

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 December 31, 1995  
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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  
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ImmunoGen, Inc.

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

Massachusetts

04-2726691

-----  
(State or other jurisdiction of  
incorporation or organization)

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

148 Sidney Street  
Cambridge, MA 02139

-----  
(Address of principal executive offices, including zip code)

(617) 661-9312

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

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

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act  
of 1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports,) and (2) has been subject to  
such filing requirements for the past 90 days.

Yes  No   
--- ---

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

At February 14, 1996 there were 15,526,357 shares of common stock, par  
value \$.01 per share, of the registrant outstand/ing.

Total Number of Pages: 39  
Exhibit Index at Page: 17

## IMMUNOGEN, INC.

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IMMUNOGEN, INC.  
CONSOLIDATED BALANCE SHEETS  
As of June 30, 1995 and December 31, 1995

	June 30, 1995	December 31, 1995
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 3,047,236	\$ 877,406
Other current assets (Note D)	293,852	1,003,077
	-----	-----
Total current assets	3,341,088	1,880,483
	-----	-----
Property and equipment, net of accumulated depreciation	13,621,383	5,084,142
Other assets (Note D)	83,700	1,683,700
	-----	-----
Total assets	\$ 17,046,171	\$ 8,648,325
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	2,229,003	1,998,392
Accrued compensation	316,973	432,811
Other accrued liabilities	978,253	723,098
Subordinated convertible debentures (Note C)	-	360,000
Current portion of capital lease obligations	942,749	136,340
	-----	-----
Total current liabilities	4,466,978	3,650,641
	-----	-----
Capital lease obligations	2,330,680	109,157
Other non-current liabilities	125,354	-
Commitments		
Redeemable convertible preferred stock, \$.01 par value; authorized 277,080 shares; none issued	-	-
Stockholders' equity (Note C):		
Common stock, \$.01 par value; authorized 20,000,000 shares; issued and outstanding 12,578,606 and 15,074,226 shares as of June 30, 1995 and December 31, 1995, respectively	125,786	150,742
Additional paid-in capital	118,988,736	122,266,150
	-----	-----
Accumulated deficit	119,114,522 (108,991,363)	122,416,892 (117,528,365)
	-----	-----
Total stockholders' equity	10,123,159	4,888,527
	-----	-----
Total liabilities and stockholders' equity	\$ 17,046,171	\$ 8,648,325
	=====	=====

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

IMMUNOGEN, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the three months and six months ended December 31, 1994 and 1995

	Three Months Ended December 31,		Six Months Ended December 31,	
	1994	1995	1994	1995
Revenues:				\$ 223,162
Development fees		\$ 86,834		
Interest	\$ 142,956	22,281	\$ 319,605	56,614
Licensing	-	7,500	-	7,500
Other	13,929	13,929	24,715	27,857
Total revenues	156,885	130,544	344,320	315,133
Expenses:				
Research and development	5,164,704	2,721,238	9,718,052	5,645,838
General and administrative	921,371	507,693	1,917,612	961,264
Interest	121,988	228,166	290,200	592,272
Loss on disposal of assets (Note D)	-	1,652,014	-	1,652,014
Total expenses	6,208,063	5,109,111	11,925,864	8,851,388
Loss before income taxes	(6,051,178)	(4,978,567)	(11,581,544)	(8,536,255)
Income tax expense	1,887	294	4,219	747
Net loss	\$(6,053,065)	\$(4,978,861)	\$(11,585,763)	\$(8,537,002)
Loss per common share	\$ (0.48)	\$ (0.36)	\$ (0.92)	\$ (0.65)
Shares used in computing loss per share amounts	12,569,486	13,757,414	12,564,652	13,169,662

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

IMMUNOGEN, INC.  
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
 For the six months ended December 31, 1995

	Common Stock				Total Stockholders' Equity
	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	
Balance at June 30, 1995	12,578,606	\$125,786	\$118,988,736	\$(108,991,363)	\$10,123,159
Stock options exercised	11,000	110	7,041	-	7,151
Issuance and conversion of 7% subordinated convertible debentures	2,484,620	24,846	3,270,373	-	3,295,219
Net loss for the six months ended December 31, 1995	-	-	-	(8,537,002)	(8,537,002)
Balance at December 31, 1995	15,074,226	\$150,742	\$122,266,150	\$(117,528,365)	\$ 4,888,527

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

IMMUNOGEN, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the six months ended December 31, 1994 and 1995

	Six Months Ended December 31,	
	1994	1995
Cash flows from operating activities:		
Net loss	\$(11,585,763)	\$(8,537,002)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	1,683,527	1,590,150
Loss on disposal of facility	-	1,652,014
Other	-	34,199
Changes in operating assets and liabilities:		
Other current assets	319,306	77,370
Accounts payable	(733,022)	(230,611)
Accrued compensation	114,299	115,838
Other accrued liabilities	(121,700)	(35,659)
Other non-current liabilities	(27,856)	(27,856)
	-----	-----
Net cash used for operating activities	(10,351,209)	(5,361,557)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(384,604)	(18,251)
Proceeds from sale of marketable securities	18,660,193	-
Purchase of marketable securities	(5,466,562)	-
	-----	-----
Net cash provided by (used for) investing activities	12,809,027	(18,251)
	-----	-----
Cash flows from financing activities:		
Proceeds from subordinated convertible debentures	-	3,600,000
Stock issuances, net	14,545	7,151
Principal payments on capital lease obligations	(471,241)	(397,173)
	-----	-----
Net cash provided by (used for) financing activities	(456,696)	3,209,978
	-----	-----
Net change in cash and cash equivalents	2,001,122	(2,169,830)
	-----	-----
Cash and cash equivalents, beginning balance	1,572,389	3,047,236
	-----	-----
Cash and cash equivalents, ending balance	\$ 3,573,511	\$ 877,406
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 163,949	\$ 592,272
	=====	=====
Cash paid for income taxes	\$ 456	\$ 5,000
	=====	=====

Supplemental disclosure of noncash financing activities:

Issuance of 2,484,620 shares of common stock for conversion of \$3,295,219 of principal and interest on 7% subordinated convertible debentures to debenture holders.

IMMUNOGEN, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. In the opinion of management, the accompanying financial statements include all adjustments, consisting of only normal recurring accruals, necessary to present fairly the consolidated financial position, results of operations and cash flows of ImmunoGen, Inc. (the "Company"), which include those of its wholly-owned subsidiary, ImmunoGen Securities Corp., and its 72%-owned subsidiary, Apoptosis Technology, Inc. ("ATI").

The Company has been unprofitable since inception and expects to incur net losses over the next several years, if it is able to raise sufficient working capital to continue operations. The Company's cash resources at December 31, 1995 were \$877,000, and the Company has continued since that date actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements, as well as implementing the lease assignments described in Note D. While the Company remains hopeful that it will be able to consummate an additional financing transaction in the near term, no assurance can be given that such financing will be available to the Company on acceptable terms, if at all. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to curtail or discontinue operations.

B. Effective September 1, 1995 the Company entered into an agreement to sublease approximately 82% of one of its Cambridge, Massachusetts facilities and to lease certain related equipment. The initial term of this sublease agreement expires in February 1997, with two successive one-year renewal options, the first of which has been exercised by the sublessee. Net receipts under this agreement, which are credited to reduce operating expenses, are expected to total approximately \$1.7 million through February 1998, of which approximately \$550,000 is expected to be received by the Company in fiscal 1996.

C. In August 1995 the Company issued \$3.6 million of 7% subordinated convertible debentures, due July 31, 1996, in a private placement to a small number of overseas investors. As of December 13, 1995, debentures totalling \$3.24 million plus accrued interest thereon had been converted to shares of the Company's Common Stock. On December 22, 1995 conversion notices for the remaining \$360,000 principal balance were received by the Company. However, because Nasdaq Stock Market regulations prohibit certain issuances of stock without the prior approval of shareholders and such approval had not been obtained, the Company was unable to convert the debentures at that time. Subsequent to December 31, 1995 the Company sought and received an exception to the shareholder approval requirement from the Nasdaq Stock Market, the shareholders were notified of the exception and in early 1996 the remaining convertible debentures were converted into shares of the Company's Common Stock. In total, 2,753,269 shares were issued to the holders of the \$3.6 million 7% subordinated convertible debentures for both principal and interest.

