
**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, 2009

OR

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

For the transition period from to

Commission file number 0-17999

ImmunoGen, Inc.

Massachusetts

(State or other jurisdiction of incorporation or organization)

04-2726691

(I.R.S. Employer Identification No.)

830 Winter Street, Waltham, MA 02451

(Address of principal executive offices, including zip code)

(781) 895-0600

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

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

Shares of common stock, par value \$.01 per share: 57,060,324 shares outstanding as of October 26, 2009.

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FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
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ITEM 1. *Financial Statements*

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

| | <u>September 30,</u> <u>2009</u> | <u>June 30,</u> <u>2009</u> |
|---|-------------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 58,641 | \$ 69,639 |
| Marketable securities | 1,229 | 1,486 |
| Accounts receivable | 2,189 | 1,746 |
| Unbilled revenue | 975 | 561 |
| Inventory | 1,372 | 1,836 |
| Restricted cash | 574 | 366 |
| Prepaid and other current assets | 973 | 1,232 |
| Total current assets | <u>65,953</u> | <u>76,866</u> |
| Property and equipment, net of accumulated depreciation | 19,039 | 19,671 |
| Long-term restricted cash | 3,887 | 4,142 |
| Other assets | 42 | 25 |
| Total assets | <u>\$ 88,921</u> | <u>\$ 100,704</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable | \$ 1,051 | \$ 1,244 |
| Accrued compensation | 1,727 | 4,140 |
| Other accrued liabilities | 2,284 | 1,566 |
| Current portion of deferred lease incentive | 979 | 979 |
| Current portion of deferred revenue | 3,901 | 3,199 |
| Total current liabilities | <u>9,942</u> | <u>11,128</u> |
| Deferred lease incentive, net of current portion | 9,296 | 9,540 |
| Deferred revenue, net of current portion | 9,592 | 9,543 |
| Other long-term liabilities | 3,737 | 3,636 |
| Total liabilities | <u>32,567</u> | <u>33,847</u> |
| Commitments and contingencies (Note E) | | |
| Shareholders' equity: | | |
| Preferred stock, \$.01 par value; authorized 5,000 shares; no shares issued and outstanding | — | — |
| Common stock, \$.01 par value; authorized 75,000 shares; issued and outstanding 57,060 and 56,947 shares as of September 30, 2009 and June 30, 2009, respectively | 571 | 569 |
| Additional paid-in capital | 389,565 | 387,947 |
| Accumulated deficit | (333,826) | (321,451) |
| Accumulated other comprehensive income (loss) | 44 | (208) |
| Total shareholders' equity | <u>56,354</u> | <u>66,857</u> |
| Total liabilities and shareholders' equity | <u>\$ 88,921</u> | <u>\$ 100,704</u> |

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

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

| | Three Months Ended September 30, | |
|--|-------------------------------------|------------|
| | 2009 | 2008 |
| Revenues: | | |
| Research and development support | \$ 782 | \$ 3,207 |
| License and milestone fees | 1,831 | 2,223 |
| Clinical materials reimbursement | 486 | 696 |
| Total revenues | 3,099 | 6,126 |
| Operating Expenses: | | |
| Research and development | 12,188 | 11,860 |
| General and administrative | 3,592 | 3,678 |
| Total operating expenses | 15,780 | 15,538 |
| Loss from operations | (12,681) | (9,412) |
| Other income, net | 144 | 16 |
| Loss before (benefit) provision for income taxes | (12,537) | (9,396) |
| (Benefit) provision for income taxes | (162) | 1 |
| Net loss | \$ (12,375) | \$ (9,397) |
| Basic and diluted net loss per common share | \$ (0.22) | \$ (0.19) |
| Basic and diluted weighted average common shares outstanding | 57,032 | 50,783 |

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

IMMUNOGEN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
In thousands, except per share amounts

| | <u>Three months ended September 30,</u> | |
|--|---|------------------|
| | <u>2009</u> | <u>2008</u> |
| Cash flows from operating activities: | | |
| Net loss | \$ (12,375) | \$ (9,397) |
| Adjustments to reconcile net loss to net cash used for operating activities: | | |
| Depreciation and amortization | 1,258 | 1,233 |
| Gain on sale of fixed assets | — | (1) |
| Amortization of deferred lease incentive | (244) | (241) |
| Loss on sale of marketable securities | — | 33 |
| Other-than-temporary impairment of investments | — | 136 |
| (Gain) loss on forward contracts | (16) | 103 |
| Stock and deferred share unit compensation | 1,104 | 1,355 |
| Deferred rent | 14 | 692 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (443) | (757) |
| Unbilled revenue | (414) | 121 |
| Inventory | 464 | 297 |
| Prepaid and other current assets | 256 | 1,024 |
| Restricted cash | 47 | 48 |
| Other assets | (17) | 6 |
| Accounts payable | (193) | 309 |
| Accrued compensation | (2,413) | 317 |
| Other accrued liabilities | 810 | (1,249) |
| Deferred revenue | 751 | 2,650 |
| Proceeds from landlord for tenant improvements | — | 750 |
| Net cash used for operating activities | <u>(11,411)</u> | <u>(2,571)</u> |
| Cash flows from investing activities: | | |
| Proceeds from maturities or sales of marketable securities | 509 | 2,830 |
| Purchases of property and equipment, net | (627) | (627) |
| Proceeds (payments) from settlement of forward contracts | 22 | (85) |
| Net cash (used for) provided by investing activities | <u>(96)</u> | <u>2,118</u> |
| Cash flows from financing activities: | | |
| Proceeds from stock options exercised | 509 | 43 |
| Net cash provided by financing activities | <u>509</u> | <u>43</u> |
| Net change in cash and cash equivalents | (10,998) | (410) |
| Cash and cash equivalents, beginning balance | <u>69,639</u> | <u>31,619</u> |
| Cash and cash equivalents, ending balance | <u>\$ 58,641</u> | <u>\$ 31,209</u> |

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

IMMUNOGEN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2009

A. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements at September 30, 2009 and June 30, 2009 and for the three months ended September 30, 2009, and 2008 include the accounts of ImmunoGen, Inc., or the Company, and its wholly-owned subsidiaries, ImmunoGen Securities Corp. and ImmunoGen Europe Limited. The consolidated financial statements include all of the adjustments, consisting only of normal recurring adjustments, which management considers necessary for a fair presentation of the Company's financial position in accordance with accounting principles generally accepted in the U.S. for interim financial information. Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. The preparation of interim financial statements requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenditures during the reported period. The results of the interim periods are not necessarily indicative of the results for the entire year. Accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2009.

Subsequent Events

The Company has evaluated all events or transactions that occurred after September 30, 2009 up through November 4, 2009, the date the Company issued these financial statements. During this period the Company did not have any material recognizable or unrecognizable subsequent events.

Other-than-Temporary Impairments

An other-than-temporary impairment must be recognized through earnings if an investor has the intent to sell the debt security or if it is more likely than not that the investor will be required to sell the debt security before recovery of its amortized cost basis. In the event of a credit loss, only the amount associated with the credit loss is recognized in net income (loss). The amount of loss relating to other factors is recorded in accumulated other comprehensive income (loss).

The Company adopted certain provisions of FASB's Accounting Standards Codification (ASC) Topic 820, "Investments — Debt and Equity Securities," on April 1, 2009. As a result of the adoption, \$54,000 of previously recognized other-than-temporary impairment charges was reclassified to other comprehensive loss as a cumulative effect adjustment.

The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, which exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded in accumulated other comprehensive loss.

For available-for-sale debt securities with unrealized losses, management performs an analysis to assess whether it intends to sell or whether it would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. Where the Company intends to sell a security, or may be required to do so, the security's decline in fair value is deemed to be other-than-temporary and the full amount of the unrealized loss is recorded in the statement of operations as an other-than-temporary impairment charge. When this is not the case, the Company performs additional analysis on all securities with unrealized losses to evaluate losses associated with the creditworthiness of the security. Credit losses are identified where the Company does not expect to receive cash flows, based on using a single best estimate, sufficient to recover the amortized cost basis of a security and these are recognized in other income (expense), net.

Fair Value of Financial Instruments

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

As of September 30, 2009, the Company held certain assets that are required to be measured at fair value on a recurring basis, including our cash equivalents and marketable securities. In accordance with Topic 820, the following table represents the fair value hierarchy for our financial assets measured at fair value on a recurring basis as of September 30, 2009 (in thousands):

| | Fair Value Measurements at September 30, 2009 Using | | | |
|--|---|--|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Cash, cash equivalents and restricted cash | \$ 63,102 | \$ 63,102 | \$ — | \$ — |
| Available-for-sale marketable securities | 1,229 | — | 1,229 | — |
| | <u>\$ 64,331</u> | <u>\$ 63,102</u> | <u>\$ 1,229</u> | <u>\$ —</u> |

The fair value of the Company's investments is generally determined from market prices based upon either quoted prices from active markets or other significant observable market transactions at fair value.

The carrying amounts reflected in the consolidated balance sheets for accounts receivable, unbilled revenue, restricted cash, prepaid and other current assets, accounts payable, accrued compensation, and other accrued liabilities approximate fair value due to their short-term nature.

Unbilled Revenue

The majority of the Company's unbilled revenue at September 30, 2009 and June 30, 2009 represents (i) research funding earned based on actual resources utilized under the Company's agreements with Amgen, Bayer HealthCare, Biogen Idec, Biotest and sanofi-aventis; and (ii) reimbursable expenses incurred under the Company's agreements with sanofi-aventis and Biotest that the Company has not yet invoiced.

Inventory

Inventory costs primarily relate to clinical trial materials being manufactured for sale to the Company's collaborators. Inventory is stated at the lower of cost or market as determined on a first-in, first-out (FIFO) basis.

Inventory at September 30, 2009 and June 30, 2009 is summarized below (in thousands):

| | September 30, 2009 | June 30, 2009 |
|-----------------|--------------------|-----------------|
| Raw materials | \$ 864 | \$ 952 |
| Work in process | 508 | 884 |
| Total | <u>\$ 1,372</u> | <u>\$ 1,836</u> |

All Targeted Antibody Payload, or TAP, product candidates currently in preclinical and clinical testing through ImmunoGen or its collaborators include either DM1 or DM4 as a cell-killing agent. Raw materials inventory consists entirely of DM1 and DM4, collectively referred to as DMx.

Inventory cost is stated net of write-downs of \$1.4 million and \$1.8 million as of September 30, 2009 and June 30, 2009, respectively. The write-downs represent the cost of raw materials that the Company considers to be in excess of a twelve-month supply based on firm, fixed orders and projections from its collaborators as of the respective balance sheet date. The Company did not record any expense related to excess inventory during the three-month periods ended September 30, 2009 and 2008.

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Computation of Net Loss per Common Share

Basic and diluted net loss per share is calculated based upon the weighted average number of common shares outstanding during the period. The Company's common stock equivalents, as calculated in accordance with the treasury-stock accounting method, are shown in the following table (in thousands):

| | Three Months Ended | |
|--|--------------------|-------|
| | September 30, | |
| | 2009 | 2008 |
| Options to purchase common stock | 6,656 | 5,633 |
| Common stock equivalents under treasury stock method | 2,052 | 739 |

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

Comprehensive Loss

For the three months ended September 30, 2009 and 2008, total comprehensive loss equaled \$12.1 million and \$9.3 million, respectively. Comprehensive loss is comprised of the Company's net loss for the period and unrealized gains and losses recognized on available-for-sale marketable securities.

Stock-Based Compensation

As of September 30, 2009, the Company is authorized to grant future awards under one employee share-based compensation plan, which is the ImmunoGen, Inc. 2006 Employee, Director and Consultant Equity Incentive Plan, or the 2006 Plan. As amended, the 2006 Plan provides for the issuance of Stock Grants, the grant of Options and the grant of Stock-Based Awards for up to 4,500,000 shares of the Company's common stock, as well as any shares of common stock that are represented by awards granted under the previous stock option plan, the ImmunoGen, Inc. Restated Stock Option Plan, or the Former Plan, that are forfeited, expire or are cancelled without delivery of shares of common stock or which result in the forfeiture of shares of common stock back to the Company on or after November 13, 2006, or the equivalent of such number of shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with the 2006 Plan; provided, however, that no more than 5,900,000 shares shall be added to the Plan from the Former Plan, pursuant to this provision. Option awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant. Options vest at various periods of up to four years and may be exercised within ten years of the date of grant.

