the Company may deliver no earlier than July 1, 1997 and no later than September 20, 1997, which Subsequent Financing Notice shall set forth the number of Series E Shares (which may not exceed 3,000) that the Company intends to

sell to the Purchaser, PROVIDED, HOWEVER, in no case shall the Series E Closing take place (A) earlier than the later to occur of July 11, 1997 and the tenth day after receipt of the Subsequent Financing Notice relating to such Closing or (B) later than September 30, 1997 (the "SERIES E CLOSING EXPIRATION DATE"), and, PROVIDED, FURTHER, that in no case shall the Series E Closing take place unless and until the conditions listed in Section 4.2 have been satisfied or waived by the appropriate party. The date of the Series E Closing is referred to as the "SERIES E CLOSING DATE."

(ii) At the Series E Closing, (a) the Company shall deliver to the Purchaser (1) one or more stock certificates representing the Series E Shares being sold at such Closing, registered in the name of the Purchaser, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series E Closing by the Company pursuant to this Agreement and the Registration Rights Agreement, and (b) the Purchaser shall deliver to the Company (1) the purchase price for the Series E Shares being purchased, as determined pursuant to this Article I, in immediately available funds by wire transfer to an account designated in writing by the Company prior to the Series E Closing Date, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series E Closing by the Purchaser pursuant to this Agreement and the Registration Rights Agreement.

(e) THE SERIES F CLOSING. (i) If the Company shall have either not provided a Subsequent Financing Notice as to any one or more of the Series C Shares, Series D Shares or Series E Shares or shall have provided Subsequent Financing Notices relating to the Series C Shares, Series D Shares and Series E Shares which, in the aggregate, provide for the sale to the Purchaser of less than 9,000 Shares, the Company shall have the right to deliver a Subsequent Financing Notice relating to the issue and sale to the Purchaser of the Series F Shares, except that the Company shall not have the right to deliver a Subsequent Financing Notice relating to the Series F Shares if Subsequent Financing Notices were timely delivered as to the Series C Shares, Series D Shares or Series E Shares, but one or more of the Closings relating to such Shares failed to occur due to any reason other than a breach by the Purchaser of the provisions of this Agreement.

(ii) Subject to the provisions of clause (i) above of this paragraph (e), the closing of the purchase and sale of the Series F Shares (the "SERIES F CLOSING") shall take place at the offices of Robinson Silverman on such date (which may not be prior to the tenth day after receipt of the Subsequent Financing Notice relating to the Series F Shares) as the Company shall designate in the Subsequent Financing Notice relating to the Series F Shares, which the Company may deliver no earlier than October 1, 1997 and no later than December 21, 1997, which Subsequent Financing Notice shall set forth the number of Series F Shares (which may not exceed 3,000) that the Company intends to sell to the Purchaser, PROVIDED, HOWEVER, in no case shall the Series F Closing take place (A) earlier than the later to occur of October 11, 1997 and the tenth day after receipt of the Subsequent Financing Notice relating to such Closing or (B) later than December 31, 1997 (the "SERIES F CLOSING EXPIRATION DATE"), and, PROVIDED, FURTHER, that in no case shall the Series F Closing take place unless and until the conditions listed in Section 4.2 have been satisfied or waived by the appropriate party. The date of the Series F Closing is referred to as the "SERIES F CLOSING DATE."

(iii) At the Series F Closing, (a) the Company shall deliver to the Purchaser (1) one or more stock certificates representing the Series F Shares being sold at such Closing, registered in the name of the Purchaser, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series F Closing by the Company pursuant to this Agreement and the Registration Rights Agreement, and (b) the Purchaser shall deliver to the Company (1) the purchase price for the Series F Shares being purchased, as determined pursuant to this Article I, in immediately available funds by wire transfer to an account designated in writing by the Company prior to the Series F Closing Date, and (2) all documents, instruments and writings required to have been delivered at or prior to the Series F Closing by the Purchaser pursuant to this Agreement and the Registration Rights Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE COMPANY. The Company hereby makes the following representations and warranties to the Purchaser:

(a) ORGANIZATION AND QUALIFICATION. The Company is a corporation, duly incorporated, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, with the requisite corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company has no subsidiaries other than as set forth in the SCHEDULE 2.1(a) attached hereto (collectively, the "SUBSIDIARIES"). Each of the Subsidiaries is a corporation, duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with the full corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. Each of the Company and the Subsidiaries is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not, individually or in the aggregate, have a material adverse effect on the results of operations, assets, prospects, or financial condition of the Company and the Subsidiaries, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(b) AUTHORIZATION; ENFORCEMENT. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated hereby and by the Registration Rights Agreement, dated the date hereof, between the Company and the Purchaser, in the form of EXHIBIT B (the "REGISTRATION RIGHTS AGREEMENT"), the Initial Warrant (as hereinafter defined) and the Subsequent Warrants (as hereinafter defined), and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement, the Initial Warrant, the Subsequent Warrants and the Registration Rights Agreement by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company. Each of this Agreement, the Registration Rights Agreement and the Initial Warrant has been duly executed and delivered by the Company and constitutes, and each Subsequent Warrant when delivered

shall have been duly executed and will constitute, the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(c) CAPITALIZATION. The authorized, issued and outstanding capital stock of the Company is set forth in SCHEDULE 2.1(c). No shares of Common Stock are entitled to preemptive or similar rights. Except as disclosed in SCHEDULE 2.1(c), there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or, except as a result of the purchase and sale of the Shares and Warrants hereunder, securities, rights or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire any shares of Common Stock, or contracts, commitments, understandings, or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective articles of organization, bylaws or other charter documents.

(d) ISSUANCE OF SHARES. The Shares and the Warrants are duly authorized, and when issued and paid for in accordance with the terms hereof shall be validly issued, fully paid and nonassessable. The Company has and at all times while the Shares and any Warrants are outstanding will maintain an adequate reserve of duly authorized shares of Common Stock to enable it to perform its obligations under this Agreement, the Warrants and the Vote Certificates and in no circumstances shall such reserved and available shares of Common Stock be on the Closing Date for such Shares less than the sum of (i) two times the number of shares of Common Stock which would be issuable upon conversion of the Shares to be issued on such Closing Date were such conversion effected on the Original Issue Date for such Shares and (ii) (a) with respect to the Series B Closing, the number of shares of Common Stock which would be issuable upon exercise in full of the Initial Warrant on the original issue date thereof and (b) with respect to each of the Series B Closing, Series C Closing, Series D Closing, Series E Closing and Series F Closing, the number of shares of Common Stock which would be issuable upon exercise in full of the Subsequent Warrants issuable in respect of the Shares sold at such Closing. When issued in accordance with the terms hereof and the Vote Certificates, the shares of Common Stock into which the Shares may be converted (the "UNDERLYING SHARES") will be duly authorized, validly issued, fully paid and nonassessable; and when issued upon exercise of the Initial Warrant or Subsequent Warrants (collectively, the "WARRANTS") in accordance with their respective terms, the shares of Common Stock issuable on exercise of the Warrants (the "WARRANT SHARES") will be duly authorized, validly issued, fully paid and nonassessable.

(e) NO CONFLICTS. The execution, delivery and performance of this Agreement, the Registration Rights Agreement, the Vote Certificates and the Warrants by the Company and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of its Restated Articles of Organization or bylaws (each as amended through the date hereof) or (ii) subject to obtaining the consents referred to in SECTION 2.1(f), conflict with, or constitute a default (or an event which

with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party, or (iii) to the knowledge of the Company result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including Federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected, except in the case of each of clauses (ii) and (iii), such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect. The business of the Company is not being conducted in violation of any law, ordinance or regulation of any governmental authority, except for violations which, individually or in the aggregate, do not have a Material Adverse Effect.

(f) CONSENTS AND APPROVALS. Except as specifically set forth in Schedule 2.1(f), neither the Company nor any Subsidiary is required to obtain any consent, waiver, authorization or order of, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other person in connection with the execution, delivery and performance by the Company of this Agreement, the Vote Certificates, the Registration Rights Agreement or the Warrants, except for (i) the filings of the Vote Certificates with respect to the Shares with the Secretary of State of Massachusetts, which filings shall be effected prior to the Series B Closing Date, the Series C Closing Date, the Series D Closing Date, Series E Closing Date and Series F Closing Date, as appropriate, (ii) the filing of (A) the registration statements contemplated by the Registration Rights Agreement (the "UNDERLYING SECURITIES REGISTRATION STATEMENTS") with the Securities and Exchange Commission (the "COMMISSION"), which shall be filed in the time periods set forth in the Registration Rights Agreement and (B) a separate Form D as to the transactions to occur at each of the Series B Closing, Series C Closing, Series D Closing, Series E Closing and Series F Closing, as applicable, (iii) applications for the listing of the Underlying Shares and the Warrant Shares with the Nasdaq National Market or Nasdaq Small Cap Market, as appropriate (and with any other national securities exchange or market on which the Common Stock is then listed), and (iv) other than, in all other cases, where the failure to obtain such consent, waiver, authorization or order, or to give or make such notice or filing, would not materially impair or delay the ability of the Company to effect the Series B Closing, the Series C Closing, the Series D Closing, the Series E Closing or the Series F Closing and to deliver to the Purchaser the Shares (and, upon conversion of the Shares thereunder, the Underlying Shares) or the Warrants (and, upon exercise of the Warrants, the Warrant Shares) in the manner contemplated hereby and the Registration Rights Agreement free and clear of all liens and encumbrances of any nature whatsoever (together with the consents, waivers, authorizations, orders, notices and filings referred to in SECTION 2 and SCHEDULE 2.1(f), the "REQUIRED APPROVALS").

(g) LITIGATION; PROCEEDINGS. Except as specifically disclosed in the Disclosure Materials (as hereinafter defined) or in SCHEDULE 2.1(g), there is no action, suit, notice of violation, proceeding or investigation pending or, to the best knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any of their respective properties before or by any court, governmental or administrative agency or regulatory authority (Federal, state, county, local or foreign) which (i) relates to or challenges the legality, validity or enforceability of this Agreement, the Registration Rights Agreement, the Vote Certificates, the

Warrants or the Shares (ii) could, individually or in the aggregate, have a Material Adverse Effect or (iii) could, individually or in the aggregate, materially impair the ability of the Company to perform fully on a timely basis its obligations under this Agreement, the Vote Certificates, the Warrants or the Registration Rights Agreement.

(h) NO DEFAULT OR VIOLATION. Neither the Company nor any Subsidiary (i) is in default under or in violation of any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound, except such conflicts or defaults as do not have a Material Adverse Effect, (ii) is in violation of any order of any court, arbitrator or governmental body, except for such violations as do not have a Material Adverse Effect, or (iii) is in violation of any statute, rule or regulation of any governmental authority which could (individually or in the aggregate) (x) adversely affect the legality, validity or enforceability of this Agreement or the Registration Rights Agreement, (y) have a Material Adverse Effect or (z) adversely impair the Company's ability or obligation to perform fully on a timely basis its obligations under this Agreement, the Vote Certificates, the Registration Rights Agreement or the Warrants.

(i) DISCLOSURE MATERIALS. The Schedules to this Agreement furnished by or on behalf of the Company do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) PRIVATE OFFERING. Assuming (without any independent investigation or verification by or on behalf of the Company) the accuracy of the representations and warranties of the Purchaser set forth in Section 2.2, the offer and sale of the Shares, the Warrants, the Underlying Shares and the Warrant Shares are exempt from registration under Section 5 of the Securities Act of 1933, as amended (the "SECURITIES ACT"). Neither the Company nor any person acting on its behalf has taken or will take any action (including, without limitation, any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of the Shares under the Securities Act) which might subject the offering, issuance or sale of the Shares, the Warrants, the Underlying Shares or the Warrant Shares to the registration requirements of Section 5 of the Securities Act.

(k) SEC DOCUMENTS. The Company has filed all reports required to be filed by it under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law to file such material) (the foregoing materials being collectively referred to herein as the "SEC DOCUMENTS" and, together with the Schedules to this Agreement furnished by or on behalf of the Company, the "DISCLOSURE MATERIALS") on a timely basis, or has received a valid extension of such time of filing. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act and the Exchange Act and the published rules and regulations of the Commission promulgated thereunder, and none of the SEC Documents, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as

to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved, except as may be otherwise indicated in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal year-end audit adjustments. Since the date of the financial statements included in the Company's last filed Quarterly Report on Form 10-Q or last filed Annual Report on Form 10-K, whichever has been most recently filed with the Commission, there has been no event, occurrence or development that has had a Material Adverse Effect which is not specifically disclosed in any of the Disclosure Materials, except for the depletion of cash resources of the Company since June 30, 1996.

(1) SENIORITY. No class of equity securities of the Company is senior to the Shares in right of payment, whether upon liquidation, dissolution or otherwise.

2.2 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser hereby represents and warrants to the Company as follows:

(a) ORGANIZATION; AUTHORITY. The Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation. The Purchaser has the requisite corporate power and authority to enter into and to consummate the transactions contemplated hereby and by the Registration Rights Agreement and otherwise to carry out its obligations hereunder and thereunder. The purchase of the Shares by the Purchaser hereunder has been duly authorized by all necessary action on the part of the Purchaser. Each of this Agreement and the Registration Rights Agreement has been duly executed and delivered by the Purchaser or on its behalf and constitutes the valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally and to general principles of equity.

(b) INVESTMENT INTENT. The Purchaser is acquiring the Shares, the Warrants, the Underlying Shares and the Warrant Shares for its own account for investment purposes only and not with a view to or for distributing or reselling such Shares, Warrant Shares, Underlying Shares or Warrant Shares or any part thereof or interest therein, without prejudice, however, to the Purchaser's right, subject to the provisions of this Agreement and the Registration Rights Agreement, at all times to sell or otherwise dispose of all or any part of such Shares, Underlying Shares, Warrants or Warrant Shares pursuant to an effective registration statement under the Securities Act and in compliance with applicable State securities laws or under an exemption from such registration.

(c) PURCHASER STATUS. At the time the Purchaser was offered the Shares and Warrants, it was, and at the date hereof, it is, and at each Closing Date and each exercise date

under the Warrants, it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act.

(d) EXPERIENCE OF PURCHASER. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares, the Warrants, the Underlying Shares and the Warrant Shares, and has so evaluated the merits and risks of such investment.

(e) ABILITY OF PURCHASER TO BEAR RISK OF INVESTMENT. The Purchaser is able to bear the economic risk of an investment in the Shares, the Warrants, the Underlying Shares and the Warrant Shares and, at the present time, is able to afford a complete loss of such investment.

(f) PROHIBITED TRANSACTIONS. The Shares and Warrants to be purchased by the Purchaser are not being acquired, directly or indirectly, with the assets of any "employee benefit plan," within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(g) ACCESS TO INFORMATION. The Purchaser acknowledges receipt of the Disclosure Materials and further acknowledges that it has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares and the Warrants and the merits and risks of investing in the Shares and the Warrants; (ii) access to information about the Company and the Company's financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment and to verify the accuracy and completeness of the information contained in the Disclosure Materials.

(h) RELIANCE. The Purchaser understands and acknowledges that (i) the Shares and Warrants are being offered and sold, and the Underlying Shares and the Warrants Shares are being offered, to it without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act under Regulation D promulgated thereunder and (ii) the availability of such exemption, depends in part on, and that the Company will rely upon the accuracy and truthfulness of, the foregoing representations and the Purchaser hereby consents to such reliance.

