CENTRAL FUND OF CANADA LTD
Form F-10/A
December 12, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 12, 2003
REGISTRATION NO. 333-111013

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO
FORM F-10
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CENTRAL FUND OF CANADA LIMITED
(Exact name of Registrant as specified in its charter)

ALBERTA, CANADA	NOT APPLICABLE	NOT APPLICABLE
(Province or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification No.)

HALLMARK ESTATES, #805, 1323-15TH AVENUE S.W., CALGARY, ALBERTA T3C 0X8, CANADA
(403) 228-5861
(Address and telephone number of Registrant's principal executive offices)

MARTIN POMERANCE
250 PARK AVENUE
NEW YORK, NY 10177
(212) 415-9200
(Name, address (including zip code) and telephone number
(including area code) of agent for service in the United States)

COPIES TO:

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FRASER MILNER CASGRAIN LLP
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100 KING STREET WEST
TORONTO, ONTARIO M5X 1B2
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(416) 863-4511

GIL I. CORNBLUM, ESQ.
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BCE PLACE
161 BAY STREET, SUITE 4310
TORONTO, ONTARIO M5J 2S1
CANADA
(416) 367-7370

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

PROVINCE OF ALBERTA, CANADA
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

A. [ ] Upon filing with the Commission pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).

B. [X] At some future date (check the appropriate box below).

1. [ ] Pursuant to Rule 467(b) on _____ (date) at _____ (time) (designate a time not sooner than seven calendar days after filing).

2. [ ] Pursuant to Rule 467(b) on _____ (date) at _____ (time) (designate a time not sooner than seven calendar days after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on _____ (date).

3. [ ] Pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.

4. [X] After the filing of the next amendment to this form (if preliminary material is being filed).

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER CLASS A SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)
Class A Shares, no par value	15,050,000 shares	$ 4.98	$ 74,949,000

(1) Registration Fee calculated in accordance with Rule 457(o) under the Securities Act of 1933.

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(2) $4,600 paid on filing of F-10, $1,464 paid herewith.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

PROSPECTUS

[LOGO]

15,050,000 NON-VOTING, FULLY-PARTICIPATING CLASS A SHARES

CENTRAL FUND OF CANADA LIMITED

U.S.$74,949,000

This short form prospectus (the "Prospectus") qualifies the distribution (the "Offering") of 15,050,000 non-voting, fully-participating Class A shares (the "Shares") of Central Fund of Canada Limited ("Central Fund" or the "Company"). Holders of non-voting, fully-participating Class A shares (the "Class A non-voting shares") are not entitled to vote at any meetings of shareholders of Central Fund, except as provided for by law and with respect to those matters set out in Central Fund's articles. See "Share Capital of the Company".

The Offering price of the Shares was determined by negotiation between the Company and CIBC World Markets Inc. (the "Underwriter"), and in the context of the market.

The outstanding Class A non-voting shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "CEF.A" and on the American Stock Exchange ("Amex") under the symbol "CEF". The closing prices of the Class A non-voting shares on the TSX and on Amex on December 8, 2003, the day before the Offering price was determined, were Cdn.$7.00 per share and U.S.$5.41 per share, respectively. Each of the TSX and the Amex has conditionally approved the listing of these securities. Listing is subject to the Company fulfilling all of the requirements of the TSX before March 8, 2004 and all of the requirements of the Amex.

THIS OFFERING IS MADE BY A FOREIGN ISSUER THAT IS PERMITTED, UNDER A MULTIJURISDICTIONAL DISCLOSURE SYSTEM ADOPTED BY THE UNITED STATES, TO PREPARE THIS PROSPECTUS IN ACCORDANCE WITH THE DISCLOSURE REQUIREMENTS OF CANADA. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT SUCH REQUIREMENTS ARE DIFFERENT FROM THOSE OF THE UNITED STATES. FINANCIAL STATEMENTS INCLUDED OR INCORPORATED HEREIN HAVE BEEN PREPARED IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, AND MAY BE SUBJECT TO FOREIGN AUDITING AND AUDITOR INDEPENDENCE STANDARDS, AND THUS MAY NOT BE COMPARABLE TO FINANCIAL STATEMENTS OF UNITED STATES COMPANIES.

PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THE ACQUISITION OF THE SECURITIES DESCRIBED HEREIN MAY HAVE TAX CONSEQUENCES BOTH IN THE UNITED STATES AND IN CANADA. SUCH CONSEQUENCES FOR INVESTORS WHO ARE RESIDENTS IN, OR CITIZENS OF, THE UNITED STATES MAY NOT BE FULLY DESCRIBED HEREIN.

THE ENFORCEMENT BY INVESTORS OF CIVIL LIABILITIES UNDER THE FEDERAL SECURITIES LAWS MAY BE AFFECTED ADVERSELY BY THE FACT THAT THE COMPANY IS INCORPORATED UNDER THE LAWS OF ALBERTA, THAT SOME OR ALL OF ITS OFFICERS AND DIRECTORS MAY BE RESIDENTS OF A FOREIGN COUNTRY, THAT SOME OR ALL OF THE UNDERWRITERS OR EXPERTS NAMED IN THE REGISTRATION STATEMENT MAY BE RESIDENTS OF A FOREIGN COUNTRY, AND THAT ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF THE COMPANY AND SAID PERSONS MAY BE LOCATED OUTSIDE THE UNITED STATES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A

CRIMINAL OFFENSE.

SEE "RISK FACTORS" BEGINNING ON PAGE 17 FOR A DISCUSSION OF CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE SHARES OFFERED HEREBY.

PRICE: U.S.$4.98 PER NON-VOTING, FULLY-PARTICIPATING CLASS A SHARE

	PRICE TO THE PUBLIC	UNDERWRITER'S FEE	PROCEEDS TO THE COMPANY(1)
Per non-voting, fully-participating Class A Share.....	U.S.$4.98	U.S.$0.1992	U.S.$4.7808
Total(2)(3).....	U.S.$74,949,000	U.S.$2,997,960	U.S.$71,951,040

(1) Before deducting expenses of this Offering, estimated to be U.S.$500,000, which, together with the Underwriter's fee, will be paid by the Company from the proceeds of the Offering.

(2) For Shares sold in the United States, the Price to the Public, Underwriter's Fee and Proceeds to the Company are payable in U.S. dollars. For Shares sold in Canada, the Price to the Public, Underwriter's Fee and Proceeds to the Company and amounts related to the Offering are payable in Canadian dollars at the Canadian dollar equivalent to such amounts based on a prevailing U.S.-Canadian dollar exchange rate as of the date of the pricing of the Offering.

(3) The Company granted to the Underwriter under the Underwriting Agreement an option (the "Option"), which Option was exercised in full on December 10, 2003, to purchase 3,000,000 Class A non-voting shares (the "Optioned Shares"). As the Option was exercised in full prior to the date of this prospectus, the Optioned Shares are included in this distribution table. This short form prospectus qualifies the grant of the Option and the distribution of the Optioned Shares. See "Plan of Distribution".

The Underwriter, as principal, conditionally offers the Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Fraser Milner Casgrain LLP and Dorsey & Whitney LLP and on behalf of the Underwriter by Cassels Brock & Blackwell LLP.

Subscriptions for the Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of this Offering will take place on December 19, 2003 or on such other date as the Company and the Underwriter may agree, but not later than January 30, 2004, and that certificates representing the Shares will be available for delivery on or about the closing of the Offering.

On December 11, 2003, the inverse of the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York was U.S.$0.7535 per Cdn.$1.00.

Subject to applicable laws and in connection with the Offering, the Underwriter may effect transactions which stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the

open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The date of this Prospectus is December 12, 2003.

TABLE OF CONTENTS

FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, financial information in this Prospectus has

been prepared in accordance with Canadian generally accepted accounting principles. The financial information of the Company presented herein is in U.S. dollars. In this Prospectus, except where indicated, all dollar amounts are in U.S. dollars.