D. In January 1996 the Company assigned its leases on its Canton, Massachusetts production facility and equipment to another biotechnology company. Under the terms of the agreements, the assignee has assumed all payment obligations under the leases, which amount to approximately \$116,000 per month, and, in addition, will make cash payments to the Company totaling approximately \$2.4 million at various dates through July 1999. As of December 31, 1995 the Company's books reflect this January 1996 disposition of the Company's Canton assets. Short-term and long-term amounts due the Company from the assignee under these agreements are reflected in the Company's December 31, 1995 consolidated balance sheets in Other Current Assets and Other Assets, respectively. Approximately \$635,000 of this amount was received by the Company in January 1996 and an additional \$150,000 is expected to be received in February 1996. In addition, the Company recognized a net loss on its equipment lease at the Canton facility of approximately \$1.7 million. The Company estimates that the assignment of its Canton leases will save approximately \$140,000 per month in total monthly operating expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company was formed to develop, produce and market commercial cancer and other pharmaceuticals based on molecular immunology. The Company is in a research and development phase and expects no revenues to be derived from product sales in the near future.

Since July 1, 1994 the Company has taken steps to reduce its operating costs, including implementation of a restructuring plan in December 1994 and, effective September 1, 1995, subleasing approximately 82% of one of its Cambridge, Massachusetts facilities and leasing certain related equipment. The initial term of this sublease agreement expires in February 1997, with two one-year renewal options. During the quarter ended December 31, 1995, the sublessee exercised the first option, extending the current term to February 1998. In addition, effective January 1, 1996 the Company has assigned its leases on its Canton, Massachusetts facility and equipment to another biotechnology company. Under the terms of the agreements, the assignee has assumed all payment obligations under the leases, which amount to approximately \$116,000 per month and, in addition, will make cash payments to the Company totaling approximately \$2.4 million at various dates to July 1999, of which approximately \$785,000 is expected in fiscal 1996. The Company estimates that this transaction will save approximately \$140,000 per month in total monthly operating expenses.

The Company has been unprofitable since inception and expects to incur net losses over the next several years, if it is able to raise sufficient working capital to continue operations. The Company's cash resources at December 31, 1995 were \$877,000, and the Company has continued since that date actively to seek additional capital by pursuing one or more financing transactions and/or strategic partnering arrangements, as well as implementing the lease assignments discussed above. While the Company remains hopeful that it will be able to consummate an additional financing transaction in the near term, no assurance can be given that such financing will be available to the Company on acceptable terms, if at all. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to curtail or discontinue operations.

RESULTS OF OPERATIONS

Three Months Ended December 31, 1994 and 1995

The Company's revenues decreased approximately 17% from approximately \$157,000 for the three months ended December 31, 1994 to approximately \$131,000 in the same period in 1995. Interest income totalled approximately \$143,000, or 91%, of revenues for the three months

ended December 31, 1994, compared to approximately \$22,000, or 17%, of revenues in the corresponding 1995 period. This 84% decrease in interest income reflects the significant decrease in cash balances available for investment in the 1995 period. Revenues for the three months ended December 31, 1995 include approximately \$86,000 of development revenue, which represents revenue earned under the Small Business Innovation Research Program of the National Institutes of Health. Revenues in both periods also include a gain on sale of assets which resulted from a sale/leaseback agreement for equipment at the Canton facility executed in fiscal 1994 which had been deferred and recorded as other income through December 1995.

Effective January 1, 1996, the Company assigned its facility and equipment leases for its Canton, Massachusetts facility to another biotechnology company. Under the terms of the agreements, the assignee has assumed all payment obligations under the leases, which amount to approximately \$116,000 per month, and, in addition, will make cash payments to the Company totaling approximately \$2.4 million at various dates through July 1999. As of December 31, 1995 the Company's books reflect this January 1996 disposition of the Company's Canton assets. Short-term and long-term amounts due the Company from the assignee under these agreements are reflected in the Company's December 31, 1995 consolidated balance sheets in Other Current Assets and Other Assets, respectively. Approximately \$635,000 of this amount was received in January 1996 and an additional \$150,000 is expected to be received in February 1996. In addition, the Company recognized a net loss on its equipment lease at the Canton facility of approximately \$1.7 million. The Company estimates that the assignment of its Canton leases will save approximately \$140,000 per month in total monthly operating expenses.

The Company's total expenses, including the one-time charge to recognize the disposal of the Canton assets, decreased approximately 18% from approximately \$6.2 million for the three months ended December 31, 1994 to approximately \$5.1 million in the same period in 1995. However, exclusive of that charge, the Company's total expenses decreased approximately 44% to approximately \$3.5 million for the three months ended December 31, 1995.

Research and development costs constituted the primary component of the Company's total ongoing expenses (83% and 79% for the three months ended December 31, 1994 and 1995, respectively), decreasing from approximately \$5.2 million for the three months ended December 31, 1994 to approximately \$2.7 million for the three months ended December 31, 1995. This 47% decrease is principally the result of the savings associated with the Company's restructuring plan implemented in December 1994 and that portion of facilities costs savings attributable to the facility sublease allocated to research and development.

General and administrative expenses decreased 45% from approximately \$921,000 for the three months ended December 31, 1994 to approximately \$508,000 for the three months ended December 31, 1995. This decrease principally represents savings associated with the restructuring plan and that portion of facilities costs savings attributable to the facility sublease allocated to general and administrative expenses.

Interest expense increased 87% from approximately \$122,000 for the three months ended December 31, 1994 to approximately \$228,000 for the three months ended December 31, 1995. This increase is due to issuance costs associated with, and accrued interest on, the Company's 7% subordinated convertible debentures issued in an August 1995 private offering, offset somewhat by lower interest costs associated with the decreasing principal balances of the Company's capital lease agreements. Subsequent to December 1995 and the assignment of the Company's capital lease for equipment at the Canton facility, only one capital lease agreement remains.

#### Six Months Ended December 31, 1995

The Company's revenues decreased approximately 8% from approximately \$344,000 for the six months ended December 31, 1994 to approximately \$315,000 in the same period in 1995. Interest income totalled approximately \$319,000, or approximately 93%, of revenues for the six months ended December 31, 1994, compared to approximately \$57,000, or 18% of revenues, in the corresponding 1995 period. This decrease is attributable to the significant decrease in cash balances available for investment in the 1995 period. Revenues for the six month period ended December 31, 1995 include development revenues of approximately \$223,000, or 71% of total revenues, which represents revenue earned under the Small Business Innovation Research Program of the National Institutes of Health. Also included in revenues for the 1995 period are \$7,500 of licensing revenues received by the Company's 72%-owned subsidiary, Apoptosis Technology, Inc., on the signing of a licensing agreement. Revenues in both periods include a gain on sale of assets which resulted from the sale/leaseback agreement for certain equipment at the Canton, Massachusetts facility executed in fiscal 1994 which had been deferred and recorded as income through December 1995.

Total expenses decreased approximately 26% from approximately \$11.9 million for the six months ended December 31, 1994 to approximately \$8.9 million in the corresponding 1995 period. Without the one-time charge for disposal of the Canton facility and equipment, the Company's total expenses would have decreased approximately 40%, from approximately \$11.9 million to approximately \$7.2 million.

Research and development costs constituted the primary component of the Company's total ongoing expenses (81% and 78% for the six months ended December 31, 1994 and 1995, respectively), decreasing approximately 42% from approximately \$9.7 million for the six months ended December 31, 1994 to approximately \$5.6 million for the corresponding 1995 period. As in the three months ended December 31, this decrease is primarily the result of the Company's restructuring plan implemented in December 1994 and that portion of the facilities costs savings attributable to the facility sublease allocated to research and development.

General and administrative expenses decreased approximately 50% from approximately \$1.9 million for the six months ended December 31, 1994 to approximately \$1.0 million in the corresponding 1995 period. As in the three months ended December 31, this decrease results principally from savings associated with the restructuring plan implemented in December 1994 and that portion of facilities costs savings attributable to the facility sublease allocated to general and administrative expenses.