The Company acknowledges and agrees that the Purchaser makes no representation or warranty with respect to the transactions contemplated hereby other than those specifically set forth in this SECTION 2.2.

ARTICLE III

OTHER AGREEMENTS OF THE PARTIES

3.1 TRANSFER RESTRICTIONS. (a) If the Purchaser should decide to dispose of any of the Shares or Warrants to be purchased by it hereunder (and upon conversion or exercise thereof, of any Underlying Shares or Warrant Shares), the Purchaser understands and agrees that it may do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to the Company or (iii) pursuant to an available exemption or exclusion from the registration requirements of the Securities Act. In connection with any transfer of any Shares, Warrants, Underlying Shares or Warrant Shares other than pursuant to an effective registration statement or to the Company, the Company may require that the transferor provide to the Company an opinion of counsel experienced in the area of United States securities laws selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such Shares, Warrants, Underlying Shares or Warrant Shares, as the case may be, under the Securities Act.

(b) The Purchaser agrees to the imprinting, so long as appropriate, of the following legend on certificates representing the Shares, Underlying Shares, Warrants and Warrant Shares:

NEITHER THESE SECURITIES NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER REGULATION D PROMULGATED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION OR EXCLUSION FROM THE REGISTRATION REQUIREMENTS THEREUNDER AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS.

The legend set forth above shall be removed following a resale of Underlying Shares or Warrant Shares, as the case may be, pursuant to an effective registration statement under the Securities Act or sooner if, in the opinion of counsel to the Company experienced in the area of United States securities laws, such legend is no longer required under applicable requirements of the Securities Act. The certificates representing the Shares, Warrants, Underlying Shares and Warrant Shares shall also bear any other legends required by applicable Federal or state securities laws, which legends may be removed when, in the opinion of counsel to the Company experienced in the applicable securities laws, such legends are no longer required under the applicable requirements of such securities laws. The Company agrees that it will provide the Purchaser, upon request, with a substitute certificate or certificates, free from such legend at such time as such legend is no longer applicable. The Purchaser agrees that, in connection with any transfer of Underlying Shares or Warrant Shares by it pursuant to an effective registration

statement under the Securities Act, the Purchaser will comply with all prospectus delivery requirements of the Securities Act. The Company makes no representation, warranty or agreement as to the availability of any exemption from registration under the Securities Act with respect to any resale of Shares, Underlying Shares, Warrants or Warrant Shares. The Purchaser acknowledges that the Company has no obligation to register the resale of the Shares and Warrants.

3.2 STOP TRANSFER INSTRUCTION. The Purchaser agrees that the Company shall be entitled to make a notation on its records and give instructions to any transfer agent of the Company in order to implement the restrictions on transfer set forth in this Agreement.

3.3 FURNISHING OF INFORMATION. As long as the Purchaser owns Shares, Underlying Shares, Warrants or Warrant Shares, the Company covenants to timely file (or obtain extensions in respect thereof) all reports required to be filed by the Company after the date hereof pursuant to Section 13(a) or 15(d) of the Exchange Act and to promptly furnish the Purchaser with true and complete copies of all such filings. If the Company is not at the time required to file reports pursuant to such sections, it will prepare and furnish to the Purchaser annual and quarterly reports comparable to those required by Section 13(a) or 15(d) of the Exchange Act in the time period that such filings would have been required to have been made under the Exchange Act.

3.4 NOTICE OF CERTAIN EVENTS. The Company shall (i) advise the Purchaser promptly after obtaining knowledge thereof, and, if requested by the Purchaser, confirm such advice in writing, of the issuance by any state securities commission of any stop order suspending the qualification or exemption from qualification of the Shares or the Common Stock for offering or sale in any jurisdiction, or the initiation of any proceeding for such purpose by any state securities commission or other regulatory authority, or (ii) use its best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption from qualification of the Shares, Warrant Shares or the Underlying Shares under any state securities or Blue Sky laws, and (iii) if at any time any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Shares, Warrant Shares or the Underlying Shares under any such laws, use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.

3.5 COPIES AND USE OF DISCLOSURE MATERIALS. The Company consents to the use of the Disclosure Materials, and any amendments and supplements thereto, by the Purchaser in connection with resales of the Shares, the Underlying Shares or the Warrant Shares.

3.6 BLUE SKY LAWS. In accordance with the Registration Rights Agreement, the Company shall qualify the Underlying Shares and the Warrant Shares under the securities or Blue Sky laws of such jurisdictions as the Purchaser may request and shall continue such qualification at all times through the fourth anniversary of the last Closing Date; PROVIDED, HOWEVER, that neither the Company nor its Subsidiaries shall be required in connection therewith to qualify as a foreign corporation where they are not now so qualified or to take any action that would subject the Company to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

3.7 INTEGRATION. The Company shall not and shall use its best efforts to ensure that no person controlling, controlled by or under common control with the Company (an "Affiliate") shall sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Shares, the Warrants, the Underlying Shares or the Warrant Shares in a manner that would require the registration under the Securities Act of the sale of the Shares, the Warrants, the Underlying Shares or the Warrant Shares to the Purchaser.

3.8 SOLICITATION MATERIALS. The Company shall not (i) distribute any offering materials in connection with the offering and sale of the Shares, the Warrants, the Underlying Shares or the Warrant Shares other than the Disclosure Materials and any amendments and supplements thereto prepared in compliance herewith or (ii) solicit any offer to buy or sell the Shares, the Warrants, the Underlying Shares or the Warrant Shares by means of any form of general solicitation or advertising.

3.9 CERTAIN AGREEMENTS. From the date hereof through the final Closing Date, the Company shall not and shall cause the Subsidiaries not to, without the consent of the Purchaser, (i) amend its certificate of incorporation, bylaws or other charter documents so as to adversely affect any rights of the Purchaser; (ii) declare, authorize, set aside or pay any dividend or other distribution with respect to the Common Stock except as permitted under the Vote Certificates and as would not adversely affect the rights of the Purchaser hereunder or under the Vote Certificates; (iii) repay, repurchase or offer to repay, repurchase or otherwise acquire shares of its Common Stock in any manner which adversely affects the rights of the Purchaser hereunder or under the Vote Certificates; or (iv) enter into any agreement with respect to any of the foregoing.

3.10 PURCHASER OWNERSHIP OF COMMON STOCK. The Purchaser may not use its ability to convert Shares hereunder or under the terms of the Vote Certificates or to exercise its right to acquire shares of Common Stock under the Warrants to the extent that such conversion or exercise would result in the Purchaser owning more than 4.9% of the outstanding shares of the Common Stock. The Company shall, promptly upon its receipt of a Holder Conversion Notice tendered by the Purchaser (or its sole designee) under the Vote Certificates, and upon its receipt of a notice of exercise under the terms of any of the Warrants, notify the Purchaser by telephone and by facsimile of the number of shares of Common Stock outstanding on such date and the number of Underlying Shares and Warrant Shares which would be issuable to the Purchaser (or its sole designee, as the case may be) if the conversion requested in such Conversion Notice or exercise requested in such exercise notice were effected in full, whereupon, notwithstanding anything to the contrary set forth in the Vote Certificates or the Warrants, the Purchaser may within one Trading Day of its receipt of the Company notice required by this Section by telephone or by facsimile revoke such conversion or exercise to the extent that it determines that such conversion or exercise would result in the Purchaser owning in excess of 4.9% of such outstanding shares of Common Stock.

3.11 LISTING OF UNDERLYING SHARES. The Company shall take all steps necessary to cause the Underlying Shares and Warrant Shares to be approved for listing in the Nasdaq National Market or Nasdaq Small Cap Market (as well as on any other national securities

exchange or market on which the Common Stock is then listed) no later than the first day after which Shares may be converted by the Purchaser into Common Stock, and shall provide to the Purchaser evidence of such listing, and shall maintain the listing of its Common Stock on such exchange.

3.12 CONVERSION PROCEDURES. EXHIBIT C attached hereto sets forth the procedures with respect to the conversion of the Preferred Stock, including the forms of conversion notice to be provided upon conversion, instructions as to the procedures for conversion, the form of legal opinion, if necessary, that shall be rendered to the Company's transfer agent and such other information and instructions as may be reasonably necessary to enable the Purchaser to exercise its right of conversion smoothly and expeditiously.

3.13 PURCHASER'S RIGHTS IF TRADING IN COMMON STOCK IS SUSPENDED. In the event that at any time within the two-year period after the last Closing Date trading in the shares of the Common Stock is suspended on the Nasdaq National Market or Nasdaq Small Cap Market (other than as a result of the suspension of trading in securities on such market generally or temporary suspensions pending the release of material information and other than a suspension of trading on the Nasdaq National Market if the Common Stock is listed for trading, and not suspended, on the Nasdaq Small Cap Market within one business day after such suspension), the Company shall immediately declare and pay to the Purchaser (as liquidated damages and not as a penalty) in cash a cumulative dividend (which shall be in addition to any dividend set forth in the Series B Terms) of (i) 1.5% for each of the first two months after such suspension and (ii) 2.0% for each month thereafter, in respect of the Shares and, to the extent converted, Underlying Shares then held by the Purchaser for so long as such suspension shall continue.

3.14 NO VIOLATION OF APPLICABLE LAW. Notwithstanding any provision of this Agreement to the contrary, if the declaration or payment of the dividend contemplated by Section 3.13 would be prohibited by the relevant provisions of the Massachusetts Business Corporation Law, such declaration and payment shall be effected as soon as it is permitted under such law and such dividends shall continue to accrue and be declared until paid in full.

3.15 DIVIDEND RESTRICTIONS. Notwithstanding any provision of this Agreement to the contrary, if the declaration or payment of the dividend contemplated by Section 3.13 would be prohibited in the absence of consent from any lender of the Company or any Subsidiary, or by the holders of any class of securities of the Company, the Company shall use its best efforts to obtain such consent as promptly as practicable after the obligation to declare and pay such dividend arises hereunder. Nothing contained in this SECTION 3.15 shall be construed as a waiver by the Purchaser of any rights it may have by virtue of any breach of any representation or warranty of the Company herein as to the absence of any requirement to obtain any such consent.

3.16 PIGGYBACK REGISTRATION RIGHTS. During the period commencing the date hereof and ending on the earlier to occur of (i) the one year anniversary of the last Closing and (ii) the date the last Underlying Securities Registration Statement required to be filed by the Company is declared effective under the Securities Act by the Commission, the Company may not file any registration statement that provides for the registration of shares of Common Stock to be sold by other shareholders of the Company unless the Company provides the Purchaser with not less

than seven (7) Trading Days' notice of its intention to file such registration statement and provides the Purchaser the option to include any or all of the Underlying Shares and Warrant Shares therein as to which there is not at that time an effective Underlying Securities Registration Statement. Such registration rights shall not apply to registration statements relating solely to (i) employee benefit plans notwithstanding the inclusion of a resale prospectus for securities received under such employee benefit plan, or (ii) business combinations unless the registration statement relates to securities to be received by the holders of the Common Stock of the Company. In the event that any registration pursuant to this Section 3.16 shall be, in whole or in part, a firm commitment underwritten offering of securities of the Company, any request by such holders pursuant hereto to register Underlying Shares or Warrant Shares must specify that such shares are to be included in the underwriting on the same terms and conditions as the shares of securities, if any, otherwise being sold through underwriters under such registration. If no shares of securities are being sold through underwriters under such registration, then any request by such holders pursuant to this Section 3.16 to register such Underlying Shares or Warrant Shares must specify that such shares are to be included in the registration on terms and conditions comparable to those normally applicable to offerings of common stock in reasonably similar circumstances. Notwithstanding any other provision of this Section, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten or that it is otherwise advisable, the underwriter may exclude the Underlying Shares or Warrant Shares from such registration, PROVIDED, HOWEVER, except as otherwise required by the registration rights granted by the Company as specified in Schedule 2.1(c) to the Purchase Agreement prior to the date hereof, if any shares of Common Stock are to be included in such registration for the account of any person other than the Company, then the number of Underlying Shares and warrant Shares to be included in such registration shall be determined pro rata based upon the ratio of the aggregate number of Underlying Shares and Warrant Shares requested to be included in such registration to the total number of shares of Common Stock (including such Underlying Shares and Warrant Shares) requested to be included therein.

3.17 NOTICE OF BREACHES. Each of the Company and the Purchaser shall give prompt written notice to the other of any breach of any representation, warranty or other agreement contained in this Agreement or in the Registration Rights Agreement, as well as any events or occurrences arising after the date hereof and prior to, with respect to the Series B Closing, the Series B Closing Date, with respect to the Series C Closing, the Series C Closing Date, with respect to the Series D Closing, the Series D Closing Date, with respect to the Series E Closing, the Series E Closing Date, or with respect to the Series F Closing, the Series F Closing Date which would reasonably be likely to cause any representation or warranty or other agreement of such party, as the case may be, contained herein to be incorrect or breached as of such Closing Date. However, no disclosure by either party pursuant to this SECTION 3.17 shall be deemed to cure any breach of any representation, warranty or other agreement contained herein or in the Registration Rights Agreement. Neither the Company, any Subsidiary nor the Purchaser will take, or agree to commit to take, any action that is intended to make any representation or warranty of the Company or the Purchaser, as the case may be, contained herein or in the Registration Rights Agreement inaccurate in any respect at the Series B Closing Date, Series C Closing Date, Series D Closing Date, Series E Closing Date or Series F Closing Date, as applicable.

Notwithstanding the generality of the foregoing, the Company shall promptly notify the Purchaser of any notice or claim (written or oral) that it receives from any lender of the Company to the effect that the consummation of the transactions contemplated hereby and by the Registration Rights Agreement violates or would violate any written agreement or understanding between such lender and the Company, and the Company shall promptly furnish by facsimile to the holders of the Shares a copy of any written statement in support of or relating to such claim or notice.

3.18 ADDITIONAL WARRANTS. (a) If the Company does not receive a Holder Conversion Notice (as defined in the Series B Terms) within 80 days following the Series B Closing Date, the Company shall, within one Trading Day thereafter, execute and deliver to the Purchaser a common stock purchase warrant in the form attached hereto as EXHIBIT F (the "SERIES B SUBSEQUENT WARRANT"), pursuant to which the Purchaser shall have the right at any time thereafter through the fifth anniversary of such date, to acquire 250,000 shares of Common Stock at an exercise price per share equal to 150% of the Market Price on the 81st day after the Original Issue Date of the Series B Preferred.

(b) If with respect to each of the Series C Shares, Series D Shares, Series E Shares and Series F Shares, respectively, the Company does not receive a Conversion Notice within 80 days following the Series C Closing Date, Series D Closing Date, Series E Closing Date or Series F Closing Date, as the case may be, then Company shall in each such case promptly execute and deliver to the Purchaser a common stock purchase warrant, in the form of Exhibit F (each, along with the Series B Subsequent Warrant, a "SUBSEQUENT WARRANT"), pursuant to which the Purchaser shall have the right at any time through the fifth anniversary of the issuance thereof, to acquire shares of Common Stock equal to 50% of the number of shares of Common Stock that would be issuable upon conversion of such Series C Shares, Series D Shares, Series E Shares or Series F Shares, as the case may be, on the 81st day after the Original Issue Date for such Shares, at an exercise price per share equal to 150% of the Market Price on the 81st day after the Original Issue Date for such Shares.