EXCHANGE RATES

The following table sets forth, for the period and rates indicated, information concerning exchange rates for the Canadian dollar expressed in United States dollars, based on the inverse of the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	THREE MONTHS ENDED JULY 31, 2003	THREE MONTHS ENDED APRIL 30, 2003	THREE MONTHS ENDED JANUARY 31, 2003	TWELVE
High	$0.7492	$0.6975	$0.6570	$0.6619
Low	$0.7032	$0.6530	$0.6288	$0.6200
Period End	$0.7105	$0.6975	$0.6542	$0.6406
Average	$0.7285	$0.6755	$0.6424	$0.6356

The average noon buying rate is derived by taking the average of the noon buying rate on the last business day of each month during the relevant period. On December 11, 2003, the inverse of the noon buying rate was U.S.$0.7535 per Cdn.$1.00.

2

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the securities commission or similar authority in each of the provinces and territories of Canada and the United States Securities and Exchange Commission (the "SEC"), are specifically incorporated by reference into, and form an integral part of, this Prospectus:

(a) the Annual Information Form of the Company dated February 24, 2003;

(b) the Management Information Circular of the Company dated January 10, 2003 in connection with the Company's annual meeting of shareholders on February 24, 2003;

(c) the audited financial statements of the Company as at October 31, 2002 and 2001 and for each of the years in the three year period ended October 31, 2002 together with the auditors' report thereon and consisting of the statements of net assets as at October 31, 2002 and 2001 and the statements of loss, shareholders' equity and changes in net assets for each of the years in the three year period ended October 31, 2002;

(d) management's discussion and analysis of financial condition and results of operations for the year ended October 31, 2002 (incorporated by reference from the annual report of the Company for the year ended October 31, 2002);

(e) the unaudited interim financial statements of the Company for the three and nine month periods ended July 31, 2003 with comparative figures for the corresponding periods in the immediately preceding year;

(f) management's discussion and analysis of financial condition and results of operations for the three and nine month periods ended July 31, 2003;

(g) the material change report of the Company dated January 30, 2003 disclosing the Company's private placement of 3,500,000 Class A non-voting shares;

(h) the material change report of the Company dated February 14, 2003 disclosing the Company's private placement of 5,448,800 Class A non-voting shares; and

(i) supplementary information, dated December 8, 2003, relating to reconciliation with United States generally accepted accounting principles in respect of the unaudited interim financial statements of the Company for the three and nine month periods ended July 31, 2003 with comparative figures for the corresponding periods in the immediately preceding year.

ALL DOCUMENTS OF THE TYPE REFERRED TO ABOVE AND ANY MATERIAL CHANGE REPORTS (OTHER THAN ANY CONFIDENTIAL MATERIAL CHANGE REPORTS) FILED BY THE COMPANY PURSUANT TO THE REQUIREMENTS OF APPLICABLE SECURITIES LEGISLATION IN CANADA AND THE UNITED STATES AFTER THE DATE OF THIS PROSPECTUS AND PRIOR TO COMPLETION OR WITHDRAWAL OF THIS OFFERING, WILL BE DEEMED TO BE INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN CONTAIN MEANINGFUL AND MATERIAL INFORMATION RELATING TO THE COMPANY, AND PROSPECTIVE INVESTORS OF SHARES SHOULD REVIEW ALL INFORMATION CONTAINED IN THIS PROSPECTUS AND THE DOCUMENTS INCORPORATED BY REFERENCE BEFORE MAKING AN INVESTMENT DECISION.

ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED OR DEEMED TO BE INCORPORATED BY REFERENCE HEREIN SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR THE PURPOSES OF THIS PROSPECTUS TO THE EXTENT THAT A STATEMENT CONTAINED IN THIS PROSPECTUS OR IN ANY SUBSEQUENTLY FILED DOCUMENT THAT ALSO IS OR IS DEEMED TO BE INCORPORATED BY REFERENCE HEREIN MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT CONSTITUTE A PART OF THIS PROSPECTUS, EXCEPT AS SO MODIFIED OR SUPERSEDED. THE MODIFYING OR SUPERSEDING STATEMENT NEED NOT STATE THAT IT HAS MODIFIED OR SUPERSEDED A PRIOR STATEMENT OR INCLUDE ANY OTHER INFORMATION SET FORTH IN THE DOCUMENT THAT IT MODIFIES OR SUPERSEDES. THE MAKING OF SUCH A MODIFYING OR SUPERSEDING STATEMENT SHALL NOT BE DEEMED AN ADMISSION FOR ANY PURPOSES THAT THE MODIFIED OR SUPERSEDED STATEMENT, WHEN MADE, CONSTITUTED A MISREPRESENTATION, AN UNTRUE STATEMENT OF A MATERIAL FACT OR AN OMISSION TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR THAT IS NECESSARY TO MAKE A STATEMENT NOT MISLEADING IN LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE.