Interest expense increased 104% from approximately \$290,000 for the six months ended December 31, 1994 to approximately \$590,000 for the corresponding 1995 period. This increase is due to issuance costs associated with, and accrued interest on, the Company's 7% subordinated convertible debentures issued in an August 1995 private offering, offset somewhat by lower interest costs associated with the decreasing principal balance of the Company's capital lease agreements.

#### LIQUIDITY AND CAPITAL RESOURCES

Since July 1, 1993 the Company has financed its operating deficit of approximately \$52.1 million from various sources, including net proceeds of approximately \$13.0 million raised in its February 1994 public offering, net proceeds of approximately \$3.3 million raised in its August 1995 private offering to foreign investors and from the exercise of stock options. Since July 1, 1993 the Company has received approximately \$1.3 million of interest income. At December 31, 1995 approximately \$0.9 million of cash and cash equivalents remained available.

In February 1994 the Company sold in a public offering 2,012,500 shares of its Common Stock. Net proceeds to the Company amounted to \$13,242,250. In March 1994 the Company executed a sale/leaseback agreement to finance approximately \$4.0 million of equipment at its Canton, Massachusetts facility. The transaction included warrants to purchase Common Stock, which expire in April 1999.

In August 1995 the Company issued \$3.6 million of 7% subordinated convertible debentures, due July 31, 1996, in a private placement to a small number of foreign investors. Net proceeds to the Company amounted to approximately \$3.3 million. As of December 13, 1995, debentures totalling \$3.24 million plus accrued interest thereon had been converted to shares of the Company's Common Stock. On December 22, 1995 conversion notices for the remaining \$360,000 principal balance were received by the Company. However, because Nasdaq Stock Market regulations prohibit certain issuances of stock without the prior approval of shareholders and such approval had not been obtained, the Company was unable to convert the debentures at

that time. Subsequent to December 31, 1995 the Company sought and received an exception to the shareholder approval requirement from the Nasdaq Stock Market, the shareholders were notified of the exception and in early 1996 the remaining convertible debentures were converted into shares of the Company's Common Stock. In total, 2,753,269 shares were issued to the holders of the \$3.6 million 7% subordinated convertible debentures for both principal and interest.

In the period since July 1, 1993 approximately \$8.1 million was expended on property and equipment, including equipment sold and leased back by the Company, principally for construction of the Company's manufacturing facilities. No significant amounts are expected to be expended on property and equipment in fiscal 1996.

Pursuant to its agreements with ATI, ImmunoGen has agreed to obtain or furnish an additional \$3.0 million in equity for ATI on such terms and conditions as may be mutually agreed to by ATI and the providers of such additional equity. The Company anticipates that approximately \$650,000 of funding may be required by ATI during calendar year 1996 in order for ATI to satisfy certain contractual obligations.

The Company anticipates that its existing capital resources will enable it to maintain its current and planned operations through February 1996. Because of its continuing losses from operations and working capital deficit, the Company will be required to obtain additional capital to satisfy its ongoing capital needs and to continue its operations. Although management continues to pursue additional funding arrangements, no assurance can be given that such financing will in fact be available to the Company. If the Company is unable to obtain financing on acceptable terms in order to maintain operations, it could be forced to curtail or discontinue its operations.

IMMUNOGEN, INC.  
PART II - OTHER INFORMATION  
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Item 1. Legal Proceedings  
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Not applicable.

Item 2. Changes in Securities  
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Not applicable.

Item 3. Defaults Upon Senior Securities  
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Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders  
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Not applicable.

Item 5. Other Information  
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Not applicable.

Item 6. Exhibits and Reports on Form 8-K  
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(a) Exhibits

Exhibit 10.29 Leasehold Mortgage and Collateral  
Assignment of Lessee's Interest dated  
January 1, 1996 between OraVax, Inc.,  
as assignor, and the Registrant, as assignee

Exhibit 10.30 Assignment of Lease dated January 1,  
1996 between the Registrant, as assignor,  
and OraVax, Inc., as assignee

Exhibit 10.31 Assignment of Equipment Lease and Lessor's Consent dated January 1, 1996 by and among the Registrant, as lessee, OraVax, Inc., as assignee, and Aberlyn Capital Management Limited Partnership, as lessor

- (b) No reports on Form 8-K were filed during the three months ended December 31, 1995.

## SIGNATURES

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

IMMUNOGEN, INC.

Date: February 14, 1996

By: /s/ Mitchel Sayare

-----  
Mitchel Sayare  
Chief Executive Officer  
(principal executive officer)

Date: February 14, 1996

By: /s/ Frank J. Pocher

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

## IMMUNOGEN, INC.

## EXHIBIT INDEX

Exhibits	Sequentially Numbered	
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10.30	Assignment of Lease dated January 1, 1996 between the Registrant, as assignor, and OraVax, Inc., as assignee	25
10.31	Assignment of Equipment Lease and Lessor's Consent dated January 1, 1996 by and among the Registrant, as lessee, OraVax, Inc., as assignee, and Aberlyn Capital Management Limited Partnership, as lessor	33

## LEASEHOLD MORTGAGE AND COLLATERAL ASSIGNMENT

## OF LESSEE'S INTEREST

THIS LEASEHOLD MORTGAGE AND COLLATERAL ASSIGNMENT OF LESSEE'S INTEREST (this "Mortgage") is made as of the 1st day of January, 1996 by ORAVAX, INC., a Delaware corporation (the "Assignor"), with a mailing address at 38 Sidney Street, Cambridge, Massachusetts 02139, to IMMUNOGEN, INC., its successors and assigns (the "Assignee"), with a mailing address at 128 Sidney Street, Cambridge, Massachusetts 02139.

Reference is made hereby to a certain Assignment of Lease (the "Assignment"), of even date, by and between Assignee and Assignor, which relates to Assignee's assignment to Assignor of all of Assignee's right, title and interest in and to a lease (the "Space Lease") between Assignee and AEW #1 Corporation ("Landlord"), covering certain premises known as 90 Shawmut Road in Canton, Massachusetts. Pursuant to the Lease Assignment, Assignor undertook certain obligations, including without limitation the performance of all obligations of Assignee under the Space Lease, and the payment of Two Million Two Hundred Ninety Thousand Dollars (\$2,290,000.00) in installments (collectively, the "Obligations"). The Lease and the Assignment, as well as any other instrument or agreement executed and/or delivered in connection therewith, may be referred to as the "Instruments."

In order to secure further the prompt payment of all Obligations due in respect of the Assignment, Assignor does hereby (I) assign, transfer, and set over unto the Assignee (a) all right, title and interest of Assignor in, to and under the Space Lease (including without limitation any leasehold improvements therein, to the extent owned by Assignor), now existing or which Assignor may from time to time hereafter obtain during the term of this Mortgage, together with any and all extensions, amendments, replacements, substitutions or modifications thereof; (b) all of Assignor's contractual rights now existing or hereafter arising between Assignor and any successor landlord, together with the right to dispose of or otherwise act with respect to such rights in the event of bankruptcy or insolvency of any such landlord (the "Contractual Rights"), and (c) all of Assignor's rights, whether evidenced by permit, agreement or otherwise, to operate the premises demised under the Lease (the "Premises") (the "Operating Rights") and (II) grant to Assignee all of Assignor's right, title and interest in, under and to (x) the Lease (y) the Contractual Rights, and (z) the Operating Rights, with MORTGAGE COVENANTS and with all the rights of a secured party under the Uniform Commercial Code as in effect from time to time in the Commonwealth of Massachusetts.

The Premises are more particularly described in Exhibit A attached hereto, and consist in part of real property located at 90 Shawmut Road in Canton, Massachusetts.