3.19 VOLUME RESTRICTIONS; RESTRICTIONS ON SHORT SALES. (a) For so long as the Purchaser holds Shares, the Purchaser shall not sell a net number of shares of Common Stock (through short positions or otherwise) in excess of the greater of (i) in any period of five (5) consecutive Trading Days, 20% of the weekly trading volume of the Common Stock for the average of the 5 Trading Days immediately preceding such sale and (ii) on any Trading Day, 20% of the trading volume of the Common Stock on the day of such sale. The Purchaser shall provide the Company with notice of its daily sales of Common Stock within 10 business days of the end of each month in which any such sales occur.

(b) Neither the Purchaser nor any Affiliate of the Purchaser will establish a short position in the Common Stock during the period between the date it receives a Subsequent Financing Notice and the Closing Date relating to such Subsequent Financing Notice.

3.20 CONVERSION OBLIGATIONS OF THE COMPANY. The Company covenants to convert Shares and to deliver Underlying Shares in accordance with the terms and conditions and time

period set forth in the respective Vote Certificates, and to deliver Warrant Shares in accordance with the terms and conditions and time periods set forth in the Warrants.

ARTICLE IV

CONDITIONS

4.1(a) CONDITIONS PRECEDENT TO THE OBLIGATION OF THE COMPANY TO SELL THE SERIES B SHARES. The obligation of the Company to sell the Series B Shares hereunder is subject to the satisfaction or waiver by the Company, at or before the Series B Closing, of each of the following conditions:

(i) ACCURACY OF THE PURCHASER'S REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Purchaser shall be true and correct in all material respects as of the date when made and as of the Series B Closing Date, as though made on and as of such date (except that representations and warranties that are made as of a specific date need be true in all material respects only as of such date);

(ii) PERFORMANCE BY THE PURCHASER. The Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Purchaser at or prior to the Series B Closing;

(iii) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement or the Registration Rights Agreement; and

(iv) Required Approvals. All Required Approvals shall have been obtained other than those relating solely to the Series C Shares, Series D Shares, Series E Shares or Series F Shares.

(b) CONDITIONS PRECEDENT TO THE OBLIGATION OF THE PURCHASER TO PURCHASE THE SERIES B SHARES. The obligation of the Purchaser hereunder to acquire and pay for the Series B Shares is subject to the satisfaction or waiver by the Purchaser, at or before the Series B Closing, of each of the following conditions:

(i) ACCURACY OF THE COMPANY'S REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Series B Closing Date as though made on and as of such date (except that representations and warranties that are made as of a specific date need be true in all material respects only as of such date);

(ii) PERFORMANCE BY THE COMPANY. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Series B Closing;

(iii) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement or the Registration Rights Agreement;

(iv) ADVERSE CHANGES. Since the date of the financial statements included in the Company's Quarterly Report on Form 10-Q or Annual Report on Form 10-K, whichever is more recent, last filed prior to the date of this Agreement, no event which in the judgment of the Purchaser had a Material Adverse Effect and no material adverse change in the financial condition or prospects of the Company shall have occurred (other than the depletion of cash resources of the Company) which is not disclosed in the Disclosure Materials (for purposes hereof, a market price of \$2.50 or less for the Common Stock or a market capitalization of the Company of \$50,000,000 or less shall be deemed an event which has had a Material Adverse Effect);

(v) NO SUSPENSIONS OF TRADING IN COMMON STOCK. The trading in the Common Stock shall not have been suspended by the Commission or on the Nasdaq National Market or Nasdaq Small Cap Market (except for any suspension of trading of limited duration solely to permit dissemination of material information regarding the Company and except for a suspension of trading on the Nasdaq National Market if the Common Stock is listed for trading on the Nasdaq Small Cap Market within one business day from such suspension);

(vi) LISTING OF COMMON STOCK. The Common Stock shall have at all times between the date hereof and the Series B Closing Date been, and on the Series B Closing Date be, listed for trading on the Nasdaq National Market or Nasdaq Small Cap Market;

(vii) LEGAL OPINION. The Company shall have delivered to the Purchaser the opinion of Mintz Levin Cohn Ferris Glovsky and Popeo PC, counsel to the Company, in substantially the form attached hereto as Exhibit D;

(viii) REQUIRED APPROVALS. All Required Approvals shall have been obtained other than those relating solely to the Series C Shares, the Series D Shares, the Series E Shares or the Series F Shares;

(ix) SHARES OF COMMON STOCK. On or prior to the Series B Closing Date, the Company shall have duly reserved for issuance upon conversion of Series B Shares and exercise of the Initial Warrant 1,929,260 Underlying Shares and 250,000 Warrant Shares;

(x) DELIVERY OF STOCK CERTIFICATES. The Company shall have delivered to the Purchaser or its designee the stock certificate(s) representing the Series B Shares, registered in the name of the Purchaser, each in form satisfactory to Robinson Silverman;

(xi) REGISTRATION RIGHTS AGREEMENT. The Company shall have executed and delivered the Registration Rights Agreement;

(xii) WARRANT. The Company shall have executed and delivered to the Purchaser a common stock purchase warrant (the "INITIAL WARRANT"), substantially in the form attached hereto as EXHIBIT E, pursuant to which the Purchaser shall have the right, at any time from the Series B Closing Date through the fifth anniversary of such date, to purchase 250,000 shares of Common Stock at an exercise price per share equal to 150% of the Market Price on the Series B Closing Date;

(xiii) CERTIFICATE OF VOTE OF DIRECTORS. The Series B Vote Certificate shall have been duly filed with the Secretary of State of Massachusetts, and the Company shall have delivered a copy thereof to the Purchaser certified as filed by the office of the Secretary of State of Massachusetts; and

(xiv) COMPANY CERTIFICATES. The Purchaser shall have received a certificate, dated the Series B Closing Date, signed by the Secretary or an Assistant Secretary of the Company and certifying (i) that attached thereto is a true, correct and complete copy of (A) the Company's Restated Articles of Organization, as amended to the date thereof, (B) the Company's By-Laws, as amended to the date thereof, and (C) resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and (where appropriate) filing of this Agreement, the Warrants, the Vote Certificates and the Registration Rights Agreement and the issuance and sale of the Series B Shares, the Warrants, the Underlying Shares and the Warrant Shares and (ii) the incumbency of the officers executing this Agreement, the Registration Rights Agreement and the Warrants.

4.2 CONDITIONS PRECEDENT TO THE OBLIGATION OF THE PURCHASER TO PURCHASE THE SERIES C SHARES, THE SERIES D SHARES, THE SERIES E SHARES AND THE SERIES F SHARES. The obligation of the Purchaser hereunder to acquire and pay for the Series C Shares, the Series D Shares, the Series E Shares and the Series F Shares is subject to the satisfaction or waiver by the Purchaser, at or before the Series C Closing, the Series D Closing, the Series E Closing and the Series F Closing, as applicable of each of the following conditions:

(i) SERIES B CLOSING. The Series B Closing shall have occurred.

(ii) ACCURACY OF THE COMPANY'S REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained herein and in the Registration Rights Agreement shall be true and correct in all material respects as of the date when made and as of the Series C Closing Date, the Series D Closing Date, the Series E Closing Date and the Series F Closing Date, as applicable, as though made on and as of such date (except that representations and warranties that are made as of a specific date need be true in all material respects only as of such date);

(iii) PERFORMANCE BY THE COMPANY. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and

conditions required by this Agreement and the Registration Rights Agreement to be performed, satisfied or complied with by the Company at or prior to the Series C Closing Date, the Series D Closing Date, the Series E Closing Date or the Series F Closing Date, as applicable;

(iv) UNDERLYING SECURITIES REGISTRATION STATEMENTS. With respect to the Series C Closing, the Underlying Securities Registration Statement with respect to the Underlying Shares issuable on conversion of all outstanding Series B Shares and with respect to the Warrant Shares issuable upon exercise of the Initial Warrant shall have been declared effective under the Securities Act by the Commission; with respect to the Series D Closing, the Underlying Securities Registration Statement with respect to the Underlying Shares issuable on conversion of all outstanding Series C Shares (and if applicable, the Warrant Shares issuable in respect of the Subsequent Warrant in respect of the Series C Shares) shall have been declared effective under the Securities Act by the Commission; with respect to the Series E Closing, the Underlying Securities Registration Statement with respect to the Underlying Shares issuable on conversion of all outstanding Series D Shares (and if applicable, the Warrant Shares issuable in respect of the Subsequent Warrant in respect of the Series D Shares) shall have been declared effective under the Securities Act by the Commission; and with respect to the Series F Closing, the Underlying Securities Registration Statement with respect to the Underlying Shares issuable on conversion of all outstanding Series E Shares (and if applicable, the Warrant Shares issuable in respect of the Subsequent Warrant in respect of the Series E Shares) shall have been declared effective by the Commission; and in each such case such Underlying Registration Statement shall have remained effective and shall not be subject to any stop order and no stop order shall be pending or threatened as at such Closing Date;

(v) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court of governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement or the Registration Rights Agreement relating to the issuance or conversion of any of the Shares or exercise of any of the Warrants;

(vi) ADVERSE CHANGES. Since the date of the financial statements included in the Company's last filed Quarterly Report on Form 10-Q or Annual Report on Form 10-K, whichever is more recent, last filed prior to the date of this Agreement, no event which in the judgment of the Purchaser had a Material Adverse Effect shall have occurred (other than the depletion of cash resources of the Company), nor shall there have occurred in the judgment of the Purchaser a material adverse change in the financial conditions or prospects of the Company, which is not disclosed in the Disclosure Materials (for purposes hereof, if, at any time after the Series B Closing Date, the market price of the Common Stock is \$2.50 or less, or if the market capitalization of the Company is \$50,000,000 or less, an event which has had a Material Adverse Event shall be deemed to have occurred);

(vii) TRADING VOLUME. The average daily trading volume for the Common Stock for the 60 Trading Days immediately preceding such Closing Date shall have been at least 100,000 shares and during the such 60 Trading Day period the average daily trading volume of the Common Stock for any 15 consecutive Trading Days shall not have been below 60,000 shares;

(viii) LITIGATION. No material litigation shall have been instituted or threatened against the Company;

(ix) MANAGEMENT. In the reasonable judgment of the Purchaser, no material adverse changes shall have occurred in the senior management of the Company;

(x) NO SUSPENSIONS OF TRADING IN COMMON STOCK. The trading in the Common Stock shall not have been suspended by the Commission or on the Nasdaq National Market or Nasdaq Small Cap Market (except for any suspension of trading of limited duration solely to permit dissemination of material information regarding the Company and except for a suspension of trading in the Nasdaq Market if the Common Stock is listed for trading on the Nasdaq Small Cap Market within one business day following such suspension);

(xi) LISTING OF COMMON STOCK. The Common Stock shall have been at all times between the Series B Closing Date and the Series C Closing Date, the Series D Closing Date, the Series E Closing Date and the Series F Closing Date, as applicable, and on such applicable Closing Date be, listed for trading on the Nasdaq National Market or Nasdaq Small Cap Market;

(xii) LEGAL OPINION. The Company shall have delivered to the Purchaser an opinion of outside legal counsel to the Company in substantially the form attached hereto as Exhibit D and dated the applicable Closing Date;

(xiii) REQUIRED APPROVALS. All Required Approvals shall have been obtained;

(xiv) SHARES OF COMMON STOCK. On each of the Series C Closing Date, Series D Closing Date, Series E Closing Date and Series F Closing Date, as applicable, the Company shall have reserved for issuance to the Purchaser (a) two times the number of Underlying Shares which would be issuable upon conversion in full of the Series C Shares, Series D Shares, Series E Shares or Series F Shares, as applicable, assuming such conversion occurred on the Original Issue Date for such Shares and (b) a sufficient number of Warrant Shares issuable upon exercise in full of the applicable Subsequent Warrant.

(xv) DELIVERY OF STOCK CERTIFICATES. The Company shall have delivered to the Purchaser or its designee the stock certificate(s) representing the Shares, being purchased at such Closing, registered in the name of the Purchaser, each in form satisfactory to Robinson Silverman.

(xvi) PERFORMANCE OF CONVERSION/EXERCISE OBLIGATIONS. The Company shall have (a) delivered Underlying Shares upon conversion of Shares and otherwise performed its obligations in accordance with the terms, conditions and timing requirements of each Vote Certificate and (b) shall have delivered Warrant Shares upon exercise of the Warrants and otherwise performed its obligations in accordance with the terms of the Warrants.

(xvii) FORM S-3 ELIGIBILITY. At each Closing, the Company shall be eligible to register securities for resale under Form S-3 (or a successor thereto) promulgated under the Securities Act.

ARTICLE V

TERMINATION

5.1 TERMINATION BY MUTUAL CONSENT. (a) This Agreement may be terminated with respect to the transactions contemplated herein relating to both the Shares and the Underlying Shares at any time prior to the Series B Closing by the mutual consent of the Company and the Purchaser.

(b) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series C Shares at any time prior to the Series C Closing by the mutual written consent of the Company and the Purchaser.

(c) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series D Shares at any time prior to the Series D Closing by the mutual written consent of the Company and the Purchaser.

(d) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series E Shares at any time prior to the Series E Closing by the mutual written consent of the Company and the Purchaser.

(e) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series F Shares at any time prior to the Series F Closing by the mutual written consent of the Company and the Purchaser.

5.2 TERMINATION BY THE COMPANY. (a) This Agreement may be terminated with respect to the transactions contemplated herein relating to both the Shares and the Underlying Shares prior to the Series B Closing by the Company, by giving notice of such termination to the Purchaser, if the Purchaser has materially breached any representation, warranty, covenant or agreement contained in this Agreement and such breach is not cured within five business days following receipt by the Purchaser of notice of such breach.

(b) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series C Shares prior to the Series C Closing by the Company, by giving notice of such termination to the Purchaser.

(c) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series D Shares prior to the Series D Closing by the Company, by giving notice of such termination to the Purchaser.

(d) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series E Shares prior to the Series E Closing by the Company, by giving notice of such termination to the Purchaser.

(e) This Agreement may be terminated with respect to the transactions contemplated herein relating solely to the Series F Shares prior to the Series F Closing by the Company, by giving notice of such termination to the Purchaser.

5.3 TERMINATION BY THE PURCHASER. (a) This Agreement may be terminated prior to the Series B Closing with respect to the transactions contemplated herein relating to both the Shares and the Underlying Shares by the Purchaser, by giving notice of such termination to the Company, if:

(i) the Company has breached any representation, warranty, covenant or agreement contained in this Agreement and such breach is not cured within five business days following receipt by the Company of notice of such breach;

(ii) there has occurred an event since the date of the financial statements included in the Company's Quarterly Report on Form 10-Q or Annual Report on Form 10-K, whichever is more recent, last filed prior to the date of this Agreement which has in the judgment of the Purchaser had a Material Adverse Effect and which is not disclosed in the SEC Documents or if there has occurred in the Purchaser's judgment since such date a material adverse change in the financial condition or prospects of the Company (for such purpose, at any time between the date hereof and the Series B Closing Date, a market price of \$2.50 or less for the Common Stock or a market capitalization of the Company of \$50,000,000 or less shall be deemed an event which has had a Material Adverse Effect);

(iii) trading in the Company's Common Stock has been suspended by the Commission or the Nasdaq (except for any suspension of trading of limited duration solely to permit dissemination of material information regarding the Company); or

(iv) the Company's Common Stock shall have failed to be listed for trading on the Nasdaq National Market or Nasdaq Small Cap Market and the Purchaser shall have exercised its termination right herein provided within 10 business days of obtaining knowledge of such delisting.