Copies of documents incorporated herein by reference may be obtained upon request, without charge, from the Assistant Treasurer of the Company at the Investor Inquiries Office, 55 Broad Leaf Crescent, P.O. Box 7319, Ancaster, Ontario L9G 3N6, tel: 1-905-648-7878.

ELIGIBILITY FOR INVESTMENT

In the opinion of Fraser Milner Casgrain LLP on behalf of the Company and Cassels Brock & Blackwell LLP on behalf of the Underwriter, the purchase of the Shares offered by this Prospectus is not prohibited, subject to general investment provisions and, in certain cases, subject to prudent investment requirements and additional requirements relating to investment or lending policies or goals, under or by the following statutes:

INSURANCE COMPANIES ACT (Canada)

TRUST AND LOAN COMPANIES ACT (Canada)

PENSION BENEFITS STANDARDS ACT, 1985 (Canada)

PENSION BENEFITS ACT (Ontario)

In addition, in the opinion of such counsel, the Shares offered hereby will be, on the date of issue, qualified investments under the INCOME TAX ACT (Canada) (the "Act") for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans (collectively, "Plans") and registered education savings plans ("RESPs"), and based in part on a certificate of an officer of the Company as to certain factual matters, will not constitute foreign property for Plans, registered pension funds or any other person subject to Part XI of the Act. RESPs are not subject to the foreign property rules.

In the opinion of Dorsey & Whitney LLP, the Shares may be held by any United States mutual fund, investment company, banking company, insurance company or retirement plan that is not subject to ERISA.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements, trend analysis and other information contained in this Prospectus and the documents incorporated herein relative to the Company's assets and trends in revenue and anticipated expense levels, as well as other statements about anticipated future events or results, constitute forward-looking statements. Forward-looking statements often, but not always, are identified by the use of the words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Some of these risks, uncertainties and other factors are described in this Prospectus under the heading "Risk Factors". The Company does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements.

THE COMPANY

The Company was incorporated under the laws of the Province of Ontario on November 15, 1961, as an investment holding company. On April 5, 1990, the Company was continued under the laws of the Province of Alberta.

Central Fund's head office and principal place of business is located at Hallmark Estates, Suite 805, 1323-15th Avenue S.W., Calgary, Alberta, T3C 0X8. Investor inquiries may be directed to Investor Inquiries Office, P.O. Box 7319, Ancaster, Ontario, L9G 3N6.

BUSINESS OF THE COMPANY

Following incorporation, Central Fund operated as an investment holding company investing mainly in shares and other securities of Canadian issuers, primarily with a view to capital appreciation. In September 1983, Central Fund changed its character to a specialized investment holding company investing

almost entirely in pure gold and silver bullion, primarily in international bar form, and continues to operate on this basis.

The objective of Central Fund is to provide a convenient low-cost investment alternative for investors interested in holding marketable gold and silver related investments. The policy of Central Fund is to invest primarily in long-term holdings of allocated, segregated unencumbered and insured gold and silver bullion and not to actively speculate with regard to short-term changes in gold and silver prices, thereby providing retail and institutional investors with an ability to effectively hold gold and silver bullion without the associated high transactional and handling costs and inconvenience. The investment policies established by the board of directors of the Company require the Company to hold at least 90% of its net assets in gold and silver bullion, which the Company believes to be conservative. As at December 5, 2003, Central Fund's net assets as denominated in U.S. dollars consisted of 58.8% gold bullion, 39.5% silver bullion and 1.7% cash, marketable securities and other working capital amounts.