The rights granted in this Mortgage shall become operative or may be exercised at the option of the Assignee upon the occurrence of any default under this Mortgage or the other Instruments beyond any applicable cure period (hereinafter, an "Event of Default"), provided that in no event shall an Event of Default be deemed to exist until any default by Assignor has

continued for a period of (i) fifteen (15) days after written notice thereof by Assignee in the case of a payment due from Assignor to Assignee under the Lease Assignment, and (ii) thirty (30) days after written notice thereof by Assignee in the case of any default not involving such a payment, or, if shorter, any period of time allowed by landlord under the Lease for Assignee to cure a failure by Assignor. So long as there shall exist no default in the payment of the indebtedness secured hereby or in the performance of any obligation, covenant or agreement herein or in the Instruments, or a default contained in the Lease on the part of the Assignor to be performed, which continues beyond any cure period contained herein or therein, the Assignor shall have the right to use and enjoy all rights and privileges granted to it pursuant to the terms of the Lease.

Assignor hereby authorizes Assignee, its employees and agents, at the Assignee's option, upon or at any time after an Event of Default and with such notice as shall be required by law, if any, to enter upon the Premises and take possession thereof and exercise all other rights and privileges granted to Assignor pursuant to the Lease.

Assignor also authorizes Assignee, its employees and agents, at its option after such Event of Default, to enforce all or any of such contractual rights as may have been assigned hereby, and Assignor hereby irrevocably appoints Assignee its attorney in fact, coupled with an interest, to do all acts pertaining thereto in its place and stead.

Assignor also authorizes Assignee, its employees and agents, upon such entry, at its option, to take over and assume the management, operation and maintenance of the Premises as provided for pursuant to the terms of the Lease and in connection therewith to perform all acts and to expend such monies as Assignee may deem advisable, in the same manner and to the same extent as Assignor might do including the right to enter into subleases with subtenants for the management, operation and maintenance of the Premises described in the Lease. Assignor hereby releases all claims against Assignee arising out of or in connection with such management, operation and maintenance and the exercise of its other rights hereunder.

Assignor agrees, represents, covenants and warrants to Assignee that (1) Assignor has not executed any prior assignment of its rights thereunder, (2) Assignor will not modify, amend or terminate the Lease without the prior written consent of Assignee, which consent shall not be unreasonably withheld provided that any such modification or amendment does not adversely affect the security granted to Assignee hereunder, and that in the event of a proposed termination, Assignee is furnished with substitute collateral reasonably satisfactory to Assignee, (3) Assignor will not do any act which would destroy or impair the benefits to Assignee of this Mortgage, and will promptly pay and perform all of its obligations under the terms of the Lease, (4) Assignor is the owner of a valid and subsisting interest as tenant under the Lease prior to the expiration or any applicable cure periods set forth in the Lease, (5) the Assignor has full power and lawful authority to mortgage and grant the security interests in the manner and form herein done, (6) the Assignor will preserve the leasehold estate created by the Lease, and will forever

warrant and defend the same to the Assignee and will forever warrant and defend the validity and priority of the lien hereof to the Assignee against the claims of all persons and parties whomsoever (except as otherwise provided in the Assignment), (7) the Assignor will not, without the Assignee's prior written consent, enter into any agreement terminating, modifying or amending the Lease or releasing the Landlord thereunder from any obligations imposed upon it thereby, and any such termination, modification or amendment of the Lease or release of the Landlord without the prior written consent thereto by the Assignee (which consent shall not be unreasonably withheld provided that any such modification or amendment does not adversely affect the security granted to Assignee hereunder, and that in the event of a proposed termination, Assignee is furnished with substitute collateral reasonably satisfactory to Assignee), shall be void and of no force and effect, (8) if the Assignor receives a notice of default under the Lease, it shall immediately cause a copy of such notice to be given to the Assignee, (9) Assignor will send Assignee copies of all statements and notices of a material nature, in addition to notices of default, which are required to be given under any Lease or received with respect thereto, (10) the interests of Assignor and Landlord under the Lease shall not be merged and thereby extinguished without Assignee's prior written consent, (11) notwithstanding any provisions of the Lease to the contrary, no notice of cancellation of the Lease shall be given by the Assignor until Assignee has given its prior written consent thereto, unless all obligations of the Assignor pursuant to the Instruments have been paid or performed in full and Assignee has acknowledged such payment or performance in writing signed by an officer of the Assignee duly authorized to do so, and (12) Assignor will not further mortgage or otherwise encumber the leasehold estate or other interests hereby mortgaged or assigned.

Assignor shall not, without having obtained the prior written consent of Assignee, which consent shall not be unreasonably withheld provided such release, consent or waiver will not adversely affect the security granted Assignee hereunder, release Landlord from any liability under the Lease or otherwise, or consent to, suffer or permit or waive any act or omission on the part of the Landlord. In addition, Assignor acknowledges that, under the terms of that certain Consent to Assignment of Lease and Leasehold Mortgage to be executed and delivered by Landlord in respect of the Assignment, Landlord requires that Assignee remain liable to Landlord for all obligations and liabilities of Assignor under the Lease. Therefore, Assignor agrees with Assignee: (i) not to amend or modify, or agree to or acquiesce in any amendment to or modification of, the Lease, the effect of which amendment or modification would be to increase or extend the obligations or liability of the Assignor or Assignee under the Lease, as so amended or modified, without Assignee's prior written consent (which shall not be unreasonably withheld or delayed, provided that Assignor shall have given Assignee such information as Assignee may reasonably request regarding Assignor's financial standing and condition as to allow Assignee to determine that Assignor has resources sufficient under the circumstances to meet such increased obligations); and (ii) to immediately give Assignee a true and complete copy of any notice or other correspondence received by Assignor in respect of the Lease, including without limitation any notice or correspondence concerning any failure, breach or default, whether actual or alleged, on the part of Assignor under the Lease.

The Assignee shall not be liable for any loss sustained by the Assignor resulting from any act or omission of the Assignee in exercising its rights hereunder or under the Lease unless such loss is caused by the bad faith of the Assignee. Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Lease (except as otherwise provided in the Assignment), and Assignor hereby indemnifies and holds Assignee harmless from any liability, loss, or damage which it might incur under the Lease (except as otherwise provided in the Assignment), by reason of this Mortgage or the exercise of its rights hereunder, or from any other claims or demands which may be asserted against Assignee by reason of any alleged obligation or undertaking on its part to be performed or discharged under the Lease (except as otherwise provided in the Assignment) prior to completion of the exercise of its rights hereunder or in defense of any such claims or demands, excluding, however, any liability, loss, damage, claim or demand arising out of Assignee's bad faith. The amount of any indemnified liability, loss, damage, claim or demand, including costs, expenses and reasonable attorneys' fees, shall be secured hereby. Upon the failure of the Assignor to do so, the Assignee may, at its option, declare all sums secured hereby immediately due and payable and shall cause any non-reimbursed amounts to be added to the debt secured hereby. If Assignee incurs any such liability, loss or damage in the defense of any such claims or demands, Assignor shall immediately, upon demand, reimburse Assignee for the amount thereof, including costs, expenses and reasonable attorneys' fees. It is further understood that, prior to completion of the exercise of its rights hereunder, this Agreement shall not operate to place responsibility upon the Assignee for the control, care, management or repair of the Premises, nor for the carrying out of any of the terms and conditions of the Lease; nor shall it operate to make the Assignee responsible or liable for any negligence in the management, upkeep, repair or control of the Premises resulting in loss or injury or death to any tenant, licensee, employee or stranger.

Entry by Assignee upon the Premises under the terms of this Mortgage shall not constitute Assignee a "mortgagee in possession" in contemplation of law, except at the option of Assignee expressed in writing.

The provisions of this Mortgage shall be binding upon Assignor and Assignor's legal representatives, successors and assigns and shall inure to the benefit of the Assignee and its successors and assigns. To the maximum extent permitted by law, this instrument shall be governed by the law of the Commonwealth of Massachusetts.

This Mortgage shall remain in full force and effect so long as any obligations under the Instruments shall remain outstanding and only a discharge hereof appearing of record in the Norfolk County Registry of Deeds or Land Court or other written acknowledgment signed by an officer of the Assignee duly authorized to do so shall operate as a release of Assignee's rights and interest hereunder.