(b) This Agreement may be terminated by the Purchaser prior to the Series C Closing with respect to the transactions contemplated herein relating solely to the Series C Shares, or prior to the Series D Closing with respect to the transactions contemplated herein relating solely to the Series D Shares, or prior to the Series E Closing with respect to the transactions contemplated herein relating solely to the Series E Shares, or prior to the Series F Closing with respect to the transactions contemplated herein relating to the Series F Shares, by giving notice of such termination to the Company, if:

(i) after the Series B Closing Date, the Company has breached any representation, warranty, covenant or agreement contained in this Agreement, the Registration Rights Agreement, any Warrant or any Vote Certificate and such breach is not cured within five business days following receipt by the Company of notice of such breach;

(ii) there has occurred an event since the date of the financial statements included in the Company's Quarterly Report on Form 10-Q or Annual Report on Form 10-K, whichever is later, last filed prior to the date of this Agreement which could reasonably be expected to have a Material Adverse Effect and which is not disclosed in the SEC Documents or if there has occurred in the Purchaser's judgment since such date a material adverse change (other than as a result of a depletion of cash resources of the Company) in the financial condition or prospects of the Company (for such purpose, at any time after the Series B Closing Date, a market price of \$2.50 or less for the Common Stock or a market capitalization of the Company of \$50,000,000 or less shall be an event that has had a Material Adverse Effect);

(iii) trading in the Company's Common Stock has been suspended by the Commission or the Nasdaq (except for any suspension of trading of limited duration solely to permit dissemination of material information regarding the Company);

(iv) the Company's Common Stock shall have failed to be listed for trading on either the Nasdaq National Market or Nasdaq Small Cap Market at any time after the Series B Closing Date and the Purchaser shall have exercised its termination right herein provided within 10 Trading Days of obtaining knowledge of any delisting.

(v) the Underlying Securities Registration Statement with respect to (1) the Underlying Shares into which the Series B Shares may be converted and (2) the Warrant Shares issuable upon conversion of the Initial Warrant is not declared effective under the Securities Act by the Commission prior to the 80th day after the Series B Closing Date or shall not be effective on such subsequent Closing Date; the Underlying Securities Registration Statement with respect to (1) the Underlying Shares into which the Series C Shares may be converted and (2) the Warrant Shares issuable upon exercise of the Series B Subsequent Warrant (if issuable) has not been declared effective under the Securities Act by the Commission prior to the 80th day after the Series C Closing Date or shall not be effective on such subsequent Closing Date; the Underlying Securities Registration Statement with respect to (1) the Underlying Shares into which the Series D Shares may be converted and (2) the Warrant Shares issuable upon exercise of the Subsequent Warrant (if issuable) in respect to the Series D Shares has not been declared effective under the Securities Act by the Commission prior to the 80th day after the Series D Closing Date or shall not be effective on such subsequent Closing Date; the Underlying Securities Registration Statement with respect to the Underlying Shares into which the Series E Shares may be converted and (2) the Warrant Shares issuable upon exercise of the Subsequent Warrant (if issuable) in respect of the Series E Shares has not been declared effective under the Securities Act by the Commission prior to the 80th day after the Series E Closing Date.

ARTICLE VI

MISCELLANEOUS

6.1 FEES AND EXPENSES. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement, except as set forth in the Registration Rights Agreement and except that the Company shall reimburse the Purchaser at the Series B Closing, for its legal fees and disbursements of \$10,000. The Company shall pay all stamp and other taxes and duties levied in connection with the issuance of the Shares pursuant hereto. The Purchaser shall be responsible for the Purchaser's own tax liability that may arise as a result of the investment hereunder or the transactions contemplated by this Agreement.

6.2 ENTIRE AGREEMENT; AMENDMENTS. This Agreement, together with the Exhibits and Schedules hereto, the Registration Rights Agreement, the Vote Certificates (each when filed) and the Warrants contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

6.3 NOTICES. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been received (a) upon hand delivery (receipt acknowledged) or delivery by telex (with correct answer back received), telecopy or facsimile (with transmission confirmation report) at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered on a business day after during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company:

IMMUNOGEN, INC.
148 Sidney Street
Cambridge, MA 02139
Attn: Frank Pocher
Tel: (617) 769-4242
Fax: (617) 255-9679

With copies to:

Mintz Levin Cohn Ferris Glovsky
and Popeo PC
One Financial Center
Boston, MA 02111
Attn: Jonathan L. Kravetz
and Susan E. Hislop
Fax: (617) 542-2241

If to the Purchaser:

Southbrook International
Investments, Ltd.
c/o Trippeak Advisors
630 Fifth Avenue
Suite 2000
New York, NY 10111
Attn: Robert L. Miller
Tel: (212) 332-3255
Fax: (212) 332-3256

With copies to Brown Simpson, LLC
Carnegie Hall Tower
152 West 57th Street, 40th Floor
New York, NY 10019
Attn: James R. Simpson
Fax: (212) 243-1329

- and -

Robinson Silverman Pearce
Aronsohn & Berman LLP
1290 Avenue of the Americas
New York, NY 10104
Attn: Kenneth L. Henderson, Esq.
and Eric L. Cohen, Esq.
Fax: (212) 541-1357

or such other address as may be designated in writing hereafter, in the same manner, by such person.

6.4 AMENDMENTS; WAIVERS. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by both the Company and the Purchaser; or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

6.5 HEADINGS. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

6.6 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither the Company nor the Purchaser may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.

6.7 NO THIRD-PARTY BENEFICIARIES. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

6.8 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to the principles of conflicts of law thereof.

6.9 SURVIVAL. The agreements and covenants contained in ARTICLE III and this ARTICLE VI shall survive the delivery and conversion of the Shares pursuant to this Agreement. and the representations and warranties of the Company and the Purchaser contained in Article II shall survive until a date that is three years after the last Closing date.

6.10 EXECUTION. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

6.11 PUBLICITY. The Company and the Purchaser shall consult with each other in issuing any press releases or otherwise making public statements with respect to the transactions contemplated hereby and neither party shall issue any such press release or otherwise make any such public statement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed, except that no prior consent shall be required if such disclosure is required by law, in which such case the disclosing party shall provide the other party with prior notice of such public statement.

6.12 SEVERABILITY. In case any one or more of the provisions of this Agreement shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affecting or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision which shall be a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

6.13 DELIVERY OF W-8. The Purchaser shall deliver to the Company a completed and executed Form W-8.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized persons as of the date first indicated above.

Company:

IMMUNOGEN, INC.

By:

Name:

Title:

Purchaser:

SOUTHBROOK INTERNATIONAL
INVESTMENTS, LTD.

By:

Name:

Title:

Schedule 2.1(c)

Capitalization

SCHEDULE 2.1(F)

Consents and Approvals

None

CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT

Between

IMMUNOGEN, INC.

and

SOUTHBROOK INTERNATIONAL INVESTMENTS, LTD.

Dated as of October 16, 1996

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| Exhibit A | - | Form of Certificate of Vote of Directors |
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Schedule 2.1(c)

Capitalization as of October 16, 1996

PREFERRED STOCK

| | | |
|--|--|-----------|
| Total shares preferred stock authorized | | 5,000,000 |
| Series A Preferred Stock Outstanding-CVI | | 2,500 |
| Net preferred shares available | | 4,997,500 |

COMMON STOCK

| | | |
|--|------------|------------|
| Total shares common stock authorized | | 30,000,000 |
| Total common shares outstanding | 16,961,494 | |
| Total common shares reserved for CVI-including warrants to purchase 1,009,000 shares | 2,882,000 | |
| Other common stock warrants outstanding- | | |
| Aberlyn | 26,738 | |
| LBC | 250,000 | |
| Common stock options outstanding | 1,672,718 | 21,792,950 |
| Net common shares available | | 8,207,050 |

Registration Rights

Registration rights as of October 16, 1996:

| | | |
|-----------------------------|---------|---------|
| Aeneas Venture Corporation | 533,822 | |
| Inco Securities Corporation | 258,947 | |
| Aberlyn Capital Management | 26,738 | 819,507 |

ImmunoGen has also agreed to register common stock underlying Series A Preferred Stock and warrants issued to Capital Ventures International pursuant to a Securities Purchase Agreement dated as of March 15, 1996, as amended.

Schedule 2.1 (f)

None

Schedule 2.1(g)

None

AGREEMENT

AGREEMENT (this "Agreement"), dated as of October 16, 1996, between Southbrook International Investments, Ltd., a corporation organized and existing under the laws of the British Virgin Islands ("Southbrook"), Brown Simpson LLC, a limited liability company organized and existing under the laws of New York ("Brown Simpson"), and ImmunoGen, Inc., a corporation organized and existing under the laws of Massachusetts (the "Company").

WHEREAS, Southbrook and the Company have entered into a Convertible Preferred Stock Purchase Agreement, dated as of the date hereof (the "Purchase Agreement"), providing for the issuance and sale to Southbrook of certain warrants and shares of preferred stock;

WHEREAS, the parties desire to modify the terms of the Purchase Agreement as follows:

1. Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement.

2. Notwithstanding anything to the contrary contained in the Purchase Agreement, the parties agree that the Initial Warrant shall be issued as follows:

(a) The Company shall issue to Southbrook a common stock purchase warrant substantially in the form of Exhibit E to the Purchase Agreement to purchase 187,500 shares of Common Stock at an exercise price equal to 150% of the Market Price on the Series B Closing Date; and

(b) The Company shall issue to Brown Simpson a common stock purchase warrant (the "Brown Simpson Warrant") substantially in the form of Exhibit E to the Purchase Agreement to purchase 62,500 shares of Common Stock at an exercise price equal to 150% of the Market Price on the Series B Closing Date.

3. Brown Simpson hereby represents and warrants to the Company as follows:

(a) Brown Simpson is acquiring the Brown Simpson Warrant and the underlying Warrant Shares for its own account for investment purposes only and not with a view to or for distributing or reselling such Brown Simpson Warrant or Warrant Shares or any part thereof or interest therein, without prejudice, however, to Brown Simpson's right, subject to the provisions of the Purchase Agreement and the Registration Rights Agreement, at all times to sell or otherwise to dispose of all or any part of the Brown Simpson Warrant or the Warrant Shares pursuant to an effective registration statement under the Securities Act and in compliance with applicable State securities laws or under an exemption from such registration.

(b) At the time Brown Simpson was offered the Brown Simpson Warrant, it was, and at the date hereof, it is, and at the issuance date of the Brown Simpson Warrant and each exercise date thereunder, it will be, an "accredited investor, as defined in Rule 501(a) under the Securities Act.

(c) Brown Simpson, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Brown Simpson Warrant and the Warrant Shares, and has so evaluated the merits and risks of such investment.

(d) Brown Simpson is able to bear the economic risk of an investment in the Brown Simpson Warrant and the Warrant Shares and, at the present time, is able to afford a complete loss of such investment.

(e) The Brown Simpson Warrant to be purchased by Brown Simpson is not being acquired, directly or indirectly, with the assets of any "employee benefit plan," within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(f) Brown Simpson acknowledges receipt of the Disclosure Materials and further acknowledges that it has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from representatives of the Company concerning the terms and conditions of the offering of the Brown Simpson Warrant; (ii) access to information about the Company and the Company's financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information which the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment and to verify the accuracy and completeness of the information contained in the Disclosure Materials.

(g) Brown Simpson understands and acknowledges that (i) the Brown Simpson Warrant is being offered and sold, and the Warrant Shares are being offered, to it without registration under the Securities Act in a private placement that is exempt from the registration provisions of the Securities Act under Regulation D promulgated thereunder and (ii) the availability of such exemption depends in part on, and the Company will rely upon the accuracy and truthfulness of, the foregoing representations and Brown Simpson hereby consents to such reliance.

4. With respect to the registration of the Warrant Shares underlying the Brown Simpson Warrant, Brown Simpson shall be a party to the Registration Rights Agreement and the Warrant Shares issuable upon exercise of the Brown Simpson Warrant shall be Registrable Securities (as defined in Registration Rights Agreement).

5. Except as modified herein, the Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized persons as of the date first indicated above.

IMMUNOGEN, INC.

By: _____
Name:
Title:

SOUTHBROOK INTERNATIONAL
INVESTMENTS, LTD.

By: _____
Name:
Title:

BROWN SIMPSON, LLC

By: _____
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of October 16, 1996, by and among ImmunoGen, Inc., a Massachusetts corporation (the "COMPANY"), and Southbrook International Investments, Ltd., a British Virgin Islands corporation (the "PURCHASER").

This Agreement is entered into pursuant to the Convertible Preferred Stock Purchase Agreement, dated as of October 16, 1996, by and among the Company and the Purchaser (the "PURCHASE AGREEMENT"). The execution of this Agreement is a condition to the closing of the transactions contemplated by the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions

Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"ADVICE" shall have meaning set forth in SECTION 4(o).

"AFFILIATE" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "CONTROL," when used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "AFFILIATED," "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"BLACKOUT" shall have the meaning set forth in SECTION 3(b).

"BUSINESS DAY" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the state of New York generally are authorized or required by law or other government actions to close.

"CLOSING" shall mean the Series B Closing, the Series C Closing, the Series D Closing, the Series E Closing or the Series F Closing, as applicable.

"CLOSING DATE" shall mean the Series B Closing Date, the Series C Closing Date, the Series D Closing Date, the Series E Closing Date or the Series F Closing Date, as applicable.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means the Company's Common Stock, par value \$.01 per share.

"DEFAULT RATE" means, upon the occurrence of an Event, an increase in the annual dividend rate of the Preferred Stock in question to 18%.

"EFFECTIVENESS DATE" with respect to a Registration Statement means the 80th day following the applicable Closing Date.

"EFFECTIVENESS PERIOD" shall have the meaning set forth in SECTION 2(a).

"EVENT" shall have the meaning set forth in SECTION 5.

"EVENT DATE" shall have the meaning set forth in SECTION 5.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FILING DATE" means, subject to SECTION 4(a), with respect to a Registration Statement means the 25th day following the applicable Closing Date.

"HOLDER" or "HOLDERS" means the holder or holders, as the case may be, from time to time, of Registrable Securities.

"INDEMNIFIED PARTY" shall have the meaning set forth in SECTION 7(c).

"INDEMNIFYING PARTY" shall have the meaning set forth in SECTION 7(c).

"INITIAL WARRANT" means the Common Stock purchase Warrant issued to the Purchaser on the Series B Closing Date.

"LOSSES" shall have the meaning set forth in SECTION 7(a).

"NEW YORK COURTS" shall have the meaning set forth in SECTION 9(i).

"PERSON" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"PREFERRED STOCK" shall mean any of the Series B Preferred, the Series C Preferred, the Series D Preferred, the Series E Preferred and the Series F Preferred.