Pursuant to an administration agreement dated November 1, 1986, as assigned to it on April 10, 1990 (the "Administration Agreement"), The Central Group Alberta Ltd. (the "Administrator") is responsible for the administration of the business and affairs of Central Fund. The services provided include general market and economic advice with respect to the investment of the assets of the Company in accordance with its investment policies and restrictions, subject to the ultimate approval of the board of directors of Central Fund.

RECENT DEVELOPMENTS

On January 30, 2003, Central Fund completed the sale of 3,500,000 Class A non-voting shares at a price of U.S.$4.37 per share, by way of private placement, for aggregate gross proceeds of U.S.$15,295,000.

On February 14, 2003, the Company completed the sale of 5,448,800 Class A non-voting shares at a price of U.S.$4.49 per share, by way of private placement, for aggregate gross proceeds of U.S.$24,465,112.

SHARE CAPITAL OF THE COMPANY

The authorized capital of the Company consists of 100,000,000 Class A non-voting shares without nominal or par value and 50,000 common shares without nominal or par value. As at December 8, 2003, there were 44,746,320 Class A non-voting shares and 40,000 common shares outstanding. The rights, privileges, restrictions and conditions attaching to the Class A non-voting shares and the common shares are summarized below.

CLASS A NON-VOTING SHARES

NOTICE OF MEETINGS. Holders of Class A non-voting shares are entitled to notice of and to attend all meetings of shareholders. HOLDERS OF CLASS A NON-VOTING SHARES ARE NOT ENTITLED TO VOTE AT ANY MEETINGS OF SHAREHOLDERS OF CENTRAL FUND EXCEPT AS PROVIDED FOR BY LAW AND WITH RESPECT TO THOSE MATTERS SET OUT IN THE ARTICLES OF THE COMPANY, THE MAJORITY OF WHICH ARE DESCRIBED BELOW.

CERTAIN VOTING RIGHTS. So long as any Class A non-voting shares are outstanding, Central Fund shall not, without the prior approval of the holders thereof given by the affirmative vote of at least 66 2/3% of the votes cast at a meeting of the holders of the Class A non-voting shares duly called for that purpose:

(i) approve any change in the minimum amount of Central Fund's assets which must be invested in gold and silver related investments as required by its articles of incorporation. This minimum amount is currently set at

75% of the market value of the non-cash net assets of the Company;

(ii) approve any change in the restrictions on the investments which Central Fund is permitted to make;

(iii) issue more than an additional 10,000 common shares;

(iv) create any class of shares ranking in preference or priority to the Class A non-voting shares;

(v) create any class of shares ranking as to dividends in preference to or on a parity with the common shares;

(vi) consolidate or subdivide the common shares, except where the Class A non-voting shares are consolidated or subdivided on the same basis;

(vii) reclassify any shares into Class A non-voting shares or common shares; or

(viii) provide to the holders of any other class of shares the right to convert into Class A non-voting shares or common shares.

In addition, so long as any of the Class A non-voting shares are outstanding, Central Fund shall not, without the prior approval of the holders thereof given by the affirmative vote of a majority of the votes cast at a meeting of the holders of the Class A non-voting shares duly called for that purpose, appoint any person, firm or corporation to replace the Administrator (or any duly authorized replacement of the Administrator) or to perform generally the duties and responsibilities of the Administrator under the Administration Agreement.

DIVIDENDS. The Class A non-voting shares are entitled to receive a preferential non-cumulative dividend of U.S.$0.01 per share per annum and thereafter to participate pro rata in any further dividends with the common shares on a share-for-share basis.

PURCHASE FOR CANCELLATION OF CLASS A NON-VOTING SHARES. Central Fund may, at any time or times, subject to applicable regulatory requirements, purchase for cancellation in the open market or by invitation for tenders to all holders all or any part of the Class A non-voting shares then outstanding at the market price or lowest tender price per Class A non-voting share, as the case may be.