The mortgage granted hereby is upon the STATUTORY CONDITION and also upon the other conditions herein set forth, all of which shall be binding on Assignor and those claiming

under Assignor. For any breach of the aforesaid STATUTORY CONDITION or of any of the other conditions herein set forth, Assignee or any subsequent holder of this instrument shall have the STATUTORY POWER OF SALE in addition to any other remedy or remedies provided herein.

Assignee may elect to exercise any or all of its rights hereunder and the partial exercise of its rights hereunder at any one time shall not thereafter preclude the exercise, at any later time or times, of its other rights hereunder.

The mortgage lien granted hereby includes and attaches to all of Assignor's rights and remedies at any time arising under or pursuant to Section 365(h) of the Bankruptcy Code, 11 U.S.C. Sec. 365(h), including, without limitation, all of its rights to remain in possession of the Premises thereunder.

Assignor shall not, without prior written consent of Assignee, elect to treat the Lease as terminated or elect to remain in possession of the Premises under Section 365(h)(1) of the Bankruptcy Code, 11 U.S.C. Sec. 365(h)(1). Any such election made without Assignee's prior written consent shall be void.

Assignor hereby unconditionally assigns, transfers and sets over to Assignee all of Assignor's claims and rights to the payment of damages arising from any rejection of the Lease under the Bankruptcy Code, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code"). Assignee shall have the right to proceed in its own name or in the name of Assignor in respect of any claim, suit, action or proceeding relating to the rejection of the Lease, including, without limitation, the right to file and prosecute, to the exclusion of Assignor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of Landlord under the Bankruptcy Code. This assignment constitutes a present, irrevocable and unconditional assignment of the foregoing claims, rights and remedies, and shall continue in effect until all of the indebtedness and obligations secured by this Mortgage shall have been satisfied and discharged in full. Any amounts received by the Assignee as damages arising out of the rejection of the Lease as aforesaid shall be applied first to all costs and expenses of Assignee (including, without limitation, reasonable attorneys' fees) incurred in connection with the exercise of any of its rights or remedies hereunder.

If, pursuant to Section 365(h)(2) of the Bankruptcy Code, Assignor seeks to offset against the rent reserved in the Lease the amount of any damages caused by the non-performance by the Landlord of any of Landlord's obligations under the Lease after the rejection by Landlord of the Lease under the Bankruptcy Code, Assignor shall, prior to effecting such offset, notify the Assignee of its intent so to do, setting forth the amounts proposed to be so offset and the basis therefor. Assignee shall have the right to object to all or any part of such offset, and, in the event of such objection, Assignor shall not effect any offset of the amounts so objected to by Assignee. If Assignee has failed to object as aforesaid within 30 days after notice from the

Assignor in accordance with the first sentence of this paragraph, Assignor may proceed to effect such offset in the amounts set forth in Assignor's notice. Neither the Assignee's failure to reject as aforesaid nor any objection or other communication between Assignee and Assignor relating to such offset shall constitute an approval of any such offset by Assignee. Assignor shall indemnify and save Assignee harmless from and against any and all claims, demands, actions, suits, proceedings, damages, losses, costs and expenses of every nature whatsoever (including, without limitation, attorneys' fees) arising from or relating to any offset by Assignor against the rent reserved in the Lease.

If any action, proceeding, motion or notice shall be commenced or filed in respect of the Landlord of the Premises in connection with any case under the Bankruptcy Code, the Assignee shall have the option, to the exclusion of Assignor, exercisable upon notice from Assignee to Assignor, to conduct and control any such litigation with counsel of Assignee's choice. Assignee may proceed in its own name or in the name of Assignor in connection with any such litigation, and Assignor agrees to execute any and all powers, authorizations, consents or other documents required by the Assignee in connection therewith. Assignor shall, upon demand, pay to Assignee all costs and expenses (including reasonable attorneys' fees) paid or incurred by Assignee in connection with the prosecution or conduct of any such proceedings. Any such costs or expenses not paid by Assignor as aforesaid shall be secured by the lien of this Mortgage and shall be added to the principal amount of the indebtedness secured hereby. Assignor shall not commence any action, suit, proceeding or case, or file any application or make any motion, in respect of the Lease in any such case under the Bankruptcy Code without the prior written consent of Assignee.

Assignor shall, promptly after obtaining knowledge thereof, notify Assignee orally of any filing by or against Landlord of a petition under the Bankruptcy Code. Assignor shall thereafter forthwith give written notice of such filing to Assignee setting forth any information available to Assignor as to the date of such filing, the court in which such petition was filed, and the relief sought therein. Assignor shall promptly deliver to Assignee, following receipt, any and all notices, summonses, pleadings, applications and other documents received by Assignor in connection with any such petition and any proceedings relating thereto or in connection therewith.

Assignor and Assignee (by its acceptance of this Agreement) hereby irrevocably waive any and all rights to a trial by jury in any action, proceeding or counterclaim arising out of or in any way related to this Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be signed as an instrument under seal as of January 1, 1996.

ORAVAX, INC.

By: /s/ Lance K. Gordon  
-----  
Lance K. Gordon  
Its: President and Chief Executive Officer, hereunto  
duly authorized

By: /s/ Keith S. Ehrlich  
-----  
Keith S. Ehrlich  
Its: Vice President, Treasurer and Chief Financial  
Officer, hereunto duly authorized

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this 22nd day of January, 1996, before me personally appeared Lance K. Gordon and Keith S. Ehrlich, the President and Chief Executive Officer, and the Vice President, Treasurer and Chief Financial Officer, respectively, of Oravax, Inc., and acknowledged this instrument to be the free act and deed of Oravax, Inc.

/s/ Julie M. Klinger  
-----  
Notary Public  
My commission expires:

[stamp: JULIE M. KLINGER  
Notary Public  
My Commission Expires Feb. 22, 2002]

## ASSIGNMENT OF LEASE

THIS ASSIGNMENT OF LEASE (this "Agreement"), dated as of January 1, 1996, by and between IMMUNOGEN, INC. ("Tenant"), a Massachusetts corporation, and ORAVAX, INC. ("Assignee"), a Delaware corporation.

WHEREAS, by a lease (the "Lease") dated as of June 30, 1992, AEW #1 CORPORATION ("Landlord") leased to Tenant that certain 31,113 square-foot building (the "Premises") known as and numbered 90 Shawmut Road, Canton, Massachusetts; and

WHEREAS, on and subject to the terms and conditions set forth herein, Tenant now desires to assign all of its right, title and interest in and to the Lease to Assignee, and Assignee desires to accept such assignment, effective as of the date hereof; and

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, each to the other paid, the receipt and sufficiency of which are hereby acknowledged, Landlord, Tenant and Assignee hereby agree as follows:

1. ASSIGNMENT; REPRESENTATION; INDEMNITY. (a) That, effective as of the date hereof, Tenant hereby assigns to Assignee all of Tenant's right, title and interest in and to the Lease, including without limitation all security and other deposits currently being held by Landlord in respect of the Lease, and Tenant's right to purchase the Premises as set forth in Section 2.6 of the Lease, all upon the terms and conditions herein set forth. A true copy of the Lease, together with any amendments, is annexed as Exhibit A.  
  
(b) Tenant represents and warrants to Assignee that, as of the date hereof, it has not received from Landlord any written notice from Landlord to the effect that any default (or event or circumstance which, with the passage of time or the giving of notice, would constitute a default) exists on the part of Tenant under the Lease, and to the best of Tenant's actual knowledge, no such default, event or circumstance in fact exists; and Tenant agrees with Assignee to indemnify and hold Assignee harmless from and against any and all costs and obligations to have been paid or performed by Tenant under the Lease on or prior to the date hereof.  
  
(c) Tenant agrees with Assignee to indemnify and hold Assignee harmless from and against any and all loss, cost, damage and expense suffered by Assignee (including without limitation reasonable attorneys' fees and costs of defense) as a result of any claim under or in respect of the Lease, which claim relates to the period prior to the date hereof.  
  
(d) Tenant has not dealt with any broker or other person or firm to whom a commission or fee is or may be due in respect of this assignment, and Tenant hereby agrees to

indemnify and hold the Assignee and Landlord harmless from and against any and all loss, cost, damage and expense (including without limitation reasonable attorneys' fees and costs) suffered by the other as a result of any claim against Assignee or Landlord that a fee or commission is due on account of a relationship between the claimant and the Tenant.