"PROCEEDING" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"PROSPECTUS" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"REGISTRABLE SECURITIES" means, (a) with respect to the Registration Statement to be filed after the Series B Closing, the Warrant Shares issuable upon exercise of the Initial Warrant and the shares of Common Stock into which the Series B Preferred are convertible and the Warrant Shares issuable upon exercise of the Subsequent Warrant relating to the Series B Preferred; and (b) with respect to the Registration Statement to be filed after the Series C Closing, the shares of Common Stock into which the Series C Preferred issued and sold at such Closing are convertible and the Warrant Shares issuable upon exercise of the Subsequent Warrant which may be issued in respect of the Series C Shares; (c) with respect to the Registration Statement to be filed after the Series D Closing, the shares of Common Stock into which the Series D Preferred issued and sold at such Closing are convertible and the Warrant Shares issuable upon exercise of the Subsequent Warrant which may be issued in respect of the Series D Shares; (d) with respect to the Registration Statement to be filed after the Series E Closing, the shares of Common Stock into which the Series E Preferred issued at such Closing are convertible and the Warrant Shares issuable upon exercise of the Subsequent Warrant which may be issued in respect of the Series E Shares and (e) with respect to the Registration Statement to be filed after the Series F Closing, the shares of Common Stock into which the Series F Preferred issued at such Closing are convertible and the Warrant Shares issuable upon exercise of the Subsequent Warrant which may be issued in respect of the Series F Shares; provided, however that in order to account for adjustments in the conversion ratios, in the case of each of (a), (b), (c), (d) and (e), Registrable Securities shall include a number of shares of Common Stock equal to no less than the sum of (1) two times the number of shares of Common Stock into which the particular series of Preferred Stock are convertible assuming conversion in full based on the particular Closing Date for such series of Preferred Stock and (2) the number of Warrant Shares issuable upon exercise of the Initial Warrant and Subsequent Warrants (assuming such Initial Warrant and each Subsequent Warrant were issued on the particular Closing Date referred to in (1) above, or such other number of shares of Common Stock as agreed to by the parties to the Purchase Agreement. Notwithstanding anything herein contained to the contrary, if the number of shares of Common Stock into which Preferred Stock is convertible exceeds twice the number of shares of Common Stock into which the particular series of Preferred Stock is convertible based upon a computation as at a particular Closing Date, then the term "Registrable Securities" shall be deemed to include such additional shares and the Company shall promptly file appropriate amendments to such

Registration Statements to evidence such increase in the time contemplated herein for filing of appropriate amendments in accordance with the terms hereof.

"REGISTRATION STATEMENT" means a registration statement, contemplated by SECTION 2(a), including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"RULE 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"RULE 144A" means Rule 144A promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"RULE 158" means Rule 158 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"RULE 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SERIES B PREFERRED" means the Series B Convertible Preferred Stock of the Company, par value \$.01 per share.

"SERIES C PREFERRED" means the Series C Convertible Preferred Stock of the Company, par value \$.01 per share.

"SERIES D PREFERRED" means the Series D Convertible Preferred Stock of the Company, par value \$.01 per share.

"SERIES E PREFERRED" means the Series E Convertible Preferred Stock of the Company, par value \$.01 per share.

"SERIES F PREFERRED" means the Series F Convertible Preferred Stock of the Company, par value \$.01 per share.

"SPECIAL COUNSEL" means any special counsel to the Holders, for which the Holders will be reimbursed by the Company pursuant to SECTION 6.

"SUBSEQUENT WARRANTS" means the Common Stock purchase warrants which may be issued to the original Holder in accordance with the terms of the Purchase Agreement and relating to the Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred, as applicable.

"UNDERWRITTEN REGISTRATION OR UNDERWRITTEN OFFERING" means a registration in connection with which securities of the Company are sold to an underwriter for reoffering to the public pursuant to an effective registration statement.

"WARRANT SHARES" means the shares of Common Stock issuable upon exercise of the Initial Warrant and any Subsequent Warrant.

2. Shelf Registration

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a "shelf" Registration Statement covering all applicable Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415; PROVIDED, that Registrable Securities covered by such Registration Statement shall equal no less than the sum of (i) twice the number of shares of Common Stock issuable upon conversion of such Preferred Stock relating to such Registration Statement and (ii) the Warrant Shares issuable during such period, as contemplated in the Purchase Agreement. The Registration Statement shall be on Form S-3 or another appropriate form permitting registration of Registrable Securities for resale by the Holders in the manner or manners designated by them (including, without limitation, public or private sales and one or more underwritten offerings). The Company shall (i) except as specifically disclosed in a schedule to the Purchase Agreement, not permit any securities other than the Registrable Securities to be included in a Registration Statement, and (ii) use its best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof, but in any event prior to the Effectiveness Date, and to keep such Registration Statement continuously effective under the Securities Act until the date which is four (4) years after each respective Closing Date or such earlier date when all Registrable Securities covered by such Registration Statement have been sold or may be sold without volume or other restrictions pursuant to Rule 144 or Rule 144A, as the case may be, as determined by the counsel to the Company pursuant to a written opinion letter addressed to the Holders to such effect (the "EFFECTIVENESS PERIOD"); PROVIDED, HOWEVER, that the Company shall not be deemed to have used its best efforts to keep the Registration Statement effective during the Effectiveness Period if it voluntarily takes any action that would result in the Holders not being able to sell the Registrable Securities covered by such Registration Statement during the Effectiveness Period, unless such action is required under applicable law or the Company has filed a post-effective amendment to the Registration Statement and the Commission has not declared it effective or except as otherwise permitted by SECTION 3(a).

(b) If the Holders of a majority of the Registrable Securities so elect, an offering of Registrable Securities pursuant to a Registration Statement may be effected in the form of an underwritten offering. In such event, and if the managing underwriters advise the Company and such Holders in writing that in their opinion the amount of Registrable Securities proposed to be

sold in such offering exceeds the amount of Registrable Securities which can be sold in such offering, there shall be included in such underwritten offering the amount of such Registrable Securities which in the opinion of such managing underwriters can be sold, and such amount shall be allocated PRO RATA among the Holders proposing to sell Registrable Securities in such underwritten offering.

(c) If any of the Registrable Securities are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority of the Registrable Securities included in such offering. In such event, the Holders shall pay the costs of such underwriters and any counsel they might retain. No Holder may participate in any underwritten offering hereunder unless such Person (i) agrees to sell its Registrable Securities on the basis provided in any underwriting agreements approved by the Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such arrangements.

3. Hold-Back Agreements

(a) RESTRICTIONS ON PUBLIC SALE BY THE HOLDERS. Subject to paragraph (b) of this SECTION 3, the Purchaser hereby understands and agrees that the registration rights of the Purchaser pursuant to this Agreement and its ability to offer and sell Registrable Securities pursuant to the Registration Statement are limited by the provisions of the immediately following sentence. If the Company determines in its good faith judgment that the filing of a Registration Statement in accordance with SECTION 2 or the use of any Prospectus would require the disclosure of material information which the Company has a bona fide business purpose for preserving as confidential or the disclosure of which would impede the Company's ability to consummate a significant transaction, upon written notice of such determination by the Company, the rights of the Purchaser to offer, sell or distribute any Registrable Securities pursuant to a Registration Statement or to require the Company to take action with respect to the registration or sale of any Registrable Securities pursuant to a Registration Statement (including any action contemplated by SECTION 4) will for up to 60 days in respect of a single such notice or event or series of related events in any 12-month period be suspended until the date upon which the Company notifies the Holders in writing that suspension of such rights for the grounds set forth in this SECTION 3(a) is no longer necessary.

(b) LIMITATION ON BLACKOUTS. Notwithstanding anything contained herein to the contrary, the aggregate number of days (whether or not consecutive) during which the Company may delay the effectiveness of a Registration Statement or prevent offerings, sales or distributions by the Purchaser pursuant to paragraph (a) above or the last paragraph of SECTION 4 (collectively, a "BLACKOUT") shall in no event exceed 90 days during any 12-month period and no Blackout may continue in consecutive 12 month periods.

4. Registration Procedures

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Prepare and file with the Commission within the time period set forth in SECTION 2 a Registration Statement on Form S-3 or another appropriate form in accordance with the method or methods of distribution thereof as specified by the Holders, and cause the Registration Statement to become effective and remain effective as provided herein; PROVIDED, HOWEVER, that not less than 5 Business Days prior to the filing of a Registration Statement or any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to the Holders, their Special Counsel and any managing underwriters, copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, their Special Counsel and such managing underwriters, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the opinion of respective counsel to such Holders and such underwriters, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the applicable Registrable Securities, their Special Counsel, or any managing underwriters, shall reasonably object on a timely basis.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable time period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; (iii) respond as promptly as practicable to any comments received from the Commission with respect to a Registration Statement or any amendment thereto; and (iv) comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance with the intended methods of disposition by the Holders thereof set forth in each Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold, their Special Counsel and any managing underwriters immediately (and, in the case of (i)(A) below, not less than 5 days prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one Business Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed and, (B) with respect to a Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the

initiation of any Proceedings for that purpose; (iv) if at any time any of the representations and warranties of the Company contained in any agreement contemplated hereby ceases to be true and correct in all material respects; (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (vi) of the occurrence of any event that makes any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) If requested by any managing underwriter or the Holders of a majority of the Registrable Securities to be sold in connection with an underwritten offering, (i) promptly incorporate in a Prospectus supplement or post-effective amendment to the Registration Statement such information as such managing underwriters and such Holders reasonably agree should be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment; PROVIDED, HOWEVER, that the Company shall not be required to take any action pursuant to this SECTION 4(e) that would, in the opinion of counsel for the Company, violate applicable law.

(f) Furnish to each Holder, their Special Counsel and any managing underwriters, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(g) Promptly deliver to each Holder, their Special Counsel, and any underwriters, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request; and the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders and any underwriters in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, use its best efforts to register or qualify, and cooperate with the selling Holders, any underwriters and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder or underwriter requests in writing, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; PROVIDED, HOWEVER, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

(i) At the request of the Holders and any managing underwriters, facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall be free of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such managing underwriters or Holders may request at least two Business Days prior to any sale of Registrable Securities.

(j) Upon the occurrence of any event contemplated by SECTION 4(c)(vi), as promptly as practicable, prepare a supplement or amendment, including a post-effective amendment, to each Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) Use its best efforts to cause all Registrable Securities relating to each Registration Statement to be listed on each securities exchange or market, if any, on which similar securities issued by the Company are then listed.

(l) Enter into such customary agreements, including an underwriting agreement in form, scope and substance as is customary in underwritten offerings, and take all such other customary actions in connection therewith (including those reasonably requested by any managing underwriters and the Holders of a majority of the Registrable Securities being sold) in order to expedite or facilitate the disposition of such Registrable Securities, and, whether or not an underwriting agreement is entered into, (i) immediately prior to the effectiveness of a Registration Statement, and, in the case of an underwritten offering, at the time of delivery of any Registrable Securities sold pursuant thereto, obtain and deliver copies to the Holders and the managing underwriters, if any, of "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is, or is required to

be, included in the Registration Statement), addressed to each selling Holder and each of the underwriters, if any, in form and substance as are customary in connection with underwritten offerings; (ii) provide to the underwriters indemnification no less favorable to the underwriters than those set forth in SECTION 7 (or such other indemnification as may be acceptable to such underwriters participating in such underwritten offering), which may be accomplished by amendment of SECTION 7 to include such underwriters as Indemnified Parties to the same extent as if they were Holders thereunder;

(m) Make available for inspection by the selling Holders, any representative of such Holders, any underwriter participating in any disposition of Registrable Securities, and any attorney or accountant retained by such selling Holders or underwriters, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the officers, directors, agents and employees of the Company and its subsidiaries to supply all information in each case requested by any such Holder, representative, underwriter, attorney or accountant in connection with each Registration Statement; PROVIDED, HOWEVER, that any information that is determined in good faith by the Company in writing to be of a confidential nature at the time of delivery of such information shall be kept confidential by such Persons, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities; (ii) disclosure of such information, in the opinion of counsel to such Person, is required by law; (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by such Person; or (iv) such information becomes available to such Person from a source other than the Company and such source is not bound by a confidentiality agreement.

(n) Comply with all applicable rules and regulations of the Commission and make generally available to its security holders earning statements satisfying the provisions of SECTION 11(a) of the Securities Act and Rule 158 not later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of the Registration Statement, which statement shall cover said 12-month period, or end shorter periods as is consistent with the requirements of Rule 158.

(o) Provide a CUSIP number for all Registrable Securities, not later than the effective date of the Registration Statement.

The Company may require each selling Holder to furnish to the Company such information regarding the distribution of such Registrable Securities as is required by law to be disclosed in a Registration Statement and the Company may exclude from such registration the Registrable Securities of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

If a Registration Statement refers to any Holder by name or otherwise as the holder of any securities of the Company, then such Holder shall have the right to require (i) the inclusion therein of language, in form and substance reasonably satisfactory to such Holder, to the effect that the ownership by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such ownership does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) if such reference to such Holder by name or otherwise is not required by the Securities Act or any similar Federal statute then in force, the deletion of the reference to such Holder in any amendment or supplement to the Registration Statement filed or prepared subsequent to the time that such reference ceases to be required.

The Purchaser covenants and agrees that (i) it will not offer or sell any Registrable Securities under a Registration Statement until it has received copies of the Prospectus as then amended or supplemented as contemplated in SECTION 4(g) and notice from the Company that such Registration Statement and any post-effective amendments thereto have become effective as contemplated by SECTION 4(c) and (ii) the Purchaser and its officers, directors or Affiliates, if any, will comply with the prospectus delivery requirements of the Securities Act as applicable to them in connection with sales of Registrable Securities pursuant to the Registration Statement.

Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in SECTION 4(c)(ii), 4(c)(iii), 4(c)(iv), 4(c)(v) or 4(c)(vi), such Holder will forthwith discontinue disposition of such Registrable Securities until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement contemplated by SECTION 4(j), or until it is advised in writing (the "ADVICE") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement.

5. LIQUIDATED DAMAGES. The Company acknowledges and agrees that the Holders will suffer damages, and that it would not be feasible to ascertain the extent of such damages with precision, if the Company fails to fulfill its obligations hereunder and (a) a Registration Statement is not filed with the Commission on or prior to each Filing Date, (b) a Registration Statement is not declared effective by the Commission on or prior to each Effectiveness Date or (c) a Registration Statement is filed and declared effective but thereafter ceases to be effective at any time during the Effectiveness Period without being succeeded within 30 days by a subsequent Registration Statement filed with and declared effective by the Commission (any such failure being hereinafter referred to as an "EVENT", and for purposes of clauses (a) and (b) the date on which such Event occurs, or for purposes of clause (c) the date on which such 30-day limit is exceeded, being hereinafter referred to as an "EVENT DATE").

As further described in the applicable Certificate of Vote of Directors contemplated in the Purchase Agreement relating to the Conversion Price of each series of Preferred Stock into which is covered or intended to be covered by a Registration Statement to which an Event applies shall be reduced by three percent (3%) per month for each of the first two months after each Event Date and, commencing on the third month after an Event

Date, the monthly reduction equal to three percent (3%) of the total purchase price of such series of Preferred Stock shall be paid to each Holder in cash and each series of Preferred Stock shall be subject to the Default Rate; PROVIDED, that such liquidated damages, in each case, will cease to accrue (subject to the occurrence of another Event) on the date in which the applicable Registration Statement is no longer subject to an order suspending the effectiveness thereof or Proceedings relating thereto or a subsequent Shelf Registration covering the affected series of Preferred Stock, as the case may be, is declared effective.

The Company shall notify each Holder within five days of each Event and Event Date. The Company shall pay the liquidated damages due with respect to the Registrable Securities to each Holder of record as at the Event Date on the first Business Day of each month in which such liquidated damages shall accrue by check delivered to the address for notice of such Holder set forth herein.