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing model with the assumptions noted in the following table. As the Company has not paid dividends since inception, nor does it expect to pay any dividends for the foreseeable future, the expected dividend yield assumption is zero. Expected volatility is based exclusively on historical volatility data of the Company's stock. The expected term of stock options granted is based exclusively on historical data and represents the period of time that stock options granted are expected to be outstanding. The expected term is calculated for and applied to one group of stock options as the Company does not expect substantially different exercise or post-vesting termination behavior among its employee population. The risk-free rate of the stock options is based on the U.S. Treasury rate in effect at the time of grant for the expected term of the stock options.

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| | Three Months Ended September 30, | |
|-------------------------|-------------------------------------|-------|
| | 2009 | 2008 |
| Dividend | None | None |
| Volatility | 60.0% | 62.9% |
| Risk-free interest rate | 3.24% | 3.40% |
| Expected life (years) | 6.9 | 7.0 |

Using the Black-Scholes option-pricing model, the weighted average grant date fair values of options granted during the three months ended September 30, 2009 and 2008 were \$5.97 and \$3.13 per share, respectively.

Stock compensation expense incurred during the three months ended September 30, 2009 and 2008 was \$891,000 and \$1.3 million respectively. During the three months ended September 30, 2008, the Company recorded approximately \$747,000 of stock compensation expense related to the modification of the terms of certain options previously granted to the previous chief executive officer of the Company in accordance with the succession plan approved by the Company's Board of Directors in September 2008.

As of September 30, 2009, the estimated fair value of unvested employee awards was \$7.7 million, net of estimated forfeitures. The weighted-average remaining vesting period for these awards is approximately two and a half years.

During the three months ended September 30, 2009, holders of options issued under the Plan exercised their rights to acquire an aggregate of 113,000 shares of common stock at prices ranging from \$3.14 to \$8.57 per share. The total proceeds to the Company from these option exercises were approximately \$509,000.

Financial Instruments and Concentration of Credit Risk

The Company's cash and cash equivalents consist principally of U.S. Government and agency-backed money market funds which are maintained with two financial institutions in the U.S. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of marketable securities. Marketable securities at September 30, 2009 generally consist of high-grade corporate bonds and asset-backed securities. The Company has classified its marketable securities as "available-for-sale" and, accordingly, carries such securities at aggregate fair value. The cost of securities sold is based on the specific identification method. The Company's investment policy, approved by the Board of Directors, limits the amount it may invest in any one type of investment, thereby reducing credit risk concentrations.

Derivative instruments include a portfolio of short duration foreign currency forward contracts intended to mitigate the risk of exchange fluctuations for existing or anticipated receivable and payable balances denominated in foreign currency. Derivatives are estimated at fair value and classified as other current assets or liabilities. The fair value of these instruments represent the present value of estimated future cash flows under the contracts, which are a function of underlying interest rates, currency rates, related volatility, counterparty creditworthiness and duration of the contracts. Changes in these factors or a combination thereof may affect the fair value of these instruments.

The Company does not designate foreign currency forward contracts as hedges for accounting purposes, and changes in the fair value of these instruments are recognized in earnings during the period of change. Because the Company enters into forward contracts only as an economic hedge, any gain or loss on the underlying foreign-denominated existing or anticipated receivable or payable balance would be offset by the loss or gain on the forward contract. For the three months ended September 30, 2009, net gains recognized on forward contracts were \$16,000, and are included in the accompanying consolidated statement of operations as other income, net. As of September 30, 2009, the Company had outstanding forward contracts with amounts equivalent to approximately \$296,000 (201,000 in Euros), all maturing on or before October 23, 2009. As of June 30, 2009, the Company had outstanding forward contracts with amounts equivalent to approximately \$517,000 (371,000 in Euros). For the three months ended September 30, 2008, net losses recognized on forward contracts were \$103,000. The Company does not anticipate using derivative instruments for any purpose other than hedging our exchange rate exposure.

Segment Information

During the three months ended September 30, 2009, the Company continued to operate in one reportable business segment which is the business of discovery of monoclonal antibody-based anticancer therapeutics.

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The percentages of revenues recognized from significant customers of the Company in the three months ended September 30, 2009 and 2008 are included in the following table:

| Collaborative Partner: | Three Months Ended | |
|-------------------------------|---------------------------|-------------|
| | September 30, | |
| | 2009 | 2008 |
| Bayer HealthCare | 41% | 1% |
| sanofi-aventis | 28% | 49% |
| Biotest | 15% | 17% |
| Biogen Idec | 2% | 15% |

There were no other customers of the Company with significant revenues in the three months ended September 30, 2009 and 2008.

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Multiple-Deliverable Revenue Arrangements", which establishes the accounting and reporting guidance for arrangements under which a vendor will perform multiple revenue-generating activities. This statement becomes effective for the Company's fiscal year 2011 and the Company does not expect it to have a significant impact on its financial position or results of operations.

Effective for the Company's quarter ended September 30, 2009, the FASB ASC Topic 105, "Generally Accepted Accounting Principles", became the single source for authoritative nongovernmental U.S. generally accepted accounting principles. During the quarter, four new accounting standards became effective. These new standards are included in Topic 808 "Collaborative Arrangements", Topic 820 "Fair Value Measurements and Disclosures" as it relates to non-financial assets and liabilities, Topic 815 "Derivatives and Hedging", and Topic 815 "Business Combinations" of the FASB ASC. These changes to the accounting standards did not have a material effect on the Company's financial position or results of operations.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05, "Measuring Liabilities at Fair Value", which provides clarification that in circumstances where a quoted market price in an active market for an identical liability is not available, a reporting entity must measure fair value of the liability using one of the following techniques: 1) the quoted price of the identical liability when traded as an asset; 2) quoted prices for similar liabilities or similar liabilities when traded as assets; or 3) another valuation technique, such as a present value technique or the amount that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability that is consistent with the provisions of the standard. This standard becomes effective for the first reporting period (including interim periods) beginning after issuance. The Company will adopt this standard beginning in the second quarter of fiscal 2010 and does not expect it to have a material effect on the Company's financial position or results of operations.

The provisions of ASC Topic 810, "Consolidations", related to the changes to how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated will be effective for fiscal years beginning after November 15, 2009 (the Company's fiscal year 2011). Early application is not permitted. The Company does not expect the adoption of these provisions to have a significant impact on its financial position or results of operations.

Certain provisions of ASC Topic 860, "Transfers and Servicing", require enhanced information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. The provisions are effective for fiscal years beginning after November 15, 2009 (the Company's fiscal year 2011). The Company does not expect the adoption of these provisions to have a significant impact on its financial position or results of operations.

B. Significant Collaborative Agreements

sanofi-aventis

In August 2006, sanofi-aventis exercised its final remaining option to extend the term of the research collaboration with the Company until August 31, 2008, and committed to pay the Company a minimum of \$10.4 million in research support over the twelve months beginning September 1, 2007. The two companies subsequently agreed to extend the date of payment through October 31, 2008 to enable completion of previously agreed-upon research. The Company recorded the research funding as it was earned based upon its actual resources utilized in the collaboration. The Company earned \$81.5 million of committed funding over the duration of the research program and is now compensated for research performed for sanofi-aventis on a mutually agreed-upon basis.

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In October 2006, sanofi-aventis licensed non-exclusive rights to use the Company's proprietary resurfacing technology to humanize antibodies to targets not included in the collaboration, including antibodies for non-cancer applications. Under the terms of the license, the Company received a \$1 million license fee, half of which was paid upon contract signing and the second half was paid in August 2008. The Company has deferred the \$1 million upfront payment and is recognizing this amount as revenue over the five-year term of the agreement.

In August 2008, sanofi-aventis exercised its option under a 2006 agreement for expanded access to the Company's TAP technology. The Company received \$3.5 million with the exercise of this option in August 2008, in addition to the \$500,000 the Company received in December 2006 with the signing of the option agreement. The agreement has a three-year term from the date of the exercise of the option and can be renewed by sanofi-aventis for one additional three-year term by payment of a \$2 million fee. The Company has deferred the \$3.5 million exercise fee and is recognizing this amount as revenue over the initial three-year option term.

Bayer HealthCare AG

In October 2008, the Company entered into a development and license agreement with Bayer HealthCare AG. The Company received a \$4 million upfront payment upon execution of the agreement, which the company has deferred and is recognizing as revenue ratably over the estimated period of substantial involvement. In September 2009, Bayer reached a preclinical milestone which triggered a \$1 million payment to the Company. This milestone is included in license and milestone fees for the quarter ended September 30, 2009.

Amgen, Inc.

In September 2009, the Company entered into a development and license agreement with Amgen Inc. granting Amgen the exclusive right to use the Company's maytansinoid TAP technology to develop anticancer therapeutics to a specific target. This license was taken under an agreement established in 2000 between ImmunoGen and Abgenix, Inc., which later was acquired by Amgen. Under the terms of the license, the Company received a \$1 million upfront payment. The Company has deferred the \$1 million upfront payment and is recognizing this amount as revenue ratably over the estimated period of substantial involvement.

Additional information on the agreements the Company has with these and other companies is described elsewhere in this Quarterly Report and in its 2009 Annual Report on Form 10-K.

C. Capital Stock

2001 Non-Employee Director Stock Plan

During the three months ended September 30, 2009 and 2008, the Company recorded approximately \$(8,000) and \$28,000 in (expense reduction) or compensation expense, respectively, related to stock units outstanding under the Company's 2001 Non-Employee Director Stock Plan. The value of the stock units is adjusted to market value at each reporting period as the redemption amount of stock units for this plan will be paid in cash. No stock units have been issued under the 2001 Plan subsequent to June 30, 2004.

2004 Non-Employee Director Compensation and Deferred Share Unit Plan

The 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, or 2004 Director Plan, was amended on September 5, 2006. Under the terms of the amended 2004 Director Plan, the redemption amount of deferred share units will be paid in shares of common stock of the Company. In addition, the vesting for annual retainers was to take place quarterly over the three years after the award and the number of deferred share units awarded for all compensation is now based on the market value of the Company's common stock on the date of the award.

On September 16, 2009, the Board adopted a new Compensation Policy for Non-Employee Directors, which supersedes the 2004 Plan and makes certain changes to the compensation of its non-employee directors. Effective November 12, 2009, non-employee directors will become entitled to receive annual meeting fees and committee fees under the new policy. The new policy makes changes to the equity portion of the non-employee director compensation, but leaves the cash portion unchanged. Effective November 11, 2009, non-employee directors will become entitled to receive deferred stock units under the new policy as follows.

- New non-employee directors will be initially awarded a number of deferred stock units having an aggregate market value of \$65,000, based on the closing price of our common stock on the date of their initial election to the Board. These awards will vest quarterly over three years from the date of grant, contingent upon the individual remaining a director of ImmunoGen as of each vesting date.
- On the first anniversary of a non-employee director's initial election to the Board, such non-employee director will be awarded a number of deferred stock units having an aggregate market value of \$30,000, based on the closing price of our

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common stock on such date of grant and pro-rated based on the number of whole months remaining between the first day of the month in which such grant date occurs and the first October 31 following the grant date. These awards will generally vest quarterly over approximately the period from the grant date to the first November 1 following the grant date, contingent upon the individual remaining a director of ImmunoGen as of each vesting date.

- Thereafter, non-employee directors in general will be annually awarded a number of deferred stock units having an aggregate market value of \$30,000, based on the closing price of our common stock on the date of our annual meeting of shareholders. These awards will vest quarterly over approximately one year from the date of grant, contingent upon the individual remaining a director of ImmunoGen as of each vesting date.

As with the 2004 Plan, vested deferred stock units are redeemed on the date a director ceases to be a member of the Board, at which time such director's deferred stock units will be settled in shares of our common stock issued under our 2006 Plan at a rate of one share for each vested deferred stock unit then held. Any deferred stock units that remain unvested at that time will be forfeited. The new policy provides that all unvested deferred stock units will automatically vest immediately prior to the occurrence of a change of control, as defined in the 2006 Plan.