RIGHTS ON LIQUIDATION. In the event of liquidation, dissolution or winding-up of Central Fund, the holders of Class A non-voting shares are entitled to receive U.S.$3.00 per share together with any declared and unpaid dividends thereon, calculated to the date of payment before any amount is paid or any assets of Central Fund are distributed to the holders of common shares or any shares ranking junior to the Class A non-voting shares. The holders of Class A non-voting shares are entitled to participate pro rata in any further distributions of the assets of Central Fund with the holders of the then outstanding common shares on a share-for-share basis.

REDEMPTION. Any holder of Class A non-voting shares is entitled, upon 90 days' notice, to require Central Fund to redeem on the last day of any of Central Fund's fiscal quarters, all or any of the Class A non-voting shares which that person then owns. The retraction price per Class A non-voting share shall be 80% of the net asset value per Class A non-voting share as of the date on which such Class A non-voting shares are redeemed. The articles of Central Fund provide for the suspension of redemptions during specified unusual circumstances such as suspensions of normal trading on certain stock exchanges

or the London bullion market or to comply with applicable laws and regulations.

COMMON SHARES

The common shares entitle the holders to one vote per share at all annual and general meetings of the shareholders. The rights of common shares in respect of dividends and upon liquidation rank secondary to those of the Class A non-voting shares as described above.

Certain of the holders of a majority of the common shares have previously agreed that none of them may transfer their common shares unless: (1) as a condition of the completion of such transfer, the transferee agrees to be bound by similar terms; or (2) there has been obtained the prior approval of the board of directors of Central Fund (excluding any directors who are holders or nominees of holders of more than 200 common shares). The same holders of common shares as a group may not transfer their common shares without the prior approval of the board of directors as described above.

PLAN OF DISTRIBUTION

Under an agreement (the "Underwriting Agreement"), dated December 9, 2003, between the Company and the Underwriter, the Company has agreed to issue and sell, and the Underwriter has agreed to purchase, on December 19, 2003 or on such other date as may be agreed, but in any event not later than January 30, 2004, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, 15,050,000 Shares (inclusive of the Optioned Shares, as such term is defined below) at a price of U.S.$4.98 per Share for an aggregate price of U.S.$74,949,000, payable in cash to the Company against delivery of a certificate or certificates representing such Shares. The Underwriter and its registered broker-dealer affiliate in the United States will act as book-running managers in connection with the Offering. The Underwriting Agreement provides that the Company will pay to the Underwriter a fee of U.S.$2,997,960 in consideration of services rendered by the Underwriter in connection with the Offering. For Shares sold in the United States, the price per Share is payable in U.S. dollars. For Shares sold in Canada, the price per Share and amounts related to the Offering are payable in Canadian dollars at the Canadian dollar equivalent to such amounts based on a prevailing U.S.-Canadian dollar exchange rate as of the date of the pricing of the Offering.

The offering price of the Shares was determined by negotiation between the Company and the Underwriter, and in the context of the market.

The Company granted to the Underwriter an option (the "Option"), which Option was exercised in full on December 10, 2003, to purchase 3,000,000 Class A non-voting shares (the "Optioned Shares", which, together with the Shares, are collectively referred to in this short form prospectus as the "Shares"). The Option was exercised in full and, therefore, this short form prospectus qualifies the grant of the Option and the distribution of the Optioned Shares.

The Company has agreed that, for a period of 90 days following the closing of this Offering, it will not sell, offer to sell, announce any intention to sell or enter into any agreement to sell any equity securities of the Company or any other securities convertible into equity securities of the Company (except in connection with currently outstanding employee and director compensation securities or similar liabilities and outstanding instruments or contractual commitments), without the prior written consent of the Underwriter, acting reasonably.

The Underwriter is not registered as a broker-dealer under section 15 of the

United States SECURITIES EXCHANGE ACT OF 1934, as amended (the "Exchange Act"), and has agreed that, in connection with the Offering and subject to certain exceptions, it will not offer or sell any Shares in, or to persons who are nationals or residents of, the United States other than through its United States registered broker-dealer affiliate.