2. ACCEPTANCE AND ASSUMPTION OF OBLIGATIONS; INDEMNITY. (a) Assignee accepts from Tenant the above assignment, and hereby agrees with Landlord and Tenant faithfully to assume and perform each and every obligation of Tenant under the Lease, including without limitation the obligation to pay rent, additional rent, additional charges, common area charges, real estate taxes and any and all other costs and expenses, however labelled or designated, and to observe all terms and conditions thereof, including without limitation the prohibition against further subletting or assignment, with the same force and effect as if Assignee were the Tenant originally named under the Lease.

(b) Assignee agrees to accept the Premises in their "As Is" condition as of December 29, 1995, and represents that Assignee has inspected the Premises and any common areas demised under the Lease, and is satisfied as to their suitability for Assignee's intended uses. Neither Tenant nor Landlord shall be liable for the performance of any work to prepare the Premises for Assignee's use, or for the reimbursement of any cost or expense incurred by Tenant in connection with any such work. Notwithstanding any provision hereof to the contrary, Assignee shall be required upon the expiration or earlier termination of the Lease to return the Premises to Landlord in such condition as may be required in the Lease, and Tenant shall have no liability for any restoration of or repair to the Premises. The removal of any fixtures, equipment, additions, alterations or improvements, whether made by Tenant or Assignee, shall be the sole responsibility of Assignee.

(c) Assignee agrees with Tenant to indemnify and hold Tenant harmless from and against any and all loss, cost, damage and expense suffered by Tenant (including without limitation reasonable attorneys' fees and costs of defense) as a result of any claim under or in respect of the Lease, which claim relates to the period on or subsequent to the date hereof. Notwithstanding the foregoing, Assignee shall not be liable to indemnify Tenant from any such loss, cost, damage or expense arising from any tort claim in the Premises occurring prior to the date on which Tenant first delivers possession of the Premises to Assignee.

(d) Assignee has not dealt with any broker or other person or firm to whom a commission or fee is or may be due in respect of this assignment, and Assignee hereby agrees to indemnify and hold the Tenant and Landlord harmless from and against any and all loss, cost, damage and expense (including without limitation reasonable attorneys' fees

and costs) suffered by the other as a result of any claim against Tenant or Landlord that a fee or commission is due on account of a relationship between the claimant and the Assignee.

(e) Assignee acknowledges that, under the terms of that certain Consent to Assignment of Lease and Leasehold Mortgage to be executed and delivered by Landlord in respect of this Assignment, Landlord requires that Tenant remain liable to Landlord for all obligations and liabilities of Assignee under the Lease. Therefore, Assignee agrees with Tenant: (i) not to amend or modify, or agree to or acquiesce in any amendment to or modification of, the Lease, the effect of which amendment or modification would be to increase or extend the obligations or liability of the Assignee under the Lease, as so amended or modified, without Tenant's prior written consent (which shall not be unreasonably withheld or delayed, provided that Assignee shall have given Tenant such information as Tenant may reasonably request regarding Assignee's financial standing and condition as to allow Tenant to determine that Assignee has resources sufficient under the circumstances to meet such increased obligations); and (ii) to immediately give Tenant a true and complete copy of any notice or other correspondence received by Assignee in respect of the Lease, including without limitation any notice or correspondence concerning any failure, breach or default, whether actual or alleged, on the part of Assignee under the Lease.

3. EQUIPMENT LEASE. Assignee agrees that, as a material part of the assignment and assumption transaction represented hereby, Assignee and Tenant have entered into an Assignment and Assumption of Equipment Lease of even date (the "Equipment Assignment"), whereby Assignee has agreed to accept and assume from Tenant an assignment of all of Tenant's right, title and interest in and to that certain Master Lease Agreement dated as of March 31, 1994, by and between Tenant and Aberlyn Capital Management Limited Partnership (the "Equipment Lease").
4. TENANT'S PAYMENTS FOR EQUIPMENT; COLLECTION. (a) In addition to assuming Tenant's obligations under the Equipment Lease, and as a material inducement to Tenant's entering into this Assignment, Assignee has agreed to purchase from Tenant, and Tenant has agreed to sell to Assignee, the leasehold improvements in the Premises, together with certain other equipment, fixtures and personal property belonging to Tenant, and assign to Assignee all of Tenant's right, title and interest in and to the leasehold improvements heretofore made by Tenant in the Premises. In consideration thereof, Tenant promises to pay to Tenant the sum of Two Million Two Hundred Ninety Thousand Dollars (US\$2,290,000.00), which shall be paid in installments as follows:
  1. Assignee promises to pay to Tenant (or to Tenant's order) Five Hundred Thousand Dollars (US\$500,000.00), to be

paid to Tenant simultaneously with Tenant's execution hereof;

2. Assignee promises to pay to Tenant (or to Tenant's order) One Hundred Fifty Thousand Dollars (US\$150,000.00) on the later to occur of (x) 5:00 p.m., Boston time, on February 2, 1996, or (y) the date on which Tenant delivers to Assignee's address set forth in Section 8 hereof all drawings, plans, warranties and other technical information relevant to the Premises and in the possession or under the control of Tenant or its agents or employees (Tenant hereby represents to Assignee that Tenant has in its possession or under its control all drawings, plans, warranties and other technical information necessary for the proper operation of the Premises for the purposes for which the Premises were constructed);
3. Assignee promises to pay to Tenant (or to Tenant's order) Three Hundred Thirty Thousand Dollars (US\$330,000.00) on the earlier to occur of (x) 5:00 p.m., Boston time, on July 1, 1997, or (y) the date on which Assignee has closed one or more contemplated equity financings having aggregate gross proceeds of not less than Twenty Million Dollars (US\$20,000,000.00); and
4. Assignee promises to pay to Tenant (or to Tenant's order) One Million Three Hundred Ten Thousand Dollars (US\$1,310,000.00) in four installments, the first installment for Two Hundred Sixty Thousand Dollars (\$260,000) being due and payable October 1, 1998, and the remaining installments of Three Hundred Fifty Thousand Dollars (\$350,000) each being due and payable January 1, 1999, April 1, 1999, and July 1, 1999.

All payments referred to above shall be paid in immediately available federal funds, either by wire transfer or by cashier's check drawn on Fleet Bank of Massachusetts, N.A., BayBank, N.A., The First National Bank of Boston or another national banking association in Boston or New York City reasonably acceptable to Tenant. The payments referred to in clauses (3) and (4) above shall be subject to adjustment to the extent that any equipment leased by Tenant under the Equipment Lease is missing or damaged, all as more particularly set forth in the Equipment Assignment.

(b) In the event that Assignee shall fail to make any such payment when due, Assignee shall pay to Tenant, in addition to the amount due, a late charge equal to five percent (5%) thereof and, if such failure shall continue for fifteen (15) days after written notice thereof from Tenant to Assignee, Tenant shall have the right (but not the obligation), without limiting any other rights or remedies Tenant may have, to: (i) declare the entire amount then unpaid (including without limitation late charges) to be immediately due and payable in full; (ii) to terminate this Assignment and declare the same null, void and without further force or effect (without, however, in any way affecting Tenant's liability for the period between the date hereof and the date of such termination) and peaceably re-enter the Premises and repossess the same and any leasehold improvements owned by Assignee; and (iii) to exercise its rights under the Mortgage (as hereinafter defined). In addition to the \$2,290,000 to be paid as aforesaid, Assignee shall, simultaneously with Assignee's execution hereof, pay over to Tenant the \$40,000.00 security deposit currently being held by Landlord, as referenced in Section 3(c) above.

(c) The Assignee agrees to pay all costs of suit and other expenses of collection, including reasonable fees and expenses of attorneys at both the trial and appellate levels, in the event that this instrument is placed in the hands of any attorney for collection or suit is brought thereon.