In connection with the adoption of the new compensation policy, the Board also amended the 2004 Plan as follows:

- All unvested deferred stock awards (other than any unvested initial awards) were vested in full on September 16, 2009 unless the date such deferred stock units were credited to the non-employee director was less than one year prior to September 16, 2009, in which case such unvested deferred stock units will vest on the first anniversary of the date such deferred stock units were credited to the non-employee director.
- All unvested deferred stock awards will automatically vest prior to the occurrence of a change of control.

During the three months ended September 30, 2009 and 2008, the Company recorded approximately \$217,000 and \$34,000 in compensation expense, respectively, related to deferred share units issued and outstanding under the amended 2004 Director Plan.

D. Marketable Securities

As of September 30, 2009, \$58.6 million in cash and money market funds were classified as cash and cash equivalents. The Company's cash, cash equivalents and marketable securities as of September 30, 2009 are as follows (in thousands):

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|--|-------------------|------------------------------|-------------------------------|-------------------------|
| Cash and money market funds | \$ 58,641 | \$ — | \$ — | \$ 58,641 |
| Asset-backed securities | | | | |
| Current | 169 | 15 | — | 184 |
| Non-current | 991 | 86 | (58) | 1,019 |
| Corporate notes | | | | |
| Non-current | 25 | 1 | — | 26 |
| Total | \$ 59,826 | \$ 102 | \$ (58) | \$ 59,870 |
| Less amounts classified as cash and cash equivalents | (58,641) | — | — | (58,641) |
| Total marketable securities | \$ 1,185 | \$ 102 | \$ (58) | \$ 1,229 |

As of June 30, 2009, \$69.6 million in cash and money market funds were classified as cash and cash equivalents. The Company's cash, cash equivalents and marketable securities as of June 30, 2009 are as follows (in thousands):

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|--|-------------------|------------------------------|-------------------------------|-------------------------|
| Cash and money market funds | \$ 69,639 | \$ — | \$ — | \$ 69,639 |
| Asset-backed securities | | | | |
| Current | 395 | 25 | (25) | 395 |
| Non-current | 1,024 | 201 | (410) | 815 |
| Corporate notes | | | | |
| Current | 250 | — | — | 250 |
| Non-current | 25 | 1 | — | 26 |
| Total | \$ 71,333 | \$ 227 | \$ (435) | \$ 71,125 |
| Less amounts classified as cash and cash equivalents | (69,639) | — | — | (69,639) |
| Total marketable securities | \$ 1,694 | \$ 227 | \$ (435) | \$ 1,486 |

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During the three month period ended September 30, 2009, the Company had no realized gains or losses on the sale of investments, compared to realized losses of \$33,000 during the same period last year.

As of September 30, 2009, the Company had 15 individual securities in its investment portfolio, of which six were in an unrealized loss position. The aggregate fair value of investments with unrealized losses was approximately \$584,000, of which \$207,000 had been in an unrealized loss position for more than one year, as of September 30, 2009. All such other investments as of September 30, 2009 have been or were in an unrealized loss position for less than a year. As of June 30, 2009, the Company had 19 individual securities in its investment portfolio, of which seven were in an unrealized loss position. The aggregate fair value of investments with unrealized losses was approximately \$705,000 as of June 30, 2009, of which \$332,000 had been in an unrealized loss position for more than a year, as of June 30, 2009. See Note A *Other-than-Temporary Impairments*. The Company reviewed its investments with unrealized losses and as a result recorded \$136,000 as an other-than-temporary impairment charge during the quarter ended September 30, 2008. No similar charges were incurred during the quarter ended September 30, 2009.

E. Commitments and Contingencies

Effective July 27, 2007, the Company entered into a lease agreement with Intercontinental Fund III for the rental of approximately 89,000 square feet of laboratory and office space at 830 Winter Street, Waltham, MA. The Company uses this space for its corporate headquarters, research and other operations. The initial term of the lease is for twelve years with an option for the Company to extend the lease for two additional terms of five years. The Company is required to pay certain operating expenses for the leased premises subject to escalation charges for certain expense increases over a base amount.

As part of the lease agreement, the Company received a construction allowance of up to approximately \$13.3 million to build out laboratory and office space to the Company's specifications. After completion, the Company had recorded \$12 million of leasehold improvements under the construction allowance. The Company received \$10.8 million from the landlord and paid out the same amount towards these leasehold improvements. The remaining balance of the improvements was paid directly by the landlord. The lease term began on October 1, 2007, when the Company obtained physical control of the space in order to begin construction.

Under the terms of the agreement, any remaining construction allowance was to be applied evenly as a credit to rent for the first year. The final balance of the construction allowance was determined in August 2008, resulting in a credit of \$1.3 million to the Company from the landlord during fiscal year 2009 relating to the first year of occupancy, of which \$667,000 was accounted for during the quarter ended September 30, 2008.

At September 30, 2009, the Company also leases facilities in Norwood and Cambridge, MA under agreements through 2011. The Company is required to pay certain operating expenses for the leased premises subject to escalation charges for certain expense increases over a base amount. The Company entered into a sub-sublease in May 2008 for the entire space in Cambridge, MA through October 2010, the remainder of the sublease.

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The minimum rental commitments, including real estate taxes and other expenses, for the next five fiscal years under the non-cancelable operating lease agreements discussed above are as follows (in thousands):

| | | |
|---|----|--------|
| 2010 (nine months remaining) | \$ | 4,743 |
| 2011 | | 5,887 |
| 2012 | | 4,859 |
| 2013 | | 4,859 |
| 2014 | | 4,925 |
| Total minimum lease payments | \$ | 25,273 |
| Total minimum rental income from sub-sublease | | (855) |
| Total minimum lease payments, net | \$ | 24,418 |

The Company intends to sublease approximately 14,000 rentable square feet of laboratory and office space at 830 Winter Street, Waltham, MA. The Company has not included any estimated sublease income for the space in Waltham in the table above.

F. Income Taxes

During the three months ended September 30, 2009, the Company recognized \$162,000 of tax benefit associated with U.S. research and development tax credits against which the Company had previously provided a full valuation allowance, but which became refundable as a result of federal legislation passed in 2009. Due to the degree of uncertainty related to the ultimate use of loss carryforwards and tax credits, the Company has established a valuation allowance to fully reserve the remaining tax benefits.

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

OVERVIEW

Since our inception, we have been principally engaged in the development of novel, targeted therapeutics for the treatment of cancer using our expertise in cancer biology, monoclonal antibodies, and small-molecule cytotoxic, or cell-killing, agents. Our Targeted Antibody Payload, or TAP, technology uses antibodies to deliver a potent cytotoxic agent specifically to cancer cells, and consists of a tumor-targeting monoclonal antibody with one of our proprietary cell-killing agents attached using one of our engineered linkers. The antibody component enables a TAP compound to bind specifically to cancer cells that express a particular target antigen, the highly potent cytotoxic agent serves to kill the cancer cell, and the engineered linker controls the release of the cytotoxic agent inside the cancer cell. Our TAP technology is designed to enable the creation of highly effective, well-tolerated anticancer products. All of our and our collaborative partners' TAP compounds currently in preclinical and clinical testing contain either DM1 or DM4 as the cytotoxic agent. Both DM1 and DM4 are our proprietary derivatives of a naturally occurring substance called maytansine. We also use our expertise in antibodies and cancer biology to develop "naked," or non-conjugated, antibody anticancer product candidates.

We have entered into collaborative agreements that enable companies to use our TAP technology to develop commercial product candidates to specified targets. We have also used our proprietary TAP technology in conjunction with our in-house antibody expertise to develop our own anticancer product candidates. Under the terms of our collaborative agreements, we are generally entitled to upfront fees, milestone payments and royalties on any commercial product sales. In addition, under certain agreements we are entitled to research and development funding based on activities performed at our collaborative partner's request. We are reimbursed for our direct and a portion of overhead costs to manufacture preclinical and clinical materials and, under certain collaborative agreements, the reimbursement includes a profit margin. Currently, our collaborative partners include Amgen, Bayer HealthCare, Biogen Idec, Biotest, Genentech (a wholly-owned member of the Roche Group) and sanofi-aventis. We expect that substantially all of our revenue for the foreseeable future will result from payments under our collaborative arrangements. Details for some of our major and recent collaborative agreements follow.

sanofi-aventis—In July 2003, we entered into a discovery, development and commercialization collaboration with *sanofi-aventis*. Inclusive of its extensions, the agreement entitled us to receive committed research funding totaling \$79.3 million over the five years of the research collaboration. The two companies subsequently agreed to extend the date of payment through October 31, 2008 to enable completion of previously agreed-upon research. We earned \$81.5 million of committed research funding for activities performed under the completed research term of this agreement, and are now compensated for research performed for *sanofi-aventis* on a mutually agreed-upon basis.

The collaboration agreement also provides for certain other payments based on the achievement of product candidate milestones and royalties on sales of any resulting products, if and when such sales commence. For the targets included in the collaboration at this

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time, we are entitled to milestone payments potentially totaling \$21.5 million for each product candidate developed under this agreement. Through September 30, 2009, we have earned and received an aggregate of \$10.5 million in milestone payments under this agreement for compounds covered under this agreement now or in the past.

Additionally, in October 2006, sanofi-aventis licensed non-exclusive rights to use our proprietary humanization technology, which enables antibodies of murine origin to avoid detection by the human immune system. Under the terms of the license, we received a \$1 million license fee, half of which was paid upon contract signing and the second half was paid in August 2008. We have deferred the \$1 million upfront payment and are recognizing this amount as revenue over the five-year term of the agreement.

In August 2008, sanofi-aventis exercised its option under a 2006 agreement for expanded access to our TAP technology. We received \$3.5 million with the exercise of this option in August 2008, in addition to the \$500,000 we received in December 2006 with the signing of the option agreement. The agreement has a three-year term from the date of the exercise of the option and can be renewed by sanofi-aventis for one additional three-year term by payment of a \$2 million fee. We have deferred the \$3.5 million exercise fee and are recognizing this amount as revenue over the initial three-year option term.

Genentech—In May 2000, we entered into a license agreement with Genentech that granted Genentech exclusive rights to use our maytansinoid TAP technology with antibodies, such as trastuzumab, that target HER2. We received a \$2 million upfront payment from Genentech upon execution of the agreement. We also are entitled to up to \$44 million in milestone payments from Genentech under this agreement, as amended in May 2006, in addition to royalties on the net sales of any resulting product. Through September 30, 2009, we have received \$13.5 million in milestone payments.

In December 2008, Genentech licensed the exclusive right to use our maytansinoid TAP technology with its therapeutic antibodies to an undisclosed target. This license was taken under a “right-to-test” agreement entered into by the companies in 2000 that provided Genentech with the right to take exclusive licenses to use our maytansinoid TAP technology to develop products for individual targets on agreed-upon terms. While the agreement expired in May 2008, a limited number of options to targets remained in place for a short period of time, and this license was taken under one of these options. As of the date of this Quarterly Report on Form 10-Q no options remained outstanding. Under the terms of the license, we received a \$1 million upfront payment and are entitled to receive up to \$38 million in milestone payments plus royalties on the sales of any resulting products. Genentech is responsible for the development, manufacturing, and marketing of any products resulting from this license. We have deferred the \$1 million upfront payment and are recognizing this amount as revenue over the estimated period of substantial involvement.

Bayer HealthCare—In October 2008, we entered into a development and license agreement with Bayer HealthCare AG. The agreement grants Bayer HealthCare exclusive rights to use our maytansinoid TAP technology to develop and commercialize therapeutic compounds to a specific target. We received a \$4 million upfront payment upon execution of the agreement, and—for each compound developed and marketed by Bayer HealthCare under this collaboration—we could potentially receive up to \$170.5 million in milestone payments; additionally, we are entitled to receive royalties on the sales of any resulting products. We will be compensated by Bayer HealthCare at a stipulated rate for work performed on behalf of Bayer HealthCare under a mutually agreed-upon research plan and budget which may be amended from time to time during the term of the agreement. We also are entitled to receive payments for manufacturing any preclinical and clinical materials made at the request of Bayer HealthCare as well as for any related process development activities. We have deferred the \$4 million upfront payment and are recognizing this amount as revenue over the estimated period of substantial involvement. In September 2009, Bayer reached a preclinical milestone which triggered a \$1.0 million payment to us. This milestone is included in license and milestone fees for the quarter ended September 30, 2009.