The Offering is being made concurrently in all the provinces and territories of Canada (other than the Province of Quebec) and in the United States pursuant to the multijurisdictional disclosure system implemented by securities regulatory authorities in Canada and the United States. Subject to applicable law, the Underwriter may offer the Shares outside Canada and the United States.

The obligations of the Underwriter under the Underwriting Agreement may be terminated upon the occurrence of certain stated events, including any major financial occurrence of national or international consequence which seriously adversely affects the financial markets. The Underwriter is however obligated to take up and pay for all of the securities if any of the securities are purchased under the Underwriting Agreement.

Pursuant to policy statements of the Ontario Securities Commission, the Underwriter may not, throughout the period of distribution under this prospectus, bid for or purchase Shares. This restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of such securities. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with this distribution, the Underwriter may effect transactions which stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriter, acting pursuant to Regulation M promulgated by the SEC, may engage in transactions, including stabilizing bids or syndicate covering transactions, that may have the effect of stabilizing or

maintaining the market price of the Shares at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of Shares on behalf of the Underwriter for the purpose of fixing or maintaining the price of Class A non-voting shares. A "syndicate covering transaction" is a bid for the purchase of Shares on behalf of the Underwriter to reduce a short position incurred by the Underwriter in connection with the Offering. The Underwriter has advised Central Fund that stabilizing bids and open market purchases may be effected on the Amex, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

The Company has agreed to indemnify the Underwriter against certain liabilities under the United States SECURITIES ACT OF 1933, as amended, and applicable Canadian securities legislation or to contribute to payments that the Underwriter may be required to make in respect of those liabilities.

Each of the TSX and the Amex has conditionally approved the listing of these securities. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before March 8, 2004 and all of the requirements of the Amex.

USE OF PROCEEDS

The estimated net proceeds from this Offering, after deducting fees payable to the Underwriter and the estimated expenses of the Offering, will be

approximately U.S.$71,451,040 million. The Company will use substantially all of such net proceeds of this Offering to purchase gold and silver bullion in a ratio of approximately 50 ounces of silver for every one fine ounce of gold, in keeping with the investment policies established by the board of directors of the Company. The balance of the net proceeds will be used by the Company for general corporate purposes.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fraser Milner Casgrain LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriter, the following is a summary as at the date hereof of the principal Canadian federal income tax considerations generally applicable to a person who will acquire Class A non-voting shares, and who at all relevant times, within the meaning of the Act, deals at arm's length with, and is not affiliated with the Company and holds the Class A non-voting shares as capital property. The Class A non-voting shares will generally be considered to be capital property to a holder unless the holder either holds such Class A non-voting shares in the course of carrying on a business or has acquired such Class A non-voting shares in a transaction or transactions considered to be an adventure in the nature of trade. In particular, this summary is not applicable to holders (i) who are "principal-business corporations" within the meaning of subsection 66(15) of the Act, (ii) who are "financial institutions" as defined in the Act for purposes of the mark-to-market provisions of the Act, (iii) who are "specified financial institutions" for purposes of the Act, or (iv) an interest in which is a "tax shelter investment" within the meaning of section 143.2 of the Act.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. ACCORDINGLY, PROSPECTIVE HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

This summary is based upon the facts set out in this short form prospectus, and an officer's certificate provided to counsel by the Company, the provisions of the Act in force on the date hereof, the regulations enacted pursuant thereto, all specific proposals to amend the Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current published administrative practices of the Canada Customs and Revenue Agency. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action or changes in the administrative practices of the Canada Customs and Revenue Agency, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

For the purposes of the Act, all amounts relating to the acquisition, holding or disposition of Class A non-voting shares, including dividends, adjusted cost base and proceeds of disposition, must be converted into Canadian dollars based on the prevailing United States dollar exchange rate at the time such amounts arise. In computing a holder's liability for tax under the Act, any cash amounts received by a holder in United States

dollars must be converted into the Canadian dollar equivalent at the time such amounts are received, and the amount of any non-cash consideration received by a holder must be expressed in Canadian dollars at the time such consideration is received.