(d) The Assignee hereby waives presentment, protest and demand, notice of protest, demand and dishonor and non-payment hereof, and to the extent permitted by law, waives and releases all rights of redemption, valuation, appraisal, notice of election to mature or to declare due the whole of the indebtedness evidenced hereby, and to the extent permitted by law, errors, defects and imperfections in any proceedings instituted by the Tenant under the terms hereof or benefits that might accrue to the Assignee by virtue of any present or future laws providing for any stay of execution, exemption from civil process, or extension of time for payment. Further, Assignee agrees that its liability hereunder shall remain unimpaired, notwithstanding any extension of the time of payment or other indulgence granted by the Tenant, or the release of all or any part of any security for the liability of any party which may assume the obligation to make payment of the indebtedness evidenced hereby, or the performance and the obligations of the Assignee hereunder. The foregoing shall not be deemed to constitute a waiver by Assignee of any rights that may be available to Assignee under applicable law to offset against any such payment obligation the amount of any judgment obtained by Assignee against Tenant as a result of Tenant's failure or refusal to perform its obligations hereunder.

(e) In no event shall either party, by any act of omission or commission, be deemed to waive any of its rights or remedies hereunder unless such waiver is in writing signed by such party, and no waiver of any one event shall be construed as continuing or as a bar to or waiver of such right or remedy on a subsequent event.

(f) Any legal action or proceeding with respect to the collection of the indebtedness evidenced hereby may, at the option of the Tenant, be brought in the courts of The Commonwealth of Massachusetts or of the United States of America for the District of Massachusetts. By execution and delivery hereof, the Assignee accepts, generally and unconditionally, the jurisdiction of the aforesaid courts. The Assignee irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to the party at its address set forth herein.

(g) Assignee's obligation to make each such payment as and when due shall be secured by a Leasehold Mortgage and Assignment of Lessee's Interest (the "Mortgage"), by Assignee in favor of Tenant, covering Assignee's interest in the Lease, such Mortgage to be in the form attached hereto as EXHIBIT B.

5. NOTICES, ETC. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered or certified mail, return receipt requested, postage prepaid.

If to the Landlord:

AEW #1 Corporation  
265 Franklin Street  
Boston, MA 02110

With a copy to:

Stephen M. Nolan, Esq.  
Hill & Barlow  
One International Place  
Boston, MA 02109

If to the Tenant:

Immunogen, Inc.  
128 Sidney Street  
Cambridge, MA 02139  
Attention: Mr. Frank Pocher

With a copy to:

Stephen T. Langer, Esq.  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
One Financial Center  
Boston, MA 02111

If to Assignee:

Oravax, Inc.  
38 Sidney Street  
Cambridge, MA 02139  
Attention:

With a copy to:

Jeffrey Hermanson, Esq.  
Hale and Dorr  
60 State Street  
Boston, MA 02109

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the 5th business day following the day such mailing is made. The Assignee shall give the holder prompt notice of any change in the Assignee's principal address.

6. ACCOUNTING; SERVICE AGREEMENT. At or before the execution hereof, Tenant has delivered to Assignee an accounting, in reasonable detail, of Tenant's prior investment in the Premises and the leasehold improvements therein. Tenant agrees to negotiate in good faith with Assignee a mutually acceptable service agreement, pursuant to which Tenant shall provide a reasonable level of consulting services to Assignee to assist Assignee in making a smooth transition to the Premises.
7. HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.
8. GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the

8 Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

9. UNENFORCEABILITY, ETC. If any provision hereof or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder hereof, or the application or such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and enforced to the fullest extent permitted by law.

10. RATIFICATION. Except as hereinabove specifically assigned, the Lease is hereby ratified and confirmed.

IN WITNESS WHEREOF, Landlord and Tenant have signed and sealed this Amendment as of the day and year first above written.

IMMUNOGEN, INC.

By: /s/ Frank J. Pocher  
-----  
Frank J. Pocher, Vice President and Chief  
Financial Officer

ORAVAX, INC.

By: /s/ Lance K. Gordon  
-----  
Name: Lance K. Gordon  
President and Chief Executive Officer

By: /s/ Keith S. Ehrlich  
-----  
Name: Keith S. Ehrlich  
Vice President, Treasurer and Chief  
Financial Officer

ASSIGNMENT OF EQUIPMENT LEASE  
AND LESSOR'S CONSENT

THIS ASSIGNMENT OF EQUIPMENT LEASE AND LESSOR'S CONSENT (this "Agreement"), dated as of January 1, 1996, by and among IMMUNOGEN, INC. ("Lessee"), a Massachusetts corporation, ORAVAX, INC. ("Assignee"), a Delaware corporation, and ABERLYN CAPITAL MANAGEMENT LIMITED PARTNERSHIP, a Delaware limited partnership ("Lessor").

WHEREAS, by a Master Lease Agreement (the "Lease") dated as of March 31, 1994, Lessor leased to Lessee that certain equipment and other personal property (the "Equipment") more particularly described in Lease Schedule No. 001 and Lease Schedule No. 002, each of which is attached to and made a part of the Lease; and

WHEREAS, on and subject to the terms and conditions set forth herein, Lessee now desires to assign all of its right, title and interest in and to the Lease to Assignee, and Assignee desires to accept such assignment, effective as of the date hereof; and

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, each to the other paid, the receipt and sufficiency of which are hereby acknowledged, Lessor, Lessee and Assignee hereby agree as follows:

1. ASSIGNMENT; REPRESENTATION; INDEMNITY. (a) That, effective as of the date hereof, Lessee hereby assigns to Assignee all of Lessee's right, title and interest in and to the Lease, including without limitation all security and other deposits currently being held by Lessor in respect of the Lease, and Lessee's right to purchase the Equipment as set forth in Section 2.6 of the Lease and in the Lease Schedules, all upon the terms and conditions herein set forth. A true copy of the Lease, together with any amendments, is annexed as EXHIBIT A.
  - (b) Lessee represents and warrants to Assignee that, as of the date hereof, it has not received from Lessor any written notice from Lessor to the effect that any Event of Default (or event or circumstance which, with the passage of time or the giving of notice, would constitute an Event of Default) exists on the part of Lessee under the Lease, and to the best of Lessee's actual knowledge, no such Event of Default, event or circumstance in fact exists; and Lessee agrees with Assignee to indemnify and hold Assignee harmless from and against any and all costs and obligations to have been paid or performed by Lessee under the Lease on or prior to the date hereof.
  - (c) Lessee agrees with Assignee to indemnify and hold Assignee harmless from and against any and all loss, cost, damage and expense suffered by Assignee (including without limitation reasonable attorneys' fees and costs of defense) as a result of any claim under or in respect of the Lease, which claim relates to the period prior to the date hereof.
  - (d) Lessee has not dealt with any broker or other person or firm to whom a commission or fee is or may be due in respect of this assignment, and Lessee hereby agrees to indemnify and hold the Assignee and Lessor harmless from and against any and all loss, cost, damage and expense (including without limitation reasonable attorneys' fees and costs) suffered by the other as a result

of any claim against Assignee or Lessor that a fee or commission is due on account of a relationship between the claimant and the Lessee.

(e) Lessee represents and warrants to Lessor that, as of the date hereof, the Equipment is free from all liens and encumbrances made by Lessee except the Lease.

2.

ACCEPTANCE AND ASSUMPTION OF OBLIGATIONS; INDEMNITY. (a) Assignee accepts from Lessee the above assignment, and hereby agrees with Lessor and Lessee faithfully to assume and perform each and every obligation of Lessee under the Lease, including without limitation the obligation to pay Rent, additional rent, Supplemental Rent, additional charges, taxes and any and all other costs and expenses, however labelled or designated, and to observe all terms and conditions thereof, including without limitation the prohibition against further subletting or assignment, with the same force and effect as if Assignee were the Lessee originally named under the Lease.

(b) Subject to the provisions of Section 8 hereof, Assignee agrees to accept the Equipment in its "As Is" condition as of December 29, 1995, and represents that Assignee has inspected the Equipment, and is satisfied as to its suitability for Assignee's intended uses. Notwithstanding any provision hereof to the contrary, Assignee shall be required upon the expiration or earlier termination of the Lease to return the Equipment to Lessor in such condition as may be required in the Lease, and Lessee shall have no liability in connection therewith. Assignee agrees to pay to Lessee, simultaneously with the execution hereof, an amount equal to the last month's rental payments due under the Lease, which have been paid in advance by the Lessee. Assignee agrees that such amount is \$96,595.14.