6. Registration Expenses

(a) All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not a Registration Statement is filed or becomes effective and whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (B) in compliance with state securities or Blue Sky laws (including, subject to SECTION 6(b), fees and disbursements of counsel for the underwriters or Holders in connection with Blue Sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the managing underwriters, if any, or Holders of a majority of Registrable Securities may designate), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is requested by the managing underwriters, if any, or by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company and Special Counsel for the Holders (subject to the provisions of SECTION 6(b)), (v) fees and disbursements of all independent certified public accountants referred to in SECTION 4(1)(iii) (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) Securities Act liability insurance, if the Company so desires such insurance, and (vii) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities issued by the Company are then listed.

(b) In connection with each Registration Statement, the Company shall reimburse the Holders for the reasonable fees and disbursements of one firm of attorneys chosen by the Holders of a majority of the Registrable Securities that are the subject of such Registration Statement.

7. Indemnification

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, notwithstanding termination of this Agreement and without limitation as to time, indemnify and hold harmless each Holder, the officers, directors, agents (including any underwriters retained by such Holder in connection with the offer or sale of Registrable Securities), brokers, investment advisors and employees of each of them, each Person who controls any such Holder (within the meaning of SECTION 15 of the Securities Act or SECTION 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by or on behalf of such Holder expressly for use therein, which information was reasonably relied on by the Company for use therein or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) INDEMNIFICATION BY HOLDERS. In connection with a Registration Statement, each Holder shall furnish to the Company in writing such information regarding such Holder as the Company reasonably requests for use in connection with the Registration Statement or any Prospectus and agrees, severally and not jointly, to indemnify and hold harmless the Company, their directors, officers, agents and employees, each Person who controls the Company (within the meaning of SECTION 15 of the Securities Act and SECTION 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses (as determined by a court of competent jurisdiction in a final judgment not subject to appeal or review) arising solely out of or based solely upon any untrue statement of a material fact contained in a Registration Statement, any Prospectus, or any form of prospectus, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not

misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information regarding such Holder so furnished in writing by such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus and that such information was reasonably relied upon by the Company for use in the Registration Statement, such Prospectus or such form of prospectus or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) CONDUCT OF INDEMNIFICATION PROCEEDINGS. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "INDEMNIFIED PARTY"), such Indemnified Party promptly shall notify the Person from whom indemnity is sought (the "INDEMNIFYING PARTY") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this SECTION) shall be paid to the Indemnified Party, as incurred, within 10 Business Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; PROVIDED, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) CONTRIBUTION. If a claim for indemnification under SECTION 7(a) or 7(b) is unavailable to an Indemnified Party or is insufficient to hold such Indemnified Party harmless for any Losses in respect of which this SECTION would apply by its terms (other than by reason of exceptions provided in this SECTION), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in SECTION 7(c), any attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this SECTION was available to such party.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this SECTION 7(d) were determined by PRO RATA allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this SECTION 7(d), the Purchaser shall not be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by the Purchaser from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that the Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of SECTION 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this SECTION are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

8. Rule 144

The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, they will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales of its securities pursuant to Rule 144. The Company further covenants that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144. Upon the request of any Holder, the Company shall deliver to such Holder a written certification of a duly authorized officer as to whether it has complied with such requirements.

9. Miscellaneous

(a) REMEDIES. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) NO INCONSISTENT AGREEMENTS. None of the Company nor any of its subsidiaries has, as of the date hereof, nor shall the Company or any of its subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as specifically disclosed in a schedule to the Purchase Agreement, none of the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person. Without limiting the generality of the foregoing, without the written consent of the Holders of a majority of the then outstanding Registrable Securities, the Company shall not grant to any Person the right to request the Company to register any securities of the Company under the Securities Act unless the rights so granted are subject in all respects to the prior rights in full of the Holders set forth herein, and are not otherwise in conflict or inconsistent with the provisions of this Agreement.

(c) NO PIGGYBACK ON REGISTRATIONS. Except as specifically disclosed in a schedule to the Purchase Agreement, none of the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in a Registration Statement other than the Common Stock to be issued as contemplated in the Purchase Agreement, and the Company shall not enter into any agreement providing any such right to any of its security holders.

(d) ENTIRE AGREEMENT; AMENDMENTS. This Agreement, together with the Exhibits, Annexes and Schedules hereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

(e) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of at least a majority of the then outstanding Registrable Securities; PROVIDED, HOWEVER, that, for the purposes of this sentence, Registrable Securities that are owned, directly or indirectly, by the Company, or an Affiliate of the Company are not deemed outstanding. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(f) NOTICES. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been received (a) upon hand delivery (receipt acknowledged) or delivery by telex (with correct answer back received), telecopy or facsimile (with transmission confirmation report) at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Company: IMMUNOGEN, INC.
140 Sidney Street
Cambridge, MA 02139
Attn: Frank Pocher
Tel: (617) 769-4242
Fax: (617) 255-9679

With copies to: Mintz Levin Cohn Ferris Glovsky and Popeo PC
One Financial Center
Boston, MA 02111
Attn: Jonathan L. Kravetz
 and Susan E. Hislop
Fax: (617) 542-2241

If to the Purchaser: Southbrook International Investments, Ltd.
c/o Trippok Advisors, Inc.
630 Fifth Avenue, Suite 2000
New York, N.Y. 10111
Attn: Robert L. Miller
Tel: (212) 332-3255
Fax: (212) 332-3256

With copies to: Brown Simpson, LLC
Carnegie Hall Tower
152 West 57th Street, 40th Floor
New York, NY 10019
Attn: James R. Simpson
Fax: (212) 243-1329

- and -

Robinson Silverman Pearce
Aronsohn & Berman LLP
1290 Avenue of the Americas
New York, NY 10104
Attn: Kenneth L. Henderson
and Eric L. Cohen
Fax: (212) 541-1357

or if to any other Person who is then the registered Holder:

To the address of such Holder as it appears in the stock transfer books of the Company or such other address as may be designated in writing hereafter, in the same manner, by such Person.

(g) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder and its successors, assignees, pledgees and donees. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder.

(h) COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(i) GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. This Agreement shall be governed by and construed in accordance with the laws of the State of New

York, without regard to principles of conflicts of law. The Company hereby irrevocably submits to the jurisdiction of any New York state court sitting in the Borough of Manhattan in the City of New York or any federal court sitting in the Borough of Manhattan in the City of New York (collectively, the "NEW YORK COURTS") in respect of any Proceeding arising out of or relating to this Agreement, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the New York Courts. The Company irrevocably waives to the fullest extent it may effectively do so under applicable law any objection that it may now or hereafter have to the laying of the venue of any such Proceeding brought in any New York Court and any claim that any such Proceeding brought in any New York Court has been brought in an inconvenient forum. Nothing herein shall affect the right of any Holder to serve process in any manner permitted by law or to commence legal proceedings or otherwise proceed against the company in any other jurisdiction.

(j) CUMULATIVE REMEDIES. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(m) SHARES HELD BY THE COMPANY AND ITS AFFILIATES. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or its Affiliates (other than the Purchaser or transferees or successors or assigns thereof if such Persons are deemed to be Affiliates solely by reason of their holdings of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

IMMUNOGEN, INC.

By: _____
Name:
Title:

SOUTHBROOK INTERNATIONAL INVESTMENTS, LTD.

By: _____
Name:
Title:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION, AND NEITHER THESE SECURITIES NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, ENCUMBERED OR IN ANY OTHER MANNER TRANSFERRED OR DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES OR BLUE SKY LAWS.

IMMUNOGEN, INC.

WARRANT CERTIFICATE

Dated October 16, 1996

Warrants to Purchase Common Stock

IMMUNOGEN, INC., a Massachusetts corporation (the "Company"), hereby certifies that, for value received, Southbrook International Investments, Ltd., a corporation organized and existing under the laws of the British Virgin Islands ("Holder"), or its registered assigns, is the registered owner of 187,500 Warrants (the "Warrants"), each of which will entitle the Holder thereof to purchase one share, as adjusted from time to time as provided in Section 7, of the Common Stock of the Company (the "Common Stock", each such share being a "Warrant Share" and all such shares being the "Warrant Shares") at the exercise price of \$5.49 per share (as adjusted from time to time as provided in Section 7, the "Exercise Price") at any time on or after October 16, 1996 (the "Initial Exercise Date") until and including October 16, 2001 (the "Expiration Date"), all subject to the following terms and conditions:

1. REGISTRATION OF WARRANTS. The Company shall register each Warrant, upon records to be maintained by the Company for that purpose, in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered holder of each Warrant as the absolute owner thereof for the purpose of any exercise thereof or any distribution to the holder thereof, and for all other purposes, and the Company shall not be affected by the notice to the contrary.

2. REGISTRATION OF TRANSFERS AND EXCHANGES. a. The Company shall register the transfer of any Warrants upon records to be maintained by the Company for that purpose, upon surrender of this Warrant Certificate, with the Form of Assignment attached hereto duly

completed and signed, to the Company at the office specified in or pursuant to Section 3(c). Upon any such registration of transfer, a new Warrant Certificate, in substantially the form of this Warrant Certificate, evidencing the Warrants so transferred shall be issued to the transferee and a new Warrant Certificate, in similar form, evidencing the remaining Warrants not so transferred, if any, shall be issued to the then registered holder thereof.

b. This Warrant Certificate is exchangeable, upon the surrender hereof by the holder hereof at the office of the Company specified in or pursuant to Section 3(c), for new Warrant Certificates, in substantially the form of this Warrant Certificate, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrant Certificates to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by said holder hereof at the time of such surrender.

3. DURATION AND EXERCISE OF WARRANTS. a. Warrants shall be exercisable by the registered holder thereof on any business day before 5:00 P.M., New York time, at any time and from time to time on or after the Initial Exercise Date to and including the Expiration Date. At 5:00 P.M., New York time, on the Expiration Date, each Warrant not exercised prior thereto shall be and become void and of no value.

b. Subject to the limitations set forth in Section 3(c) and to the other provisions of this Warrant Certificate, including adjustments to the number of Warrant Shares issuable on the exercise of each Warrant and to the Exercise Price pursuant to Section 7, the holder of each Warrant shall have the right to purchase from the Company (and the Company shall be obligated to issue and sell to such holder of a Warrant) at the Exercise Price one fully paid Warrant Share which is non-assessable.

c. Subject to Sections 2(b), 4 and 8, upon surrender of this Warrant Certificate, with the Form of Election to Purchase attached hereto duly completed and signed, to the Company at its office at 148 Sidney Street, Cambridge, Massachusetts, Attention: Treasurer, or at such other address as the Company may specify in writing to the then registered holder of the Warrants, and upon payment of the Exercise Price multiplied by the number of Warrant Shares then issuable upon exercise of the Warrants being exercised in lawful money of the United States of America, all as specified by the holder of this Warrant Certificate in the Form of Election to Purchase, the Company shall promptly issue and cause to be delivered to or upon the written order of the registered holder of such Warrants, and in such name or names as such registered holder may designate, a certificate for the Warrant Shares issued upon such exercise of such Warrants. Any person so designated to be named therein shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise of such Warrants.

The "Date of Exercise" of any Warrant means the date on which the Company shall have received (i) this Warrant Certificate, with the Form of Election to Purchase attached hereto appropriately completed and duly signed, and (ii) payment of the Exercise Price for such Warrant.

d. The Warrants evidenced by this Warrant Certificate shall be exercisable, either as an entirety or, from time to time, for part of the number of Warrants evidenced by this Warrant Certificate. If less than all of the Warrants evidenced by this Warrant Certificate are exercised at any time, the Company shall issue, at its expense, a new Warrant Certificate, in substantially the form of this Warrant Certificate, for the remaining number of Warrants evidenced by this Warrant Certificate.

4. PAYMENT OF TAXES. The Company will pay all documentary stamp taxes attributable to the issuance of Warrant Shares upon the exercise of the Warrants represented by this Certificate; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares in a name other than that of the Holder, and the Company shall not be required to issue or deliver the certificates for Warrant Shares unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The holder shall be responsible for all other tax liability that may arise as a result of holding or transferring the Warrants represented by this Certificate or receiving the Warrant Shares under this Warrant Certificate.

5. REPLACEMENT OF WARRANT. If this Warrant is mutilated, lost, stolen or destroyed, the Company may in its discretion issue in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a new Warrant of like tenor, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and indemnity, if requested, satisfactory to it. Applicants for a substitute Warrant certificate also shall comply with such other reasonable regulations and pay such other reasonable charges as the Company may prescribe.

6. RESERVATION OF WARRANT SHARES. The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of the Warrants, the maximum number of Warrant Shares (as adjusted from time to time pursuant to Section 7 hereof) which may then be deliverable upon the exercise of this Warrant and all other outstanding warrants issued and sold pursuant to the Purchase Agreement.

7. ADJUSTMENT TO THE NUMBER OF WARRANT SHARES ISSUABLE. The number of Warrant Shares issuable upon the exercise of this Warrant is subject to adjustment from time to time as set forth in this SECTION 7. Upon each such adjustment of the Exercise Price pursuant to this Section 7, the Holder shall thereafter prior to the Expiration Date be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of Warrant Shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. In the event the Company and the holders of Warrants disagree as to any adjustment to the Exercise Price hereunder, an Appraiser selected by the holders of a majority in interest of the Warrants shall

give its opinion as to the adjustment, if any (not inconsistent with the standards established in this Section 7), of the Exercise Price; PROVIDED, HOWEVER, that the Company, after receipt of the determination by such Appraiser, shall have the right to promptly select an additional Appraiser, in which case the adjustment shall be equal to the average of the adjustments recommended by each such Appraiser. The Board of Directors shall make the adjustment recommended forthwith upon the receipt of such opinion or opinions; PROVIDED, however, that no such adjustment of the Exercise Price shall be made which in the opinion of the Appraiser(s) giving the aforesaid opinion or opinions would result in an increase of the Exercise Price to more than the Exercise Price then in effect.

a. If the Company, at any time while this Warrant is outstanding, (i) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock payable in shares of its capital stock (whether payable in shares of its Common Stock or of capital stock of any class), (ii) subdivide outstanding shares of Common Stock into a larger number of shares, (iii) combine outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of shares of Common Stock any shares of capital stock of the Company, the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding before such event and of which the denominator shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holder) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security (excluding those referred to in SECTION 7(d) hereof), then in each such case the Exercise Price for which the Warrant Shares shall be purchased shall be determined by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Exercise Price determined as of the record date mentioned above, and of which the numerator shall be the Exercise Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Board of Directors of the Company (the "BOARD OF DIRECTORS") in good faith; provided, however, that in the event of a distribution exceeding 10% of the net assets of the Company, such fair market value shall be determined by a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Company) (an "APPRAISER") selected in good faith by the holders of a majority of the Warrants that are then outstanding; and further provided, however, that the Company, after receipt of the determination by such Appraiser shall have the right to select an additional Appraiser, in which case the fair market value shall be equal to the average of the determinations by each such Appraiser. In either case the adjustments shall be described in a statement provided to the Holder and all other holders of Warrants of the portion of assets or evidences of

indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

c. In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another person, the sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property as the shares of the Common Stock into which this Warrant could have been converted immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange would have been entitled. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this SECTION 7(c) upon any exercise following such consolidation, merger, sale, transfer or share exchange. This provision shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

d. If and whenever after the date hereof, the Company shall issue or sell any shares of Common Stock for a consideration per share less than the Exercise Price then in effect, then, forthwith upon such issue or sale, the Exercise Price shall be reduced to the price (calculated to the nearest cent) determined by dividing (i) an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the Exercise Price, and (B) the consideration, if any, received by the Company upon such issue or sale by (ii) the total number of shares of Common Stock outstanding immediately after such issue or sale.