Amgen, Inc.—In September, 2009, we entered into a development and license agreement with Amgen Inc. granting Amgen the exclusive right to use our maytansinoid TAP technology to develop anticancer therapeutics to a specific target. This license was taken under an agreement established in 2000 between ImmunoGen and Abgenix, Inc., which later was acquired by Amgen. Under the terms of the license, we received a \$1 million upfront payment. We have deferred the \$1 million upfront payment and are recognizing this amount as revenue ratably over the estimated period of substantial involvement. We also are entitled to receive milestone payments potentially totaling \$34 million plus royalties on the sales of any resulting products. When milestone fees are specifically tied to a separate earnings process and are deemed to be substantive and at risk, revenue will be recognized when such milestones are achieved. Amgen is responsible for the development, manufacturing, and marketing of any products resulting from this license. The agreement established in September 2000 grants Amgen certain rights to test our maytansinoid TAP technology with antibodies and to license — on agreed-upon terms — the right to use the technology with antibodies to individual targets to develop products.

To date, we have not generated revenues from commercial product sales and we expect to incur significant operating losses for the foreseeable future. As of September 30, 2009, we had approximately \$59.9 million in cash and marketable securities compared to \$71.1 million in cash and marketable securities as of June 30, 2009.

We anticipate that future cash expenditures will be partially offset by collaboration-derived proceeds, including milestone payments, clinical material reimbursements and upfront fees. Accordingly, period-to-period operational results may fluctuate dramatically based upon the timing of receipt of the proceeds. We believe that our established collaborative agreements, while subject to specified milestone achievements, will provide funding to assist us in meeting obligations under our collaborative agreements while also assisting in providing funding for the development of internal product candidates and technologies. However, we can give no

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assurances that such collaborative agreement funding will, in fact, be realized in the time frames we expect, or at all. Should we or our partners not meet some or all of the terms and conditions of our various collaboration agreements, we may be required to pursue additional strategic partners, secure alternative financing arrangements, and/or defer or limit some or all of our research, development and/or clinical projects. However, we cannot provide assurance that any such opportunities presented by additional strategic partners or alternative financing arrangements will be entirely available to us, if at all.

Critical Accounting Policies

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

Certain provisions of ASC Topic 820, "Investments — Debt and Equity Securities," related to other non-financial assets and liabilities was adopted for the Company on July 1, 2009 and did not have a material impact on our financial position or results of operations upon adoption; however, this standard may impact us in subsequent periods and require additional disclosures. Refer to *Note A — Fair Value of Financial Instruments* to our unaudited consolidated financial statements included in Item 1 of this Quarterly Report for a discussion of our adoption of this standard.

There were no other significant changes to our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

RESULTS OF OPERATIONS

Comparison of Three Months ended September 30, 2009 and 2008

Revenues

Our total revenues for the three months ended September 30, 2009 and 2008 were \$3.1 million and \$6.1 million, respectively. The \$3.0 million decrease in revenues in the three months ended September 30, 2009 from the same period in the prior year is attributable to a decrease in research and development support revenue, license and milestone fees and clinical materials reimbursement revenue, all of which are discussed below.

Research and development support was \$782,000 for the three months ended September 30, 2009 compared with \$3.2 million for the three months ended September 30, 2008. These amounts primarily represent research funding earned based on actual resources utilized under our agreements with Amgen, Bayer HealthCare, Biogen Idec, Biotest, Genentech and sanofi-aventis. The decreased research and development support fees in the current period compared to the prior year period is primarily due to a reduction in the amount earned from sanofi-aventis with the conclusion of its committed funding obligations in calendar 2008. Also included in research and development support revenue are development fees charged for reimbursement of our direct and overhead costs incurred in producing and delivering research-grade materials to our collaborators and for developing antibody-specific conjugation processes on behalf of our collaborators and potential collaborators during the early evaluation and preclinical testing stages of drug development. The amount of development fees we earn is directly related to the number of our collaborators and potential collaborators, the stage of development of our collaborators' product candidates and the resources our collaborators allocate to the development effort. As such, the amount of development fees may vary widely from quarter to quarter and year to year. Total revenue recognized from research and development support from each of our collaborative partners in the three-month periods ended September 30, 2009 and 2008 is included in the following table (in thousands):

| Research and Development Support | Three months ended September 30, | |
|----------------------------------|----------------------------------|----------|
| | 2009 | 2008 |
| Collaborative Partner: | | |
| Amgen | \$ 33 | \$ 3 |
| Bayer HealthCare | — | 33 |
| Biogen Idec | 7 | 239 |
| Biotest | 428 | 525 |
| Genentech | 196 | 9 |
| sanofi-aventis | 118 | 2,350 |
| Other | — | 48 |
| Total | \$ 782 | \$ 3,207 |

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Revenues from license and milestone fees for the three months ended September 30, 2009 decreased \$392,000 to \$1.8 million from \$2.2 million in the same period ended September 30, 2008. Included in license and milestone fees for the three months ended September 30, 2009 was a \$1 million preclinical milestone earned pursuant to our development and license agreement with Bayer. Included in license and milestone fees for the three months ended September 30, 2008 was a \$500,000 milestone related to the initiation of Phase I clinical testing of BT-062 by Biotest. Also in this prior year period, Millennium Pharmaceuticals and Boehringer Ingelheim agreed to terminate their licenses with us that were no longer being used to develop products and as a result, we recognized as license and milestone fees \$361,000 and \$486,000, respectively, of upfront fees previously deferred. Total revenue from license and milestone fees recognized from each of our collaborative partners in the three-month periods ended September 30, 2009 and 2008 is included in the following table (in thousands):

| License and Milestone Fees | Three months ended September 30, | |
|----------------------------|----------------------------------|-----------------|
| | 2009 | 2008 |
| Collaborative Partner: | | |
| Amgen | \$ 147 | \$ 125 |
| Bayer HealthCare | 1,154 | — |
| Biogen Idec | 57 | 57 |
| Biotest | 42 | 542 |
| Boehringer Ingelheim | — | 486 |
| Centocor | 34 | 34 |
| Millennium Pharmaceuticals | — | 361 |
| Genentech | 38 | 31 |
| sanofi-aventis | 359 | 587 |
| Total | <u>\$ 1,831</u> | <u>\$ 2,223</u> |

Deferred revenue of \$13.5 million as of September 30, 2009 primarily represents payments received from our collaborators pursuant to our license agreements, which we have yet to earn pursuant to our revenue recognition policy.

Clinical materials reimbursement decreased by approximately \$210,000 in the three months ended September 30, 2009, to \$486,000 from \$696,000 in the three months ended September 30, 2008. We are reimbursed for certain of our direct and overhead costs to produce clinical materials plus, for certain programs, a profit margin. The amount of clinical materials reimbursement we earn, and the related cost of clinical materials charged to research and development expense, is directly related to the number of clinical trials our collaborators are preparing or have underway, the speed of enrollment in those trials, the dosage schedule of each clinical trial and the time period, if any, during which patients in the trial receive clinical benefit from the clinical materials, and the supply of clinical grade material to our collaborators for process development and analytical purposes. As such, the amount of clinical materials reimbursement revenue and the related cost of clinical materials charged to research and development expense may vary significantly from quarter to quarter and year to year.

Research and Development Expenses

Our net research and development expenses relate to (i) research to evaluate new targets and to develop and evaluate new antibodies, linkers and cytotoxic agents, (ii) preclinical testing of our own and, in certain instances, our collaborators' product candidates, and the cost of our own clinical trials, (iii) development related to clinical and commercial manufacturing processes and (iv) manufacturing operations which also includes raw material and process improvement efforts.

Research and development expense for the three months ended September 30, 2009 increased \$328,000 to \$12.2 million from \$11.9 million for the three months ended September 30, 2008. The increase was primarily due to increased salaries and related expenses and greater clinical trial costs, partially offset by decreased contract service expense.

We are unable to accurately estimate which potential product candidates, if any, will eventually move into our internal preclinical research program. We are unable to reliably estimate the costs to develop these products as a result of the uncertainties related to discovery research efforts as well as preclinical and clinical testing. Our decision to move a product candidate into the clinical development phase is predicated upon the results of preclinical tests. We cannot accurately predict which, if any, of the discovery stage product candidates will advance from preclinical testing and move into our internal clinical development program. The clinical trial and regulatory approval processes for our product candidates that have advanced or that we intend to advance to clinical testing are lengthy, expensive and uncertain in both timing and outcome. As a result, the pace and timing of the clinical development of our product candidates is highly uncertain and may not ever result in approved products. Completion dates and development costs will vary significantly for each product candidate and are difficult to predict. A variety of factors, many of which are outside our control, could cause or contribute to the prevention or delay of the successful completion of our clinical trials, or delay or prevent our obtaining necessary regulatory approvals. The costs to take a product through clinical trials are dependent upon, among other factors, the clinical indications, the timing, size and design of each clinical trial, the number of patients enrolled in each trial, and the speed at which patients are enrolled and treated. Product candidates may be found to be ineffective or to cause unacceptable side effects during

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clinical trials, may take longer to progress through clinical trials than anticipated, may fail to receive necessary regulatory approvals or may prove impractical to manufacture in commercial quantities at reasonable cost or with acceptable quality.

The lengthy process of securing FDA approvals for new drugs requires the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals would materially adversely affect our product development efforts and our business overall. Accordingly, we cannot currently estimate, with any degree of certainty, the amount of time or money that we will be required to expend in the future on our product candidates prior to their regulatory approval, if such approval is ever granted. As a result of these uncertainties surrounding the timing and outcome of our clinical trials, we are currently unable to estimate when, if ever, our product candidates that have advanced into clinical testing will generate revenues and cash flows.

We do not track our research and development costs by project. Since we use our research and development resources across multiple research and development projects, we manage our research and development expenses within each of the categories listed in the following table and described in more detail below (in thousands):

| Research and Development Expense | Three Months Ended September 30, | |
|--|----------------------------------|-----------|
| | 2009 | 2008 |
| Research | \$ 3,617 | \$ 3,603 |
| Preclinical and Clinical Testing | 3,233 | 2,242 |
| Process and Product Development | 1,476 | 1,588 |
| Manufacturing Operations | 3,862 | 4,427 |
| Total Research and Development Expense | \$ 12,188 | \$ 11,860 |

Research: Research includes expenses associated with activities to identify and evaluate new targets and to develop and evaluate new antibodies, linkers and cytotoxic agents for our products and in support of our collaborators. Such expenses primarily include personnel, fees to in-license certain technology, facilities and lab supplies. Research expenses for the three months ended September 30, 2009 increased \$14,000 compared to the three months ended September 30, 2008.

Preclinical and Clinical Testing: Preclinical and clinical testing includes expenses related to preclinical testing of our own and, in certain instances, our collaborators' product candidates, and the cost of our own clinical trials. Such expenses include personnel, patient enrollment at our clinical testing sites, consultant fees, contract services, and facility expenses. Preclinical and clinical testing expenses for the three months ended September 30, 2009 increased \$991,000 to \$3.2 million compared to \$2.2 million for the three months ended September 30, 2008. This increase is primarily the result of an increase in clinical trial costs, and to a lesser extent, an increase in salaries and related expenses due to the addition of an executive officer and higher salary levels.

Process and Product Development: Process and product development expenses include costs for development of clinical and commercial manufacturing processes for our own and collaborator compounds. Such expenses include the costs of personnel, contract services and facility expenses. For the three months ended September 30, 2009, total development expenses decreased \$112,000 to \$1.5 million, compared to \$1.6 million for the three months ended September 30, 2008.