(c) Assignee agrees with Lessee to indemnify and hold Lessee harmless from and against any and all loss, cost, damage and expense suffered by Lessee (including without limitation reasonable attorneys' fees and costs of defense) as a result of any claim under or in respect of the Lease, which claim relates to the period on or subsequent to the date hereof.

(d) Assignee has not dealt with any broker or other person or firm to whom a commission or fee is or may be due in respect of this assignment, and Assignee hereby agrees to indemnify and hold the Lessee and Lessor harmless from and against any and all loss, cost, damage and expense (including without limitation reasonable attorneys' fees and costs) suffered by the other as a result of any claim against Lessee or Lessor that a fee or commission is due on account of a relationship between the claimant and the Assignee.

(e) Assignee represents and warrants to Lessor that to the best of its knowledge there is no sales, use or other tax required to be paid in connection with the assignment effected hereby, and Assignee shall pay any such tax if the same is later found applicable.

(f) Assignee acknowledges that as of the date hereof, there remains unpaid under the Lease aggregate rent payments in the amount of \$3,091,044.48.

3.

LESSOR'S CONSENT. (a) Lessor hereby consents to the Assignment of the Lease to Assignee on the following terms and conditions:

- (i) Neither the giving of this consent nor anything contained herein shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions, obligations or conditions contained in the Lease (except as may herein be expressly provided), or to waive any breach thereof, or any rights of Lessor against any person, firm, association or corporation liable or responsible for the performance thereof, or to increase the obligations or diminish the rights of Lessor under the Lease, or to increase the rights or diminish the obligations of the tenant thereunder, or to, in any way, be construed as giving Assignee any greater rights than the original Lessee named in the Lease would be entitled to, and all covenants, agreements, terms, provisions and conditions of the Lease are hereby mutually declared to be in full force and effect.
- (ii) The giving of this consent shall not be construed either as a consent by Lessor to, or as permitting, any other or further assignment of the Lease, whether in whole or in part, or any subletting of the Equipment or any part thereof, or as a waiver of the requirement of obtaining Lessor's consent thereto, to the extent required under the Lease.
- (iii) The giving of this Consent shall not result in any liability on the part of Lessor for the payment of any commissions or fees in connection with the proposed assignment transaction herein contemplated by Lessee and Assignee; Lessor hereby represents that it has dealt with no broker or other party to whom a commission is due as a result of this Agreement.

(b) Lessor represents and warrants to Lessee and Assignee that as of the date hereof, no Event of Default (or event or circumstance which, with the passage of time or the giving of notice, would constitute an Event of Default) exists on the part of Lessee under the Lease and the Lease has not been amended except as disclosed on Exhibit A. Lessor is not currently holding any security deposits from Lessee or any other amounts for the account of Lessee, but Lessor acknowledges that the last month's rental payment under the Lease has been paid in advance.

4. RELEASE. Effective as of the date hereof, (i) Lessor hereby releases Lessee from any and all further liability or obligation under or in respect of the Lease, which liability or obligation first arises on or subsequent to the date hereof, and (ii) Lessee hereby releases Lessor from any and all claims, actions or causes of action, liabilities or obligations, of whatever type or nature, known or unknown, arising out of or in respect of the Lease or Lessee's use of the Equipment and first arising prior to the date hereof.
5. SPACE LEASE. Assignee agrees that, as a material part of the assignment and assumption transaction represented hereby, Assignee and Lessee have entered into an Assignment and Assumption of Lease of even date (the "Space Assignment"), whereby Assignee has agreed to accept and assume from Lessee an assignment of all of Lessee's right, title and interest in and to that certain Lease dated as of June 30, 1992, by and between Lessee and AEW #1 Corporation (the "Space Lease").

6. SECURED PARTIES, ETC. Lessor represents that there exist no holders of chattel mortgages or security interests on the Equipment, and no further consents or approvals are required for Lessor to enter into this Agreement.
7. NOTICES, ETC. All notices, requests, consents and other communications hereunder shall be in writing, shall be addressed to the receiving party's address set forth below or to such other address as a party may designate by notice hereunder, and shall be either (i) delivered by hand, (ii) made by telex, telecopy or facsimile transmission, (iii) sent by overnight courier, or (iv) sent by registered or certified mail, return receipt requested, postage prepaid.

If to the Lessor:

Aberlyn Capital Management Limited Partnership  
1000 Winter Street  
Waltham, MA 02154  
Attention: Douglas Brian

If to the Lessee:

Immunogen, Inc.  
128 Sidney Street  
Cambridge, MA 02139  
Attention: Mr. Frank Pocher

With a copy to:

Stephen T. Langer, Esq.  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
One Financial Center  
Boston, MA 02111

If to Assignee:

Oravax, Inc.  
38 Sidney Street  
Cambridge, MA 02139  
Attention:

With a copy to:

Jeffrey Hermanson, Esq.  
Hale and Dorr  
60 State Street  
Boston, MA 02109

All notices, requests, consents and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by telex, telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the 5th business day following the day such mailing is made.

8. INSPECTION. At or before the execution hereof, Lessee and Assignee have performed a detailed inspection of the Equipment, and a complete listing of any missing or damaged (other than ordinary wear and tear) Equipment is annexed hereto as EXHIBIT B. If and to the extent that there exists any such missing or damaged Equipment, Assignee may deduct from the payment to be made to Lessee under Section 4(3) and 4(4) of the Space Assignment an amount equal to the product of (i) the reasonable amount by which the value of any missing or damaged Equipment is diminished by reason of such damage below its reasonable value if not missing or undamaged, multiplied by a fraction, the numerator of which is the number of months remaining in the term of the Lease after December 31, 1995, and the denominator of which is the total number of months in the term of the Lease.
9. HEADINGS AND CAPTIONS. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.
10. GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.
11. UNENFORCEABILITY, ETC. If any provision hereof or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder hereof, or the application or such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and enforced to the fullest extent permitted by law.
12. RATIFICATION. Except as hereinabove specifically assigned and amended, the Lease is hereby ratified and confirmed.

IN WITNESS WHEREOF, Lessor, Lessee and Assignee have signed and sealed this Amendment as of the day and year first above written.

ABERLYN CAPITAL MANAGEMENT LIMITED  
PARTNERSHIP

By: Aberlyn Capital Management Company, Inc.,  
its general partner

By: /s/ Diana M. Spano

-----  
Name: Diana M. Spano  
(Vice) President

IMMUNOGEN, INC.

By: /s/ Frank J. Pocher

-----  
Frank J. Pocher, Vice President and Chief  
Financial Officer

ORAVAX, INC.

By: /s/ Lance K. Gordon

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Name: Lance K. Gordon  
President and Chief Executive Officer

By: /s/ Keith S. Ehrlich

-----  
Name: Keith S. Ehrlich  
Vice President, Treasurer and Chief Financial  
Officer

IN WITNESS WHEREOF, Lessor, Lessee and Assignee have signed and sealed this Amendment as of the day and year first above written.

ABERLYN CAPITAL MANAGEMENT LIMITED  
PARTNERSHIP

By: Aberlyn Capital Management Company, Inc.,  
its general partner

By: \_\_\_\_\_  
Name:  
(Vice) President

IMMUNOGEN, INC.

By: /s/ Frank J. Pocher  
\_\_\_\_\_  
Frank J. Pocher, Vice President and Chief  
Financial Officer

ORAVAX, INC.

By: /s/ Lance K. Gordon  
\_\_\_\_\_  
Name: Lance K. Gordon  
President and Chief Executive Officer

By: /s/ Keith S. Ehrlich  
\_\_\_\_\_  
Name: Keith S. Ehrlich  
Vice President, Treasurer and Chief Financial  
Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE IMMUNOGEN CORPORATION FOR THE THREE MONTHS ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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IMMUNOGEN CORPORATION

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U.S. DOLLARS

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