e. For the purposes of subsection (b) of this section, the following clauses shall also be applicable:

i. ISSUANCE OF RIGHTS OR OPTIONS. In case at any time after the date hereof the Company shall grant (whether directly or by assumption in a merger or otherwise) any rights (other than the Warrants) to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being herein called "Convertible Securities") whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined as provided below) shall be less than the Exercise Price then in effect, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (as of the date of granting of such rights or options) be deemed to be outstanding and to have been issued

for such price per share. Except as provided in clause (iii) of this subsection, no further adjustments of any Exercise Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities. For the purposes of this clause (i), the price per share for which Common Stock is issuable upon the exercise of any such rights or options or upon conversion or exchange of any such Convertible Securities shall be determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of all such rights or options, plus, in the case of such rights or options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options.

ii. ISSUANCE OF CONVERTIBLE SECURITIES. In case the Company shall issue (whether directly or by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which the Common Stock issuable upon conversion or exchange of such Convertible Securities (determined as provided below) shall be less than the Exercise Price then in effect, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share. Except as provided in clause (iii) of this subsection no further adjustments of any Exercise Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities. If any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of any Exercise Price have been or are to be made pursuant to other provisions of this subsection (e), no further adjustment of any Exercise Price shall be made by reason of such issue or sale. For the purposes of this clause (ii), the price per share for which Common Stock is issuable upon conversion or exchange of Convertible Securities shall be determined by dividing (A) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities.

iii. CHANGE IN OPTION PRICE OR CONVERSION RATE. If the purchase price provided for in any rights or options referred to in clause (i) above, or the additional consideration, if any, payable upon the conversion or exchange of Convertible Securities referred to in clause (i) or (ii) above, or the rate at which any Convertible Securities referred to in clause (i) or (ii) above are convertible into or exchangeable for Common Stock, shall change (other than under or by reason of provisions designed to protect against dilution), then the Exercise Price in effect at the time of such event shall forthwith be readjusted to the Exercise Price which would

have been in effect at such time had such rights, options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold; and on the expiration of any such option or right or the termination of any such right to convert or exchange such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be increased to the Exercise Price which would have been in effect at the time of such expiration or termination had such right, option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued, and the Common Stock issuable thereunder shall no longer be deemed to be outstanding. If the purchase price provided for in any such right or option referred to in clause (i) above or the rate at which any Convertible Securities referred to in clause (i) or (ii) above are convertible into or exchangeable for Common Stock, shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Security, the Exercise Price then in effect hereunder shall forthwith be adjusted to such respective amount as would have obtained had such right, option or Convertible Security never been issued as to such Common Stock and had adjustments been made upon the issuance of the shares of Common Stock delivered as aforesaid, but only if as a result of such adjustment the Exercise Price then in effect hereunder is thereby decreased.

iv. CONSIDERATION FOR STOCK. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined, in good faith and in the exercise of reasonable business judgment, by the Board of Directors, without deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase such shares of Common Stock or Convertible Securities shall be issued in connection with any merger or consolidation in which the Company is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of Common Stock of the Company shall be changed into or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be deemed to be the fair value as determined reasonably and in good faith by the Board of Directors of such portion of the assets and business of the non-surviving corporation as such Board may determine to be attributable to such shares of Common Stock, Convertible Securities, rights or options, as the case may be. In the event of any consolidation or merger of the Company in which the Company is not the surviving corporation or in which the previously outstanding shares of Common Stock of the Company shall be changed into or exchanged for the stock or other securities of another corporation or in the event of any sale of all or substantially all of the assets of the Company for stock or other securities of any corporation,

the Company shall be deemed to have issued a number of shares of its Common Stock for stock or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation, and if any such calculation results in adjustment of the Exercise Price, the determination of the number of shares of Common Stock issuable upon exercise of the Warrants immediately prior to such merger, consolidation or sale, for purposes of Section 7(f), shall be made after giving effect to such adjustment of the Exercise Price.

(v) RECORD DATE. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or in Convertible Securities, or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi) TREASURY SHARES. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this subsection (e).

(vii) CERTAIN ISSUES EXCEPTED. Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of any Exercise Price in case of the issuance of shares Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock or Series F Preferred Stock pursuant to the Purchase Agreement.

- f. If:
- i. the Company shall declare a dividend (or any other distribution) on its Common Stock; or
 - ii. the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or
 - iii. the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, or
 - iv. the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any

compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or

- v. the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of exercise of this Warrant, and shall cause to be mailed to the Holder in accordance with SECTION 10 hereof, at least thirty (30) days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

g. In any case in which this SECTION 7 shall require that an adjustment be made effective as of the record date for a specified event, the Company may elect to defer until occurrence of such event (A) issuing to the Holder, if this Warrant is exercised after such record date, the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise over and above the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price prior to adjustment and (B) paying to the Holder any amount in cash in lieu of a fractional share pursuant to Section 8 hereof, provided, however, that the Company shall deliver to the Holder a due bill or other appropriate instrument evidencing the Holder's right to receive such additional Warrant Shares, other capital stock and/or cash upon the occurrence of the event requiring such adjustment.

h. Any determination that the Company or the Board of Directors must make pursuant to this SECTION 7 shall be conclusive if made in good faith.

8. FRACTIONAL SHARES. The Company shall not be required to issue fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares which shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this SECTION 6, be issuable on the exercise of this Warrant, the Company shall pay an amount in cash equal to the Exercise Price multiplied by such fraction.

9. Warrant Agent.

a. The Company shall serve as warrant agent under this Warrant. Upon thirty (30) days' notice to the Holder, the Company and the Holder may appoint a new warrant agent. Such new warrant agent shall be a corporation doing business under the laws of the United States or any state thereof, in good standing and having a combined capital and surplus of not less than U.S. \$50,000,000. The combined capital and surplus of any such new warrant agent shall be deemed to be the combined capital and surplus as set forth in the most recent annual report of its condition published by such warrant agent prior to its appointment; provided that such reports are published at least annually pursuant to law or to the requirements of a federal or state supervising or examining authority. After acceptance in writing of such appointment by the new warrant agent, it shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the warrant agent, without any further assurance, conveyance, act or deed, but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed the same shall be done at the expense of the Company and shall be legally and validly executed and delivered by the Company.

b. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders services business shall be a successor warrant agent under this Warrant without any further act; provided that such corporation (i) would be eligible for appointment as successor to the warrant agent under the provisions of this Section 9 or (ii) is a wholly-owned subsidiary of the warrant agent. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the register maintained by the warrant agent pursuant to this Warrant.

10. NOTICES. All notices or other communications hereunder shall be given, and shall be deemed duly given and received if given, by facsimile and by mail, postage prepaid: (1) if to the Company, addressed as follows: IMMUNOGEN, INC., 148 Sidney Street, Cambridge, Massachusetts 02139, Attention: Treasurer, or to facsimile no. (617) 769-4242; or (ii) if to the Holder, addressed to the Holder at the facsimile telephone number and address of the Holder appearing on the Warrant Register or such other address or facsimile number as the Holder may provide to the Company in accordance with this SECTION 10. Any such notice shall be deemed given and effective upon the earliest to occur of (i) receipt of such facsimile at the facsimile telephone number specified in this SECTION 10, (ii) five (5) Business Days after deposit in the United States mails or (iii) upon actual receipt by the party to whom such notice is required to be given.

11. Miscellaneous.

a. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

b. Nothing in this Warrant shall be construed to give to any person or corporation other than the Company, the Holder and any registered holder of Warrant Shares any legal or equitable right, remedy or cause under this Warrant; this Warrant shall be for the sole and exclusive benefit of the Company, the Holder and any other registered holder of Warrant Shares.

c. This Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to the principles of conflicts of law thereof.

d. The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

e. In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

IMMUNOGEN, INC., in its corporate capacity
and in its capacity as the Warrant Agent
hereunder

By: _____
Name: _____
Title: _____

FORM OF ELECTION TO PURCHASE

(To Be Executed by the Holder if the Holder Desires to Exercise Warrants Evidenced by the Foregoing Warrant Certificate)

To ImmunoGen, Inc.:

The undersigned hereby irrevocably elects to exercise _____ Warrants evidenced by the foregoing Warrant Certificate for, and to purchase thereunder, _____ full shares of Common Stock issuable upon exercise of said Warrants and delivery of \$_____ in cash and any applicable taxes payable by the undersigned pursuant to such Warrant Certificate.

The undersigned requests that certificates for such shares be issued in the name of

PLEASE INSERT SOCIAL SECURITY

OR

TAX IDENTIFICATION NUMBER

(Please print name and address)

If said number of Warrants shall not be all the Warrants evidenced by the foregoing Warrant Certificate, the undersigned requests that a new Warrant Certificate evidencing the Warrants not so exercised be issued in the name of and delivered to:

(Please print name and address)

Dated: _____, 19__

Name of Holder:

(Print)

(By:)

(Title:)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns, and transfers to each assignee set forth below all of the rights of the undersigned in and to the number of Warrants (as defined in and evidenced by the foregoing Warrant Certificate) set opposite the name of such assignee below and in and to the foregoing Warrant Certificate with respect to said Warrants and the shares of Common Stock issuable upon exercise of said Warrants:

| | | |
|------------------|---------|--------------------|
| Name of Assignee | Address | Number of Warrants |
| ----- | ----- | ----- |

If the total of said Warrants shall not be all the Warrants evidenced by the foregoing Warrant Certificate, the undersigned requests that a new Warrant Certificate evidencing the Warrants not so assigned be issued in the name of and delivered to the undersigned.

| | |
|--------------------|-----------------|
| Dated: _____, 19__ | Name of Holder: |
| | (Print)_____ |
| | (By:)_____ |
| | (Title:)_____ |

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION, AND NEITHER THESE SECURITIES NOR ANY INTEREST OR PARTICIPATION THEREIN MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, ENCUMBERED OR IN ANY OTHER MANNER TRANSFERRED OR DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES OR BLUE SKY LAWS.

IMMUNOGEN, INC.

WARRANT CERTIFICATE

Dated October 16, 1996

Warrants to Purchase Common Stock

IMMUNOGEN, INC., a Massachusetts corporation (the "Company"), hereby certifies that, for value received, Brown Simpson, LLC, a New York limited liability company ("Holder"), or its registered assigns, is the registered owner of 62,500 Warrants (the "Warrants"), each of which will entitle the Holder thereof to purchase one share, as adjusted from time to time as provided in Section 7, of the Common Stock of the Company (the "Common Stock", each such share being a "Warrant Share" and all such shares being the "Warrant Shares") at the exercise price of \$5.49 per share (as adjusted from time to time as provided in Section 7, the "Exercise Price") at any time on or after October 16, 1996 (the "Initial Exercise Date") until and including October 16, 2001 (the "Expiration Date"), all subject to the following terms and conditions:

1. REGISTRATION OF WARRANTS. The Company shall register each Warrant, upon records to be maintained by the Company for that purpose, in the name of the record holder of such Warrant from time to time. The Company may deem and treat the registered holder of each Warrant as the absolute owner thereof for the purpose of any exercise thereof or any distribution to the holder thereof, and for all other purposes, and the Company shall not be affected by the notice to the contrary.

2. REGISTRATION OF TRANSFERS AND EXCHANGES. a. The Company shall register the transfer of any Warrants upon records to be maintained by the Company for that purpose, upon surrender of this Warrant Certificate, with the Form of Assignment attached hereto duly completed and signed, to the Company at the office specified in or pursuant to Section 3(c).

Upon any such registration of transfer, a new Warrant Certificate, in substantially the form of this Warrant Certificate, evidencing the Warrants so transferred shall be issued to the transferee and a new Warrant Certificate, in similar form, evidencing the remaining Warrants not so transferred, if any, shall be issued to the then registered holder thereof.

b. This Warrant Certificate is exchangeable, upon the surrender hereof by the holder hereof at the office of the Company specified in or pursuant to Section 3(c), for new Warrant Certificates, in substantially the form of this Warrant Certificate, evidencing in the aggregate the right to purchase the number of Warrant Shares which may then be purchased hereunder, each of such new Warrant Certificates to be dated the date of such exchange and to represent the right to purchase such number of Warrant Shares as shall be designated by said holder hereof at the time of such surrender.

3. DURATION AND EXERCISE OF WARRANTS. a. Warrants shall be exercisable by the registered holder thereof on any business day before 5:00 P.M., New York time, at any time and from time to time on or after the Initial Exercise Date to and including the Expiration Date. At 5:00 P.M., New York time, on the Expiration Date, each Warrant not exercised prior thereto shall be and become void and of no value.

b. Subject to the limitations set forth in Section 3(c) and to the other provisions of this Warrant Certificate, including adjustments to the number of Warrant Shares issuable on the exercise of each Warrant and to the Exercise Price pursuant to Section 7, the holder of each Warrant shall have the right to purchase from the Company (and the Company shall be obligated to issue and sell to such holder of a Warrant) at the Exercise Price one fully paid Warrant Share which is non-assessable.

c. Subject to Sections 2(b), 4 and 8, upon surrender of this Warrant Certificate, with the Form of Election to Purchase attached hereto duly completed and signed, to the Company at its office at 148 Sidney Street, Cambridge, Massachusetts, Attention: Treasurer, or at such other address as the Company may specify in writing to the then registered holder of the Warrants, and upon payment of the Exercise Price multiplied by the number of Warrant Shares then issuable upon exercise of the Warrants being exercised in lawful money of the United States of America, all as specified by the holder of this Warrant Certificate in the Form of Election to Purchase, the Company shall promptly issue and cause to be delivered to or upon the written order of the registered holder of such Warrants, and in such name or names as such registered holder may designate, a certificate for the Warrant Shares issued upon such exercise of such Warrants. Any person so designated to be named therein shall be deemed to have become holder of record of such Warrant Shares as of the Date of Exercise of such Warrants.

The "Date of Exercise" of any Warrant means the date on which the Company shall have received (i) this Warrant Certificate, with the Form of Election to Purchase attached hereto appropriately completed and duly signed, and (ii) payment of the Exercise Price for such Warrant.

d. The Warrants evidenced by this Warrant Certificate shall be exercisable, either as an entirety or, from time to time, for part of the number of Warrants evidenced by this

Warrant Certificate. If less than all of the Warrants evidenced by this Warrant Certificate are exercised at any time, the Company shall issue, at its expense, a new Warrant Certificate, in substantially the form of this Warrant Certificate, for the remaining number of Warrants evidenced by this Warrant Certificate.

4. PAYMENT OF TAXES. The Company will pay all documentary stamp taxes attributable to the issuance of Warrant Shares upon the exercise of the Warrants represented by this Certificate; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares in a name other than that of the Holder, and the Company shall not be required to issue or deliver the certificates for Warrant Shares unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The holder shall be responsible for all other tax liability that may arise as a result of holding or transferring the Warrants represented by this Certificate or receiving the Warrant Shares under this Warrant Certificate.

5. REPLACEMENT OF WARRANT. If this Warrant is mutilated, lost, stolen or destroyed, the Company may in its discretion issue in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a new Warrant of like tenor, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and indemnity, if requested, satisfactory to it. Applicants for a substitute Warrant certificate also shall comply with such other reasonable regulations and pay such other reasonable charges as the Company may prescribe.