Manufacturing Operations: Manufacturing operations expense includes costs to manufacture preclinical and clinical materials for our own and our collaborator's product candidates, and quality control and quality assurance activities and costs to support the operation and maintenance of our conjugate manufacturing facility. Such expenses include personnel, raw materials for our and our collaborators' preclinical studies and clinical trials, development costs with contract manufacturing organizations, manufacturing supplies, and facilities expense. For the three months ended September 30, 2009, manufacturing operations expense decreased \$565,000 to \$3.9 million compared to \$4.4 million in the same period last year. The decrease in the three months ended September 30, 2009 as compared to the three months ended September 30, 2008 was primarily the result of a decrease in contract service expense, and to a lesser extent, a decrease in antibody development and supply costs due to timing of supply requirements. Partially offsetting these decreases, overhead utilization from the manufacture of clinical materials on behalf of our collaborators decreased during the current period.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2009 decreased \$86,000 to \$3.6 million compared to \$3.7 million for the three months ended September 30, 2008. This decrease is primarily due to a \$690,000 decrease in salaries and related expenses. During the three months ended September 30, 2008, we recorded \$747,000 of compensation expense related to the modification of the terms regarding the exercise of certain options previously granted to the former chief executive officer of the Company in accordance with the succession plan approved by ImmunoGen's Board of Directors in September 2008. Partially offsetting this decrease, director fees, patent expenses and other general corporate expenses increased during the current quarter compared to the same period last year.

[Table of Contents](#)*Other Income, net*

Other income, net for the three months ended September 30, 2009 and 2008 is included in the following table (in thousands):

| Other Income, net | Three Months Ended September 30, | |
|------------------------------------|---|--------------|
| | 2009 | 2008 |
| Interest Income | \$ 58 | \$ 303 |
| Net Realized Losses on Investments | — | (33) |
| Other than Temporary Impairment | — | (136) |
| Other Income (Expense) | 86 | (118) |
| Total Other Income, net | \$ 144 | \$ 16 |

Interest Income

Interest income for the three months ended September 30, 2009 decreased \$245,000 to \$58,000 from \$303,000 for the three months ended September 30, 2008. The decrease in interest income is primarily the result of lower yields on investments tied to lower market rates.

Other than Temporary Impairment

During the three months ended September 30, 2008, we recognized \$136,000 in charges for the impairment of available-for-sale securities that were determined to be other-than-temporary following a decline in value. There were no such charges for the quarter ended September 30, 2009.

Other Income (Expense)

Other income (expense) for the three months ended September 30, 2009 was \$86,000 and \$(118,000), respectively. During the three months ended September 30, 2009 we recorded net gains on forward contracts of \$16,000 compared to net losses on forward contracts of \$(103,000) for the three months ended September 30, 2008. We incurred \$69,000 and \$(17,000) in foreign currency translation gains (losses) related to obligations with non-U.S. dollar-based suppliers during the three months ended September 30, 2009 and 2008, respectively.

LIQUIDITY AND CAPITAL RESOURCES

| | September 30, | |
|---|-----------------------|-------------|
| | 2009 | 2008 |
| | (In thousands) | |
| Cash, cash equivalents and short-term investments | \$ 59,870 | \$ 44,552 |
| Working capital | 56,011 | 41,596 |
| Shareholders' equity | 56,354 | 47,362 |
| Cash used for operating activities (three months ended) | (11,411) | (2,571) |
| Cash (used for) provided by investing activities (three months ended) | (96) | 2,118 |
| Cash provided by financing activities (three months ended) | 509 | 43 |

Cash Flows

We require cash to fund our operating expenses, including the advancement of our own clinical programs, and to make capital expenditures. Historically, we have funded our cash requirements primarily through equity financings in public markets and payments from our collaborators, including equity investments, license fees and research funding. As of September 30, 2009, we had approximately \$59.9 million in cash and marketable securities. Net cash used in operations was \$11.4 million and \$2.6 million for the three months ended September 30, 2009 and 2008, respectively. The principal use of cash in operating activities for all periods presented was to fund our net loss.

Net cash (used for) provided by investing activities was \$(96,000) and \$2.1 million for the three months ended September 30, 2009 and 2008, respectively, and substantially represents cash inflows from the sales and maturities of marketable securities partially offset by capital expenditures. Capital expenditures, primarily for the purchase of new equipment, were \$627,000 for each of the three-month periods ended September 30, 2009 and 2008.

Net cash provided by financing activities was \$509,000 and \$43,000 for the three months ended September 30, 2009 and 2008, respectively, which represents proceeds from the exercise of approximately 113,000 and 11,000 stock options, respectively.

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We anticipate that our current capital resources and future collaborator payments will enable us to meet our operational expenses and capital expenditures for the balance of fiscal 2010 and at least a portion of the following fiscal year. However, we cannot provide assurance that such collaborative agreement funding will, in fact, be received. Should we or our partners not meet some or all of the terms and conditions of our various collaboration agreements, we may be required to pursue additional strategic partners, secure alternative financing arrangements, and/or defer or limit some or all of our research, development and/or clinical projects.

Contractual Obligations

There have been no material changes to our contractual obligations outside the ordinary course of business from those disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Multiple-Deliverable Revenue Arrangements", which establishes the accounting and reporting guidance for arrangements under which a vendor will perform multiple revenue-generating activities. This statement becomes effective for our fiscal year 2011 and we do not expect it to have a significant impact on our financial position or results of operations.

Effective for the Company's quarter ended September 30, 2009, the FASB (Financial Accounting Standards Board) Accounting Standards Codification (ASC) (Topic 105, "Generally Accepted Accounting Principles"), became the single source for authoritative nongovernmental U.S. generally accepted accounting principles. During the quarter, four new accounting standards became effective. These new standards are included in Topic 808 "Collaborative Arrangements", Topic 820 "Fair Value Measurements and Disclosures" as it relates to non-financial assets and liabilities, Topic 815 "Derivatives and Hedging", and Topic 815 "Business Combinations" of the FASB ASC. These changes to the accounting standards did not have a material effect on our financial position or results of operations.

In August 2009, the FASB issued Accounting Standards Update No. 2009-05, "Measuring Liabilities at Fair Value", which provides clarification that in circumstances where a quoted market price in an active market for an identical liability is not available, a reporting entity must measure fair value of the liability using one of the following techniques: 1) the quoted price of the identical liability when traded as an asset; 2) quoted prices for similar liabilities or similar liabilities when traded as assets; or 3) another valuation technique, such as a present value technique or the amount that the reporting entity would pay to transfer the identical liability or would receive to enter into the identical liability that is consistent with the provisions of the standard. This standard becomes effective for the first reporting period (including interim periods) beginning after issuance. We will adopt this standard beginning in the second quarter of fiscal 2010 and do not expect it to have a material effect on our financial position or results of operations.

The provisions of ASC Topic 810, "Consolidations", related to the changes to how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated will be effective for fiscal years beginning after November 15, 2009 (our fiscal year 2011). Early application is not permitted. We do not expect the adoption of these provisions to have a significant impact on our financial position or results of operations.

Certain provisions of ASC Topic 860, "Transfers and Servicing", require enhanced information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity's continuing involvement in transferred financial assets. The provisions are effective for fiscal years beginning after November 15, 2009 (our fiscal year 2011). We do not expect the adoption of the provisions to have a significant impact on our financial position or results of operations.

Forward-Looking Statements

This quarterly report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts that are not yet determinable. There are a number of factors that could cause actual events or results to be significantly different from those described in the forward-looking statements. Forward-looking statements might include, but are not limited to, one or more of the following subjects:

- future products revenues, expenses, liquidity and cash needs;
- anticipated redemptions from an investment fund;
- anticipated agreements with collaboration partners;
- anticipated clinical trial timelines or results;
- anticipated research and product development results;
- projected regulatory timelines;

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- descriptions of plans or objectives of management for future operations, products or services;
- forecasts of future economic performance; and
- descriptions or assumptions underlying or relating to any of the above items.

Forward-looking statements can be identified by the fact that they do not relate to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “opportunity,” “plan,” “potential,” “believe” or words of similar meaning. They may also use words such as “will,” “would,” “should,” “could” or “may”. Given these uncertainties, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. You should review carefully the risks and uncertainties identified in this Quarterly Report on Form 10-Q, including the cautionary information set forth under Part II, Item 1A., Risk Factors, and our Annual Report on Form 10-K for the year ended June 30, 2009. We may not revise these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

OFF-BALANCE SHEET ARRANGEMENTS

None.

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

Our market risks, and the ways we manage them, are summarized in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2009. Since then there have been no material changes to our market risks or to our management of such risks.

ITEM 4. *Controls and Procedures*

(a) Disclosure Controls and Procedures

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

(b) Changes in Internal Controls

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *Legal Proceedings*

From time to time we may be a party to various legal proceedings arising in the ordinary course of our business. We are not currently subject to any material legal proceedings.

ITEM 1A. *Risk Factors*

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Item 1A. (Risk Factors) in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009. There have been no material changes from the factors disclosed in our 2009 Annual Report on Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the Securities and Exchange Commission.

ITEM 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

None.

ITEM 3. *Defaults Upon Senior Securities*

None.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

None

ITEM 5. *Other Information*

None.

ITEM 6. *Exhibits*

- 10.1 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended through September 16, 2009
- 10.2 Compensation Policy for Non-Employee Directors
- 31.1 Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes- Oxley Act of 2002.

SIGNATURES

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

ImmunoGen, Inc.

Date: November 4, 2009

By: /s/ Daniel M. Junius
Daniel M. Junius
President, Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2009

By: /s/ Gregory D. Perry
Gregory D. Perry
Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

| Exhibit No. | Description |
|--------------------|--|
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IMMUNOGEN, INC.
2004 NON-EMPLOYEE DIRECTOR COMPENSATION
AND DEFERRED SHARE UNIT PLAN
(as amended through September 16, 2009)

WHEREAS, ImmunoGen, Inc. (the “Company”) has previously established plans or arrangements pursuant to which Non-Employee Directors of the Company have been compensated for their services as directors of the Company;

WHEREAS, the Board of Directors of ImmunoGen, Inc. (the “Board”) wishes to align director compensation more directly with the shareholders’ interest;

WHEREAS, the Board has determined that it is in the interest of the shareholders to establish a new compensation package that will provide for payment and future annual accruals to the Non-Employee Directors;

WHEREAS, the Board has determined that it is in the interest of shareholders to allow Non-Employee Directors to defer their fees into an account hereunder;

WHEREAS, the Board has determined the terms and conditions of the ImmunoGen, Inc. 2004 Non-Employee Director Compensation and Deferred Share Unit Plan (the “Plan”) and wishes to formally establish the Plan effective July 1, 2004;

WHEREAS, on September 5, 2006 the Board determined to make changes to certain of the terms and conditions of the Plan;

WHEREAS, on September 16, 2009 the Board has determined to make additional changes to certain of the terms and conditions of the Plan;

NOW, THEREFORE, the Company through this instrument establishes the ImmunoGen, Inc. 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended, as follows:

Section 1 **Interpretation**

1.1 **Purposes**

The purposes of the Plan are:

- (a) to compensate Non-Employee Directors for their services to the Company;
 - (b) to facilitate holdings of Deferred Share Units by the Company’s Non-Employee Directors and thereby align their interests more closely with those of the Company’s shareholders; and
-

- (c) to provide a financial incentive that will help the Company to attract and retain highly qualified individuals to serve as Non-Employee Directors of the Company.