6. RESERVATION OF WARRANT SHARES. The Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of the Warrants, the maximum number of Warrant Shares (as adjusted from time to time pursuant to Section 7 hereof) which may then be deliverable upon the exercise of this Warrant and all other outstanding warrants issued and sold pursuant to the Purchase Agreement.

7. ADJUSTMENT TO THE NUMBER OF WARRANT SHARES ISSUABLE. The number of Warrant Shares issuable upon the exercise of this Warrant is subject to adjustment from time to time as set forth in this SECTION 7. Upon each such adjustment of the Exercise Price pursuant to this Section 7, the Holder shall thereafter prior to the Expiration Date be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of Warrant Shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment. In the event the Company and the holders of Warrants disagree as to any adjustment to the Exercise Price hereunder, an Appraiser selected by the holders of a majority in interest of the Warrants shall give its opinion as to the adjustment, if any (not inconsistent with the standards established in this Section 7), of the Exercise Price; provided, however, that the Company, after receipt of the

determination by such Appraiser, shall have the right to promptly select an additional Appraiser, in which case the adjustment shall be equal to the average of the adjustments recommended by each such Appraiser. The Board of Directors shall make the adjustment recommended forthwith upon the receipt of such opinion or opinions; provided, however, that no such adjustment of the Exercise Price shall be made which in the opinion of the Appraiser(s) giving the aforesaid opinion or opinions would result in an increase of the Exercise Price to more than the Exercise Price then in effect.

a. If the Company, at any time while this Warrant is outstanding, (i) shall pay a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock payable in shares of its capital stock (whether payable in shares of its Common Stock or of capital stock of any class), (ii) subdivide outstanding shares of Common Stock into a larger number of shares, (iii) combine outstanding shares of Common Stock into a smaller number of shares, or (iv) issue by reclassification of shares of Common Stock any shares of capital stock of the Company, the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding before such event and of which the denominator shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this SECTION 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

b. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holder) evidences of its indebtedness or assets or rights or warrants to subscribe for or purchase any security (excluding those referred to in SECTION 7(d) hereof), then in each such case the Exercise Price for which the Warrant Shares shall be purchased shall be determined by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the Exercise Price determined as of the record date mentioned above, and of which the numerator shall be the Exercise Price on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of Common Stock as determined by the Board of Directors of the Company (the "BOARD OF DIRECTORS") in good faith; provided, however, that in the event of a distribution exceeding 10% of the net assets of the Company, such fair market value shall be determined by a nationally recognized or major regional investment banking firm or firm of independent certified public accountants of recognized standing (which may be the firm that regularly examines the financial statements of the Company) (an "APPRAISER") selected in good faith by the holders of a majority of the Warrants that are then outstanding; and further provided, however, that the Company, after receipt of the determination by such Appraiser shall have the right to select an additional Appraiser, in which case the fair market value shall be equal to the average of the determinations by each such Appraiser. In either case the adjustments shall be described in a statement provided to the Holder and all other holders of Warrants of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock.

Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

c. In case of any reclassification of the Common Stock, any consolidation or merger of the Company with or into another person, the sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property, then the Holder shall have the right thereafter to exercise this Warrant only into the shares of stock and other securities and property receivable upon or deemed to be held by holders of Common Stock following such reclassification, consolidation, merger, sale, transfer or share exchange, and the Holder shall be entitled upon such event to receive such amount of securities or property as the shares of the Common Stock into which this Warrant could have been converted immediately prior to such reclassification, consolidation, merger, sale, transfer or share exchange would have been entitled. The terms of any such consolidation, merger, sale, transfer or share exchange shall include such terms so as to continue to give to the Holder the right to receive the securities or property set forth in this SECTION 7(c) upon any exercise following such consolidation, merger, sale, transfer or share exchange. This provision shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

d. If and whenever after the date hereof, the Company shall issue or sell any shares of Common Stock for a consideration per share less than the Exercise Price then in effect, then, forthwith upon such issue or sale, the Exercise Price shall be reduced to the price (calculated to the nearest cent) determined by dividing (i) an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the Exercise Price, and (B) the consideration, if any, received by the Company upon such issue or sale by (ii) the total number of shares of Common Stock outstanding immediately after such issue or sale.

e. For the purposes of subsection (b) of this section, the following clauses shall also be applicable:

i. ISSUANCE OF RIGHTS OR OPTIONS. In case at any time after the date hereof the Company shall grant (whether directly or by assumption in a merger or otherwise) any rights (other than the Warrants) to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being herein called "Convertible Securities") whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined as provided below) shall be less than the Exercise Price then in effect, then the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (as of the date of granting of such rights or options) be deemed to be outstanding and to have been issued for such price per share. Except as provided in clause (iii) of this subsection, no further

adjustments of any Exercise Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities. For the purposes of this clause (i), the price per share for which Common Stock is issuable upon the exercise of any such rights or options or upon conversion or exchange of any such Convertible Securities shall be determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of all such rights or options, plus, in the case of such rights or options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options.

ii. ISSUANCE OF CONVERTIBLE SECURITIES. In case the Company shall issue (whether directly or by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which the Common Stock issuable upon conversion or exchange of such Convertible Securities (determined as provided below) shall be less than the Exercise Price then in effect, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share. Except as provided in clause (iii) of this subsection no further adjustments of any Exercise Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities. If any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of any Exercise Price have been or are to be made pursuant to other provisions of this subsection (e), no further adjustment of any Exercise Price shall be made by reason of such issue or sale. For the purposes of this clause (ii), the price per share for which Common Stock is issuable upon conversion or exchange of Convertible Securities shall be determined by dividing (A) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities.

iii. CHANGE IN OPTION PRICE OR CONVERSION RATE. If the purchase price provided for in any rights or options referred to in clause (i) above, or the additional consideration, if any, payable upon the conversion or exchange of Convertible Securities referred to in clause (i) or (ii) above, or the rate at which any Convertible Securities referred to in clause (i) or (ii) above are convertible into or exchangeable for Common Stock, shall change (other than under or by reason of provisions designed to protect against dilution), then the Exercise Price in effect at the time of such event shall forthwith be readjusted to the Exercise Price which would have been in effect at such time had such rights, options or Convertible Securities still

outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold; and on the expiration of any such option or right or the termination of any such right to convert or exchange such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be increased to the Exercise Price which would have been in effect at the time of such expiration or termination had such right, option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued, and the Common Stock issuable thereunder shall no longer be deemed to be outstanding. If the purchase price provided for in any such right or option referred to in clause (i) above or the rate at which any Convertible Securities referred to in clause (i) or (ii) above are convertible into or exchangeable for Common Stock, shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Security, the Exercise Price then in effect hereunder shall forthwith be adjusted to such respective amount as would have obtained had such right, option or Convertible Security never been issued as to such Common Stock and had adjustments been made upon the issuance of the shares of Common Stock delivered as aforesaid, but only if as a result of such adjustment the Exercise Price then in effect hereunder is thereby decreased.

iv. CONSIDERATION FOR STOCK. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any such Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined, in good faith and in the exercise of reasonable business judgment, by the Board of Directors, without deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase such shares of Common Stock or Convertible Securities shall be issued in connection with any merger or consolidation in which the Company is the surviving corporation (other than any consolidation or merger in which the previously outstanding shares of Common Stock of the Company shall be changed into or exchanged for the stock or other securities of another corporation), the amount of consideration therefor shall be deemed to be the fair value as determined reasonably and in good faith by the Board of Directors of such portion of the assets and business of the non-surviving corporation as such Board may determine to be attributable to such shares of Common Stock, Convertible Securities, rights or options, as the case may be. In the event of any consolidation or merger of the Company in which the Company is not the surviving corporation or in which the previously outstanding shares of Common Stock of the Company shall be changed into or exchanged for the stock or other securities of another corporation or in the event of any sale of all or substantially all of the assets of the Company for stock or other securities of any corporation, the Company shall be deemed to have issued a number of shares of its Common Stock for stock

or securities or other property of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated and for a consideration equal to the fair market value on the date of such transaction of all such stock or securities or other property of the other corporation, and if any such calculation results in adjustment of the Exercise Price, the determination of the number of shares of Common Stock issuable upon exercise of the Warrants immediately prior to such merger, consolidation or sale, for purposes of Section 7(f), shall be made after giving effect to such adjustment of the Exercise Price.

(v) RECORD DATE. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or in Convertible Securities, or (B) to subscribe for or purchase Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi) TREASURY SHARES. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this subsection (e).

(vii) CERTAIN ISSUES EXCEPTED. Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of any Exercise Price in case of the issuance of shares Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock or Series F Preferred Stock pursuant to the Purchase Agreement.

f. If:

- i. the Company shall declare a dividend (or any other distribution) on its Common Stock; or
- ii. the Company shall declare a special nonrecurring cash dividend on or a redemption of its Common Stock; or
- iii. the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, or
- iv. the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any

compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or

- v. the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of exercise of this Warrant, and shall cause to be mailed to the Holder in accordance with SECTION 10 hereof, at least thirty (30) days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

g. In any case in which this SECTION 7 shall require that an adjustment be made effective as of the record date for a specified event, the Company may elect to defer until occurrence of such event (A) issuing to the Holder, if this Warrant is exercised after such record date, the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise over and above the Warrant Shares and other capital stock of the Company, if any, issuable upon such exercise on the basis of the Exercise Price prior to adjustment and (B) paying to the Holder any amount in cash in lieu of a fractional share pursuant to SECTION 8 hereof, provided, however, that the Company shall deliver to the Holder a due bill or other appropriate instrument evidencing the Holder's right to receive such additional Warrant Shares, other capital stock and/or cash upon the occurrence of the event requiring such adjustment.

h. Any determination that the Company or the Board of Directors must make pursuant to this SECTION 7 shall be conclusive if made in good faith.

8. FRACTIONAL SHARES. The Company shall not be required to issue fractional Warrant Shares on the exercise of this Warrant. The number of full Warrant Shares which shall be issuable upon the exercise of this Warrant shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of this Warrant so presented. If any fraction of a Warrant Share would, except for the provisions of this SECTION 6, be issuable on the exercise of this Warrant, the Company shall pay an amount in cash equal to the Exercise Price multiplied by such fraction.

9. Warrant Agent.

a. The Company shall serve as warrant agent under this Warrant.

Upon thirty (30) days' notice to the Holder, the Company and the Holder may appoint a new warrant agent. Such new warrant agent shall be a corporation doing business under the laws of the United States or any state thereof, in good standing and having a combined capital and surplus of not less than U.S. \$50,000,000. The combined capital and surplus of any such new warrant agent shall be deemed to be the combined capital and surplus as set forth in the most recent annual report of its condition published by such warrant agent prior to its appointment; provided that such reports are published at least annually pursuant to law or to the requirements of a federal or state supervising or examining authority. After acceptance in writing of such appointment by the new warrant agent, it shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the warrant agent, without any further assurance, conveyance, act or deed, but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed the same shall be done at the expense of the Company and shall be legally and validly executed and delivered by the Company.

b. Any corporation into which the Company or any new warrant agent

may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders services business shall be a successor warrant agent under this Warrant without any further act; provided that such corporation (i) would be eligible for appointment as successor to the warrant agent under the provisions of this SECTION 9 or (ii) is a wholly-owned subsidiary of the warrant agent. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the register maintained by the warrant agent pursuant to this Warrant.

10. NOTICES. All notices or other communications hereunder shall be given, and shall be deemed duly given and received if given, by facsimile and by mail, postage prepaid: (1) if to the Company, addressed as follows: IMMUNOGEN, INC., 148 Sidney Street, Cambridge, Massachusetts 02139, Attention: Treasurer, or to facsimile no. (617) 769-4242; or (ii) if to the Holder, addressed to the Holder at the facsimile telephone number and address of the Holder appearing on the Warrant Register or such other address or facsimile number as the Holder may provide to the Company in accordance with this SECTION 10. Any such notice shall be deemed given and effective upon the earliest to occur of (i) receipt of such facsimile at the facsimile telephone number specified in this SECTION 10, (ii) five (5) Business Days after deposit in the United States mails or (iii) upon actual receipt by the party to whom such notice is required to be given.

11. Miscellaneous.

a. This Warrant shall be binding on and inure to the benefit of the

parties hereto and their respective successors and permitted assigns.

b. Nothing in this Warrant shall be construed to give to any person or corporation other than the Company, the Holder and any registered holder of Warrant Shares any legal or equitable right, remedy or cause under this Warrant; this Warrant shall be for the sole and exclusive benefit of the Company, the Holder and any other registered holder of Warrant Shares.

c. This Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York without regard to the principles of conflicts of law thereof.

d. The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

e. In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

IMMUNOGEN, INC., in its corporate capacity
and in its capacity as the Warrant Agent
hereunder

By: _____
Name: _____
Title: _____

FORM OF ELECTION TO PURCHASE

(To Be Executed by the Holder if the Holder Desires to Exercise Warrants Evidenced by the Foregoing Warrant Certificate)

To ImmunoGen, Inc.:

The undersigned hereby irrevocably elects to exercise _____ Warrants evidenced by the foregoing Warrant Certificate for, and to purchase thereunder, _____ full shares of Common Stock issuable upon exercise of said Warrants and delivery of \$_____ in cash and any applicable taxes payable by the undersigned pursuant to such Warrant Certificate.

The Holder hereby represents and warrants that it is an "accredited investor" as defined under Rule 501(a) of the Securities Act of 1933, as amended, and that the representations and warranties set forth in Sections 2.2(b) through 2.2(i) of the Purchase Agreement, dated October 16, 1996, between the Company and Southbrook International Investments, Ltd., are, as to the Warrant Shares deliverable to it hereunder, true and correct today as to the Holder as if the Holder had made such representations and warranties to the Company under such Purchase Agreement on the date hereof.

The undersigned requests that certificates for such shares be issued in the name of

PLEASE INSERT SOCIAL SECURITY

OR

TAX IDENTIFICATION NUMBER

(Please print name and address)

If said number of Warrants shall not be all the Warrants evidenced by the foregoing Warrant Certificate, the undersigned requests that a new Warrant Certificate evidencing the Warrants not so exercised be issued in the name of and delivered to:

(Please print name and address)

Dated: _____, 19__

Name of Holder:

(Print)

(By:)
(Title:)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns, and transfers to each assignee set forth below all of the rights of the undersigned in and to the number of Warrants (as defined in and evidenced by the foregoing Warrant Certificate) set opposite the name of such assignee below and in and to the foregoing Warrant Certificate with respect to said Warrants and the shares of Common Stock issuable upon exercise of said Warrants:

Name of Assignee

Address Number of Warrants

If the total of said Warrants shall not be all the Warrants evidenced by the foregoing Warrant Certificate, the undersigned requests that a new Warrant Certificate evidencing the Warrants not so assigned be issued in the name of and delivered to the undersigned.

Dated: _____, 19__

Name of Holder:
(Print) _____
(By:) _____
(Title:)

3-MOS
JUN-30-1997
SEP-30-1996
955,597
0
0
0
0
1,551,496
14,537,164
10,838,261
6,332,065
2,088,072
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129,592,899
0
0
0
6,332,065
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138,216
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66,862
(2,312,800)
282
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0
0
0
(2,313,082)
(0.14)
(0.14)