1.2 Definitions

Wherever used in the Plan, unless otherwise defined, the following terms shall have the meanings set forth below:

- (a) **“Affiliate”** means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect;
- (b) **“Annual Deferred Share Unit Retainer”** has the meaning set forth in Section 3.1;
- (c) **“Annual Director Fees”** has the meaning set forth in Section 3.2;
- (d) **“Beneficiary”** has the meaning set forth in Section 2.5;
- (e) **“Board”** or **“Board of Directors”** means those individuals who serve from time to time as the Board of Directors of the Company;
- (f) **“Change of Control”** means the occurrence of any of the following events:
 - (1) **Ownership.** Any “Person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the “Beneficial Owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company’s then outstanding voting securities (excluding for this purpose any such voting securities held by the Company or its Affiliates or by any employee benefit plan of the Company) pursuant to a transaction or a series of related transactions which the Board of Directors does not approve; or
 - (2) **Merger/Sale of Assets.** (A) A merger or consolidation of the Company whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of the Company or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation; or (B) the shareholders of the Company approve an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets; or
 - (3) **Change in Board Composition.** A change in the composition of the Board of Directors, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” shall mean directors who either (A)

are directors of the Company as of the Second Amendment Date, or (B) are elected, or nominated for election, to the Board of Directors with the affirmative vote of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company);

- (g) **“Code”** means the United States Internal Revenue Code of 1986, as amended;
- (h) **“Commencement Date”** has the meaning set forth in Section 1.3;
- (i) **“Committee”** means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan, initially the Compensation Committee of the Board;
- (j) **“Common Stock”** means shares of the Company’s common stock, \$.01 par value per share;
- (k) **“Company”** means ImmunoGen, Inc., a Massachusetts corporation;
- (l) **“Deferred Share Unit”** means a unit credited by the Company to a Non-Employee Director by way of a bookkeeping entry in the books of the Company, the value of which at any particular date shall be the Fair Market Value at that date;
- (m) **“DSU Account”** has the meaning set forth in Section 2.2;
- (n) **“Election Form”** means a document substantially in the form attached as Schedule “A” hereto, as such form may be amended or revised from time to time;
- (o) **“Fair Market Value”** means:
 - (1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for the trading day on the applicable date which is the date of grant, and if such applicable date is not a trading day, the last market trading day prior to such date;
 - (2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded on the applicable date which is the date of grant, and if such applicable date is not a trading day, the last market trading day prior to such date; and

- (3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Committee, in good faith, shall determine with respect to any particular date;
- (p) **“First Amendment Date”** has the meaning set forth in Section 1.3;
- (q) **“First Year”** means the first 12 month period during which an individual first serves as a Non-Employee Director of the Company commencing after the Commencement Date of the Plan. Only individuals elected to serve on the Board who are within their first twelve months of service on or after the Commencement Date shall be eligible for First Year credits to their DSU Account under this Plan;
- (r) **“Fiscal Year”** means the twelve month period beginning on July 1 and ending on June 30 of any year;
- (s) **“Lead Director”** means a Non-Employee Director appointed by the Board to such position;
- (t) **“Lead Director Fees”** has the meaning set forth in Section 3.2;
- (u) **“Non-Employee Director”** means a member of the Board of Directors who is not an employee of the Company or any Affiliate of the Company;
- (v) **“Plan”** means this ImmunoGen, Inc. 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended and restated from time to time;
- (w) **“Plan Year”** means the twelve month period beginning on July 1 and ending on June 30 of any year;
- (x) **“Quarter”** means a fiscal quarter of the Company which, until changed by the Company, shall be the three-month periods ending September 30, December 31, March 31 and June 30 in any calendar year;
- (y) **“Redemption Amount”** has the meaning set forth in Section 4.1;
- (z) **“Redemption Date”** has the meaning set forth in Section 4.1;
- (aa) **“Second Amendment Date”** has the meaning set forth in Section 1.3;
- (bb) **“Second Year”** means that Plan Year, or portion thereof, commencing upon the first anniversary of appointment of a Non-Employee Director and ending on the last day of the Plan Year in which such anniversary occurs. Only individuals eligible to receive First Year credits to their DSU Account under this Plan shall be eligible to receive Second Year credits to their DSU Account under this Plan provided however, that any individual who first became a Non-Employee Director in 2004, shall be entitled to receive Second Year credits even if First Year credits were not received;

- (cc) **“Stock Plan”** means the Company’s 2006 Employee, Director and Consultant Equity Incentive Plan, as the same may be amended from time to time;
- (dd) **“Termination Date”** means, with respect to a Non-Employee Director, the date upon which such Non-Employee Director ceases to be a member of the Board for any reason whatsoever, including death or disability; and
- (ee) **“Termination Value”** means the Fair Market Value of the Common Stock on the Termination Date.

1.3 Commencement Date, First Amendment Date and Second Amendment Date

The Plan was initially adopted effective as of July 1, 2004 (the “Commencement Date”). The Plan, as initially amended, was effective on November 15, 2006 (the “First Amendment Date”). The Plan, as subsequently amended, shall be effective on September 16, 2009 (the “Second Amendment Date”).

1.4 Eligibility

Each Non-Employee Director shall be eligible to participate in the Plan.

1.5 Construction

All references in the Plan to the masculine shall also include the feminine and all references to the singular shall also include the plural and vice versa, as the context shall require. If any provision of the Plan is determined to be illegal or invalid for any reason, in whole or in part, such illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein. A reference to a “Section” means a section of the Plan, unless expressly stated otherwise.

1.6 Governing Law

The Plan shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts.

Section 2 Administration of the Plan

2.1 Administration

The Committee shall have complete discretionary authority and power to (i) construe, interpret and administer the Plan and any agreement or instrument entered into under the Plan, (ii) establish, amend and rescind any rules and regulations relating to the Plan, (iii) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan, including without limitation decisions regarding eligibility to participate and the amount and value of any payment, and (iv) delegate to other persons any duties and

responsibilities relating to the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. No member of the Committee shall be liable for any action or determination made in good faith. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be binding and conclusive for all purposes and on all persons, including the Company, all Non-Employee Directors and any other person claiming an entitlement or benefit through any Non-Employee Director. All expenses of administration of the Plan shall be borne by the Company.

2.2 DSU Accounts

The Company shall maintain in its books and records an account for each Non-Employee Director (a "DSU Account") recording at all times the number of Deferred Share Units credited to a Non-Employee Director. Upon payment in satisfaction of Deferred Share Units credited to a Non-Employee Director in the manner described herein, such Deferred Share Units shall be cancelled. After the end of each Quarter, the Company shall provide each Non-Employee Director with a written statement showing the balance in such Non-Employee Director's DSU Account as at the end of the applicable Quarter.

2.3 Credit for Dividends on Deferred Share Units

When and if cash dividends are paid on the Common Stock of the Company, a Non-Employee Director's DSU Account shall be credited with dividend equivalents in the form of additional Deferred Share Units. Such dividend equivalents shall be credited on the dividend payment date and shall be computed by dividing (a) the amount obtained by multiplying the amount of the dividend declared and paid per share of Common Stock by the number of Deferred Share Units credited to the Non-Employee Director's DSU Account on the record date for the payment of such dividend, by (b) the Fair Market Value of the Common Stock on the dividend payment date for such dividend, with fractions of Deferred Share Units so credited computed to four decimal points rounded down.

2.4 Share Adjustments and Reorganizations

If (a) there is any stock split, stock consolidation, reclassification, recapitalization or similar event affecting the Common Stock, (b) the Common Stock is exchanged in connection with a reorganization, including any merger, amalgamation, consolidation of the Company or similar event, or a sale by the Company of all or substantially all of its assets, for a different number or class of shares or other securities of the Company or for shares or other securities of any other Company, (c) new, different or additional shares or other securities of the Company or of another company are received by holders of the Common Stock, or (d) any distribution is made to the holders of Common Stock (other than a cash dividend), then the Committee shall make such adjustments to the Deferred Share Units credited to the Non-Employee Directors under the Plan as the Committee deems appropriate in its sole discretion. Except as provided above, the issuance by the Company of any shares of the Company, or any rights, warrants, options or other securities convertible into or exchangeable for any shares of the Company, shall not affect the number of Deferred Share Units credited pursuant to the terms of the Plan.

2.5 Designation of Beneficiary

Upon his election or appointment to the Board, subject to applicable law, each Non-Employee Director shall designate an individual as his beneficiary to receive any benefits that are payable under the Plan upon the death of such Non-Employee Director (the "Beneficiary"). The Non-Employee Director may, subject to applicable laws, change his Beneficiary at any time or from time to time. Where no Beneficiary has been validly designated by the Non-Employee Director, or the Beneficiary does not survive the Non-Employee Director, the Non-Employee Director's legal representative shall be his Beneficiary. In the event of a Non-Employee Director's death, the Beneficiary shall be entitled to exercise the rights of, and receive the benefits payable to, the Non-Employee Director under Section 5.

Section 3 Compensation

3.1 Annual Deferred Share Unit Retainers

(a) Subject to the other provisions of this Plan, for each Plan Year beginning with the Commencement Date, each Non-Employee Director shall have credited to his DSU Account as of the first day his participation in the Plan commences during a Plan Year an amount determined in accordance with this Section 3.1(a) as an Annual Deferred Share Unit Retainer for his services to the Board. Any fractional Deferred Share Unit shall be calculated to four decimal points rounded down. All amounts credited may be subject to such conditions as may be imposed by the Committee at the time it is credited. From the Commencement Date until the First Amendment Date, the following shall be credited for Non-Employee Directors as an Annual Deferred Share Unit Retainer:

(i) For the First Year there shall be credited for each new Non-Employee Director Deferred Share Units to his DSU Account. The dollar value of such Deferred Share Units will be established from time to time by the Committee.

(ii) For the Second Year there shall be credited for each new Non-Employee Director who received a First Year credit in accordance with the foregoing Deferred Share Units to his DSU Account, which amount shall be pro rated based upon the number of whole months remaining between the beginning of the Second Year and the end of the Plan Year in which such Second Year falls. The dollar value of such Deferred Share Units will be established from time to time by the Committee.

(iii) For existing directors, during each Plan Year, there shall be credited Deferred Share Units to their respective DSU Accounts. The dollar value of such Deferred Share Units will be established from time to time by the Committee. Unless otherwise provided by the Committee, the Annual Deferred Share Unit Retainer credited herein shall be pro rated to reflect the actual number of whole months that the Non-Employee Director has served on the Board during the Plan Year in which such amount is credited.

(iv) Non-Employee Directors shall receive an Annual Deferred Share Unit Retainer for any Plan Year only under one of either (i), (ii) or (iii) above; that is, a Non-

Employee Director receiving credits under (i) above during a Plan Year shall not be eligible for credits during that Plan Year under either (ii) or (iii) above.

(v) All amounts credited as an Annual Deferred Share Unit Retainer in (i) (ii) or (iii) shall vest ratably in monthly increments at the end of each month after the amount is credited to the DSU Account. Any Non-Employee Director who ceases to be a member of the Board for any reason during a Plan Year shall forfeit any amount credited to the DSU Account that is not, as of the date of such Termination Date, vested in accordance with the terms herein.

(b) Subject to the other provisions of this Plan, beginning with the First Date, each Non-Employee Director shall have credited to his DSU Account an amount determined in accordance with this Section 3.1(b) as an Annual Deferred Share Unit Retainer for his services to the Board. Any fractional Deferred Share Unit shall be calculated to four decimal points rounded down. All amounts credited may be subject to such conditions as may be imposed by the Committee at the time it is credited. As of the First Amendment Date, the following shall be credited for Non-Employee Directors as an Annual Deferred Share Unit Retainer:

(i) For each Non-Employee Director who was credited Deferred Share Units on July 1, 2006 and is a Non-Employee Director on the First Amendment Date, there shall be credited additional Deferred Share Units to his DSU Account on the First Amendment Date. The dollar value of such Deferred Share Units shall be \$17,500. Each such Non-Employee Director shall be credited additional Deferred Share Units to his DSU Account on the earlier of November 20 of such year or the date of each annual meeting of stockholders occurring after the First Amendment Date. The dollar value of such Deferred Share Units shall be \$30,000 or such other amount as may be determined by the Committee from time to time (the "Continuing Retainer").

(ii) For each Non-Employee Director who becomes a Non-Employee Director for the first time on or after November 14, 2006, there shall be credited Deferred Share Units to his DSU Account on the later of the First Amendment Date or the date the Non-Employee Director is first appointed or elected to the Board. The dollar value of such Deferred Share Units shall be \$65,000 or such other amount as may be determined by the Committee from time to time (the "Initial Retainer"). On the date that is one year from the date of the payment of the Initial Retainer, each such Non-Employee Director who continues to be a Non-Employee Director shall be credited additional Non-Employee Director Deferred Share Units to his DSU account. The amount to be credited shall be the Continuing Retainer pro rated based upon the number of whole months remaining between the date of payment and the last day of the following October. From and after that date each such Non-Employee Director shall be credited additional Deferred Share Units to his DSU Account on the earlier of November 20 of such year or the date of each annual meeting of stockholders. The dollar value of such Deferred Share Units shall be the Continuing Retainer.

(iii) All amounts credited as an Annual Deferred Share Unit Retainer in (i) and (ii) above shall vest ratably over a three year period in quarterly increments at the end of each quarter after the amount is credited to the DSU Account. Notwithstanding the

foregoing, effective as of the Second Amendment Date, (A) the vesting of all amounts credited as an Annual Deferred Share Unit Retainer in (i) and (ii) above (other than the Initial Retainer) shall be accelerated and shall vest in full upon the later to occur of (1) the Second Amendment Date or (2) the first anniversary of the date such amount was credited to the DSU Account, and (B) the vesting of all amounts credited as an Annual Deferred Share Unit Retainer in (i) and (ii) above shall be accelerated and shall vest in full immediately prior to the occurrence of a Change of Control. Any Non-Employee Director who ceases to be a member of the Board for any reason shall forfeit any amount credited to the DSU Account that is not, as of the date of such Termination Date, vested in accordance with the terms herein.

(c) Anything contained in this Plan to the contrary notwithstanding, no Deferred Stock Units shall be credited to the Non-Employee Directors' DSU Accounts under this Plan with respect to any period from and after November 11, 2009.

3.2 Annual Director Fees and Lead Director Fees

(a) Each Non-Employee Director shall be paid \$25,000 per year, or such other amount as may be determined by the Committee from time to time, for attendance at meetings for each Fiscal Year (prorated for any partial Fiscal Year). The Lead Director shall be paid an additional \$40,000 per year, or such other amount as may be determined by the Committee from time to time, for the services he performs to fulfill the duties of Lead Director. From and after the First Amendment Date, each Non-Employee Director shall be paid \$35,000 per year, or such other amount as may be determined by the Committee from time to time, for attendance at meetings for each Fiscal Year (prorated for any partial Fiscal Year) and the Lead Director shall be paid an additional \$30,000 per year, or such other amount as may be determined by the Committee from time to time, for the services he performs to fulfill the duties of Lead Director. In addition, commencing on the First Amendment Date, chairpersons of the Audit, Compensation, and Nominating and Governance Committees shall be paid \$15,000, \$9,000 and \$9,000 per year, respectively, and each member of the Audit, Compensation, and Nominating and Governance Committee, other than the chairpersons, shall be paid \$8,000, \$5,000 and \$5,000 per year, respectively, or such other amount as may be determined by the Committee from time to time, for attendance at committee meetings for each Fiscal Year (prorated for any partial Fiscal Year). One-fourth of such payments shall be made to each Non-Employee Director and the Lead Director quarterly for each quarter in which he remains a Non-Employee Director, in arrears.

(b) In addition, each Non-Employee Director shall be compensated for their reasonable expenses incurred for attending meetings and otherwise acting on the Company's behalf during their tenure as a Non-Employee Director. Any reimbursement in one calendar year shall not affect the amount that may be reimbursed in any other calendar year and a reimbursement (or right thereto) may not be exchanged or liquidated for another benefit or payment. Any business expense reimbursements subject to Section 409A of the Code shall be made no later than the end of the calendar year following the calendar year in which such business expense is incurred by the Non-Employee Director.

(c) Each Non-Employee Director shall have the right to elect to defer any part or all

of the Annual Director Fees and Lead Director Fees described herein in the form of Deferred Share Units in an amount equal to the Fair Market Value of Deferred Share Units equal to the amount of cash deferred. Such Deferred Share Units shall be fully vested upon being credited to the individual's DSU Account and the Non-Employee Director's entitlement to the redemption of such Deferred Share Units shall be governed by the terms of this Plan.

(d) Anything contained in this Plan to the contrary notwithstanding, no payments will be made to the Non-Employee Directors under paragraphs (a) and (b) above with respect to any period or meeting occurring from and after November 12, 2009.

3.3 Timing of Election

Each Non-Employee Director shall, if he chooses to defer Annual Director Fees in accordance with Section 3.2 above, within 30 days following either the Commencement Date, or his first election or appointment to the Board, if later, in respect of amounts payable during the remainder of such calendar year, and thereafter by December 31 in respect of amounts payable on or after January 1 of the next calendar year, complete, sign and deliver an Election Form to the Treasurer of the Company indicating his election for the following calendar year. Any such election shall be prospective only for compensation attributable to services performed after the effective date of such election and any amounts covered by such election shall be prorated as necessary. If no timely election has been made, then the individual shall be deemed to have elected to receive his Annual Director Fees in cash. Notwithstanding the foregoing, an election (or non-election) made pursuant to this Section 3.3 shall remain in effect for subsequent calendar years until it is changed by the completion, signature and delivery to the Treasurer of the Company of a new Election Form, in accordance with the terms of the Plan.

Section 4 Redemption of DSUs

4.1 Redemption Process

Upon any termination of a Non-Employee Director, the Company shall redeem all fully vested Deferred Share Units credited to the DSU Account of such Non-Employee Director. The Company shall pay the relevant Non-Employee Director within five business days of the Termination Date (the "Redemption Date") the amount (the "Redemption Amount") which shall be obtained by multiplying (a) the number of Deferred Share Units to be redeemed by (b) the Termination Value, less any applicable withholding or similar taxes, and shall be fully discharged in so doing and such Deferred Share Units shall, as provided for in Section 2.2, be cancelled. The Redemption Amount shall be paid by check; provided, however if the termination is after the First Amendment Date then the Redemption Amount shall not be paid in cash but shall be paid in shares of Common Stock of the Company pursuant to the Company's Stock Plan.

If any of the benefits or the delivery of cash or shares of Common Stock set forth in this Plan are deferred compensation under Section 409A of the Code, any termination of services triggering payment of such benefits must constitute a "separation from service" under Section 409A of the Code before, subject to Section 5.7 below, distribution of such benefits can commence or the delivery of cash or shares of Common Stock can occur. For purposes of

clarification, this paragraph shall not cause any forfeiture of benefits on the part of the Non-Employee Director, but shall only act as a delay until such time as a "separation from service" occurs.

Section 5 General

5.1 Unfunded Plan

The Plan is designed to be an unfunded arrangement. It is specifically recognized by both the Company and any Non-Employee Director that this Plan is only a general corporate commitment and that each Participant must rely upon the general credit of the Company for the fulfillment of its obligations. Under all circumstances the rights of participants in this Plan to any asset held by the Company will be no greater than the rights expressed in this Plan. Nothing contained in this Plan will constitute a guarantee by the Company that the assets of the Company will be sufficient to pay any benefits under this Plan or would place the participant in a secured position ahead of general creditors of the Company. The Plan will not create any lien, claim, encumbrance, right, title or other interest of any kind whatsoever in any participant in any asset held by the Company. No specific assets of the Company have been or will be set aside, or will in any way be transferred to any trust or will be pledged in any way for the performance of the Company's obligations under this Plan which would remove those assets from being subject to the general creditors of the Company.

5.2 Successors and Assigns

The Plan shall be binding on the Company and its successors and assigns and each Non-Employee Director and his heirs and legal representatives and on any receiver or trustee in bankruptcy or representative of creditors of the Company or Non-Employee Director, as the case may be.

5.3 Amendment or Termination of the Plan

The Board may amend or terminate the Plan at any time as it deems necessary or appropriate, but no such amendment or termination shall, without the consent of the Non-Employee Director or unless required by law, adversely affect the rights of a Non-Employee Director with respect to vested Deferred Share Units to which the Non-Employee Director is then entitled under the Plan.

If the Board terminates the Plan, no additional Deferred Share Units will be credited to the DSU Account of a Non-Employee Director after the effective date of such termination, but previously credited Deferred Share Units shall remain outstanding, be entitled to dividend equivalents as provided under the Plan, and be paid in accordance with the terms and conditions of the Plan existing at the time of termination. The Plan will finally terminate for all purposes when the last remaining Non-Employee Director receives payment of all Deferred Share Units which have been credited to his DSU Account.

5.4 Applicable Trading Policies

The Committee and each Non-Employee Director will ensure that all actions taken and decisions made by the Committee or the Non-Employee Director, as the case may be, pursuant to the Plan comply with all applicable laws, including securities and income tax laws, and all applicable policies, guidelines or similar requirements of the Company relating to conflicts of interest, business and ethical conduct.

5.5 Limitations on Rights of Non-Employee Directors

(a) Except as specifically set out in the Plan, no Non-Employee Director or any other person shall have any claim or right to any cash or other benefit in respect of Deferred Share Units credited pursuant to the Plan.

(b) Any and all of the rights of the Non-Employee Directors respecting Deferred Share Units or other benefits under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution, nor shall they be pledged, encumbered or charged, and any attempt to do so shall be void.

(c) Neither the Plan nor any award hereunder shall be construed as conferring upon a Non-Employee Director a right to be retained as a member of the Board or a claim or right to any future awards or other benefits under the Plan.

(d) Under no circumstances shall Deferred Share Units be considered Common Stock of the Company nor shall they entitle any Non-Employee Director or other person to exercise any voting rights or any other rights attaching to the ownership of Common Stock, nor shall any Non-Employee Director or other person be considered the owner of Common Stock by virtue of this Plan.

(e) Any liability of the Company to any Non-Employee Director with respect to receipt of Deferred Share Units shall be based solely upon contractual obligations created by the Plan. Neither the Committee nor the Board shall be liable for any actions taken in accordance with the terms of the Plan.

5.6 Compliance with Law

The obligations of the Company with respect to the delivery of Deferred Share Units pursuant to the terms of the Plan are subject to compliance with all applicable laws and regulations. In connection with the Plan, each Non-Employee Director shall comply with all applicable laws and regulations and shall furnish the Company with any and all information and undertakings as may be required to ensure compliance therewith.

5.7 Applicable Taxes and Deductions

The Company shall be authorized to deduct from any amount paid or credited hereunder such taxes and other amounts as may be required by applicable law or regulation in such manner as it determines appropriate. Any reduction in accordance with the foregoing shall, to the extent

applicable, be effected in accordance with Section 409A of the Code and Treasury Regulation Sections 1.409A-3(j)(4)(vi) or 1.409A-3(j)(4)(xi).

Notwithstanding anything to the contrary herein, if the Non-Employee Director is a “key employee” (as defined in Section 409A of the Code) as of the date the Non-Employee Director ceases to be a member of the Company’s Board of Directors, any issuance pursuant to Section 4.1 upon a termination of services shall, to the extent this requirement of Section 409A of the Code is applicable, be delayed to the extent necessary to avoid the imposition of excise taxes or other penalties under Section 409A of the Code until the date which is the first business day after six (6) months have elapsed since the Non-Employee Director is no longer providing service for any reason other than death.

**IMMUNOGEN, INC.
2004 NON-EMPLOYEE DIRECTOR COMPENSATION
AND DEFERRED SHARE UNIT PLAN, as amended**

CALENDAR YEAR 2007 INDIVIDUAL ELECTION FORM

The undersigned hereby confirms that I have read, and agree to abide by, the terms of the ImmunoGen, Inc. 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended (the "Plan"). I understand that I am required to make annual elections in accordance with the terms of the Plan. In accordance with those terms, I make the following elections with respect to any compensation to be earned by me as a Non-Employee Director in calendar year 2007:

Annual Director Fee Election. I may elect to receive all of such compensation in cash, Deferred Stock Units or a combination thereof.

Accordingly, I elect to receive my Annual Director Fees as follows:

1. % in Cash
2. % in Deferred Stock Units

100 % Total

I understand that by electing Deferred Stock Units as described in the Plan, I have agreed to defer the payment of any proceeds from such Deferred Stock Units until such time as my services as a Non-Employee Director of ImmunoGen, Inc. are terminated and that the Deferred Stock Units shall remain part of the general assets of ImmunoGen, Inc. until I receive payment of the same.

Print Name

Signature

ImmunoGen, Inc.

Compensation Policy for Non-Employee Directors

Objective

It is the objective of ImmunoGen to compensate non-employee Directors in a manner which will enable recruitment and retention of highly qualified Directors and fairly compensate them for their services as a Director.

Cash Compensation (effective November 12, 2009)

| | |
|---|------------------------------------|
| Annual meeting fee for non-employee Directors: | \$35,000 per annum, paid quarterly |
| Additional annual fees: | |
| (a) Lead Director: | \$30,000 per annum, paid quarterly |
| (b) Chairman of the Audit Committee: | \$15,000 per annum, paid quarterly |
| (c) Chairman of the Compensation Committee: | \$9,000 per annum, paid quarterly |
| (d) Chairman of the G&N Committee: | \$9,000 per annum, paid quarterly |
| (e) Other members of the Audit Committee | \$8,000 per annum, paid quarterly |
| (f) Other members of the Compensation Committee | \$5,000 per annum, paid quarterly |
| (g) Other members of the G&N Committee | \$5,000 per annum, paid quarterly |

Directors are entitled to be reimbursed for their reasonable expenses incurred in connection with attendance at Board and committee meetings during their tenure as a Director. Any reimbursement in one calendar year shall not affect the amount that may be reimbursed in any other calendar year and a reimbursement (or right thereto) may not be exchanged or liquidated for another benefit or payment. Any business expense reimbursements subject to Section 409A of the Internal Revenue Code of 1986 shall be made no later than the end of the calendar year following the calendar year in which such business expense is incurred by the Director.

Quarterly payments shall be paid in arrears within 30 days following the end of each quarter, with the first payments under this policy to be made in January 2010 with respect to service during the quarter ended December 31, 2009.(1) A non-employee Director may elect to

(1) The January 2010 payment will be pro-rated to reflect service from November 12, 2009 through December 31, 2009. Thereafter, quarterly payments will be paid in arrears based on calendar quarters. Quarterly payments will be appropriately pro-rated for Directors who retire, resign or are otherwise removed from the Board prior to the end of a calendar quarter.

receive any or all of his or her cash compensation in the form of deferred stock units (“DSUs”) having an aggregate Fair Market Value equal to the amount deferred, measured on the date of grant which shall be the last day of the calendar quarter for which the retainer is being paid. Elections made under the 2004 Non-Employee Director Compensation and Deferred Share Unit Plan, as amended, for calendar year 2009 shall continue to be effective with respect to services during the quarter ended December 31, 2009. All other elections as to form of payment shall be made annually by December 31st of the year prior to service which election shall be effective for all payments to be made in the following calendar year. New non-employee Directors shall make their elections within 30 days of their initial appointment or election to the Board of Directors for all payments to be made in that calendar year. Any such election shall be prospective only for compensation attributable to services performed after the effective date of such election and any amounts covered by such election shall be prorated as necessary. Each non-employee Director shall be deemed to have elected to receive payments in cash for payments in periods prior to any such election or if no timely election shall have been made. Notwithstanding the foregoing, a previous election made by a non-employee Director pursuant to the 2004 Non-Employee Director Compensation Deferred Share Unit Plan or under this policy shall remain in effect for subsequent calendar years until it is changed by the completion, signature and delivery to the Company of a new election form, in accordance with the terms of this policy.

Upon making such election, DSUs shall be granted as described above without any further action by the Compensation Committee. These awards are fully vested as to all of the issued DSUs on the date of grant.

Equity Compensation (effective November 11, 2009)

(a) Initial Grant. New non-employee Directors will automatically be granted, without any further action by the Compensation Committee, DSUs having an aggregate fair market value of \$65,000 (rounded down to the nearest whole share), measured on the date of grant which shall be the date of their initial election or appointment to the Board. This award will vest pro rata, on a quarterly basis over a three-year period, as to eight and one-third percent (8-1/3%) of the issued DSUs (rounded down to the nearest whole share) per quarter with the first vesting date to be the date that is the first day of the third month following the month in which the date of grant occurs.

(b) First Anniversary Grant. On the first anniversary of a non-employee Director’s initial election or appointment to the Board, such non-employee Director will automatically be granted, without any further action by the Compensation Committee, a number of DSUs having an aggregate fair market value of \$30,000 (rounded down to the nearest whole share), measured on the date of grant which shall be the date of such first anniversary and pro-rated based on the number of whole months remaining between the first day of the month in which such first anniversary date occurs and the first October 31 following the date of grant (the “Monthly Amount”). This award will vest on the same schedule as the Continuing Director Grants awarded pursuant to paragraph (c) below; provided that in all cases the last vesting date of a First Anniversary Grant shall be the first November 1 following the date of grant. The number of

issued DSUs that shall vest on any particular date shall be equal to the number of months in each vesting period based on the Monthly Amount calculation.
(2)

(c) Continuing Director Grants. After receiving a First Anniversary Grant under paragraph (b), non-employee directors will automatically be granted, on an annual basis and without further action by the Compensation Committee, DSUs having an aggregate fair market value of \$30,000 (rounded down to the nearest whole share), measured on the date of grant which shall be the earlier of the date of ImmunoGen's annual meeting of shareholders or November 20 of the applicable year. These awards will vest pro rata, on a quarterly basis over a one-year period, as to twenty-five percent (25%) of the issued DSUs (rounded down to the nearest whole share) per quarter on each of February 1, May 1, August 1 and November 1 following the date of grant. If a non-employee director receives a First Anniversary Grant under paragraph (b) above between November 1 and November 20 of any year, then such non-employee director will not be eligible to receive a Continuing Director Grant under this paragraph (c) for that year.(3)

(d) Terms of Grant. All DSU awards to non-employee directors under this policy are granted under the 2006 Employee, Director and Consultant Equity Incentive Plan (the "2006 Plan"), and are subject to the terms and conditions set forth in the 2006 Plan and the form of Deferred Stock Unit Agreement attached hereto as Exhibit A. All capitalized terms that are not defined herein shall have the meanings set forth in the 2006 Plan.

Approved by the Board of Directors: September 16, 2009

-
- (2) For example, if an award is granted on April 15, the amount of the award will be 7/12 of the full-year award (April through October) and such award will vest on May 1 as to 1/12 of the full-year award, August 1 as to 3/12 of the full-year award and November 1 as to 3/12 of the full-year award.
- (3) Any director who transitions from an employee director to a non-employee director without a break in service shall not be eligible to receive an award of DSUs under paragraphs (a) or (b), but shall be eligible to receive awards under paragraph (c), beginning with the first annual meeting of shareholders on or after which such director ceases to be an employee of the Company.

DIRECTOR DEFERRED STOCK UNIT AWARD AGREEMENT

UNDER THE IMMUNOGEN, INC.

2006 EMPLOYEE, DIRECTOR AND CONSULTANT EQUITY INCENTIVE PLAN AND THE COMPENSATION POLICY FOR NON-EMPLOYEE DIRECTORS

Name of Grantee:
No. of Deferred Stock Units Granted:
Grant Date:

Pursuant to the ImmunoGen, Inc. 2006 Employee, Director and Consultant Equity Incentive Plan (the "Plan") and the Compensation Policy for Non-Employee Directors in effect on the date hereof, ImmunoGen, Inc. (the "Company") hereby grants a deferred stock unit award consisting of the number of deferred stock units listed above (an "Award") to the Grantee named above. Each deferred stock unit shall relate to one share of Common Stock, par value \$.01 per share (the "Stock") of the Company, subject to the restrictions and conditions set forth herein and in the Plan.

1. Restrictions on Transfer of Award. The Award shall not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, until (i) the deferred stock units have vested as provided in Section 2 of this Agreement, (ii) the Grantee shall have ceased to be a member of the Company's Board of Directors for any reason and (iii) shares of Stock have been issued pursuant to Section 4 of this Agreement.

2. Vesting of Award. The Award shall vest in accordance with the schedule set forth below, provided in each case that the Grantee is then, and since the Grant Date has continuously been, a member of the Company's Board of Directors.

| Incremental (Aggregate) Number of Deferred Stock Units Vested | Vesting Date |
|--|---------------------|
| | |
| | |

Notwithstanding the foregoing, all unvested deferred stock units shall vest immediately prior to the occurrence of a Change of Control (as defined in the Plan).

3. Forfeiture. In the event the Grantee ceases to be a member of the Company's Board of Directors prior to the applicable vesting dates, all deferred stock units that have not vested as of the Grantee's cessation of service on the Board of Directors shall be immediately forfeited to the Company.

4. Receipt of Shares of Stock.

(a) Within 30 days following the date on which the Grantee ceases to be a member of the Company's Board of Directors for any reason, the Company shall issue to the Grantee in book entry form the number of shares of Stock equal to the number of vested deferred stock units pursuant to Section 2 of this Agreement in satisfaction of the Award.

(b) In each instance above, the issuance of shares of Stock shall be subject to the payment by the Grantee by cash or other means acceptable to the Company of any federal, state, local and other applicable taxes required to be withheld in connection with such issuance in accordance with Section 7 of this Agreement. The Grantee understands that once shares have been delivered by book entry to the Grantee in respect of the deferred stock units, the Grantee will be free to sell such shares of Stock, subject to applicable requirements of federal and state securities laws.

(c) Until such time as shares of Stock are issued to the Grantee pursuant to Section 4(a) the Grantee shall have no rights as a stockholder with respect to any shares of Stock underlying the Award, including, but not limited to any voting rights, provided however, that when and if any cash dividends or other distributions are paid with respect to the shares of Stock underlying the Award such amounts shall accrue and be converted into additional deferred stock units based on the Fair Market Value of the common stock on any such dividend payment or distribution date (with any such fractions of deferred stock units computed to four decimal places rounded down) and any such additional deferred stock units shall be subject to the same conditions and restrictions as are the deferred stock units with respect to which they were paid.

(d) If any of the benefits or the delivery of shares of Stock set forth in this Award or the Plan are deferred compensation under Section 409A of the Code, any termination of services triggering payment of such benefits must constitute a "separation from service" under Section 409A of the Code before, subject to subsection (e) below, distribution of such benefits can commence or the delivery of shares of Stock can occur. For purposes of clarification, this paragraph shall not cause any forfeiture of benefits on the part of the Grantee, but shall only act as a delay until such time as a "separation from service" occurs.

(e) Notwithstanding anything to the contrary herein or in the Plan, if the Grantee is a "key employee" (as defined in Section 409A of the Code) as of the date the Grantee ceases to be a member of the Company's Board of Directors, any issuance of Stock upon a termination of services shall, to the extent this requirement of Section 409A of the Code is applicable to this Award, be delayed to the extent necessary to avoid the imposition of excise taxes or other penalties under Section 409A of the Code until the date which is the first business day after six (6) months have elapsed since the Grantee is no longer providing service for any reason other than death.

5. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in paragraphs 4 and 24 of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein. The Grantee acknowledges receipt of a copy of the Plan.

6. Transferability of this Agreement. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

7. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Grantee may elect to have the required minimum tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued, or (ii) transferring to the Company, a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due. Any reduction in accordance with the foregoing shall, to the extent applicable, be effected in accordance with Section 409A of the Code and Treasury Regulation Sections 1.409A-3(j)(4)(vi) or 1.409A-3(j)(4)(xi).

8. No Guarantee of Tax Consequences. The Company makes no guarantee of any tax consequences associated with this Award.

9. Notice. Notice hereunder shall be given to the Company at its principal place of business, and shall be given to the Grantee at the address set forth below, or in either case at such other address as one party may subsequently furnish to the other party in writing.

10. Continuation of Service. The Award does not confer upon the Grantee any rights with respect to continuation of service as a director of the Company.

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

12. Data Privacy. By entering into this Agreement, the Grantee: (i) authorizes the Company and each Affiliate, and any agent of the Company or any Affiliate administering the Plan or providing Plan record keeping services, to disclose to the Company or any of its Affiliates such information and data as the Company or any such Affiliate shall request in order to facilitate the issuance of the Award and the grant of shares of Stock and the administration of the Plan; (ii) waives any data privacy rights he or she may have with respect to such information; and (iii) authorizes the Company and each Affiliate to store and transmit such information in electronic form.

13. Counterparts. This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IMMUNOGEN, INC.

By: _____
Title: _____

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Dated: _____

Grantee's Signature

Grantee's name and address:

CERTIFICATIONS

I, Daniel Junius, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2009

/s/ Daniel M. Junius

Daniel M. Junius
President, Chief Executive Officer (Principal
Executive Officer)

CERTIFICATIONS

I, Gregory D. Perry, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ImmunoGen, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2009

/s/ Gregory D. Perry

Gregory D. Perry
Senior Vice President, Chief Financial Officer (Principal Financial and
Accounting Officer)

Certification

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

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

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

The Quarterly Report for the period ended September 30, 2009 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2009

/s/ DANIEL M. JUNIUS

Daniel M. Junius
President, Chief Executive Officer
(Principal Executive Officer)

Dated: November 4, 2009

/s/ GREGORY D. PERRY

Gregory D. Perry
Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)