TAX STATUS OF THE COMPANY

Based upon a certificate of an officer of the Company provided to counsel,

the Company is a "mutual fund corporation" as defined in the Act. The Company has advised counsel that it intends to continue to qualify as a mutual fund corporation throughout each taxation year in which Class A non-voting shares remain outstanding.

SHAREHOLDERS RESIDENT IN CANADA

The following portion of this summary is applicable to a holder of Class A non-voting shares who, for the purposes of the Act and any applicable income tax treaty or convention, is resident or deemed to be resident in Canada at all relevant times. Certain of such persons to whom a Class A non-voting share might not constitute capital property may elect, in certain circumstances, to have such property treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Act.

ACQUISITION OF CLASS A NON-VOTING SHARES

The cost of Class A non-voting shares to a holder must be averaged with the adjusted cost base of all Class A non-voting shares held by that holder for the purposes of calculating taxable capital gains or allowable capital losses on subsequent dispositions of Class A non-voting shares.

DIVIDENDS

Dividends (including deemed dividends) received on the Class A non-voting shares will be included in computing the recipient's income for tax purposes. Such dividends received by an individual will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

A holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends when calculating its taxable income under the Act. A shareholder that is a "private corporation", as defined in the Act, or a "subject corporation", as defined in the Act, may be liable under Part IV of the Act to pay a refundable tax of 33 1/3% on dividends received or deemed to be received on the Class A non-voting shares to the extent that such dividends are deductible in computing the holder's taxable income.

Provided appropriate elections are made by the Company, "capital gains dividends" on Class A non-voting shares received by a holder will be taxable as a capital gain of the holder and not as a dividend.

The Company has historically paid only nominal dividends on Class A non-voting shares.

DISPOSITION OF CLASS A NON-VOTING SHARES

A holder who disposes of or is deemed to dispose of Class A non-voting shares (either on redemption by the Company or otherwise) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of such Class A non-voting shares to the holder thereof plus any reasonable costs of disposition. If the holder of Class A non-voting shares is a corporation, any capital loss realized may be reduced by the amount of any dividends, including deemed dividends, which have been previously received on such shares to the extent and under the circumstances specified in the Act. Similar rules may apply where the corporation is a member of a partnership or beneficiary of a trust that owns Class A non-voting shares. Similar rules may also apply where a partnership or trust is a member of a partnership or a beneficiary of a trust that owns Class A non-voting shares. Shareholders to whom these rules may be relevant should consult their own tax advisors.

Generally, one-half of any such capital gain ("taxable capital gain") will be included in computing the holder's income as a taxable capital gain and one-half of any such loss ("allowable capital loss") may be deducted from his or her taxable capital gains in accordance with the rules contained in the Act. Allowable capital losses in excess of taxable capital gains of the holder for that year may generally be carried back three

years and carried forward indefinitely for deduction against taxable capital gains realized in those years to the extent and under the circumstances specified in the Act.

Individuals and certain trusts are subject to an alternative minimum tax under the Act. Such a liability may arise because of realized capital gains (including capital gain dividends received) as well as from taxable dividends received.

A holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains.

SHAREHOLDERS NOT RESIDENT IN CANADA

The following portion of this summary is applicable to a holder of Class A non-voting shares who, for the purposes of the Act and any applicable income tax treaty or convention, is not resident nor deemed to be resident in Canada at all relevant times and does not use or hold, and is not deemed to use or hold, Class A non-voting shares in connection with carrying on a business in Canada. Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

DIVIDENDS

Dividends paid or credited and deemed to be paid or credited on the Class A non-voting shares to non-residents of Canada will be subject to a non-resident withholding tax under the Act at the rate of 25%, subject to reduction under the provisions of an applicable income tax treaty or convention. For example, for a holder who is a resident of the United States, within the meaning of the Canada-U.S. Income Tax Convention, the rate of such withholding tax is generally reduced to 15% (5% if the beneficial owner of the dividend is a company which owns at least 10% of the voting stock of the Company). It should be noted that it is the position of the Canada Customs and Revenue Agency that LLCs are generally not considered to be a resident of the United States within the meaning of the Canada-U.S. Income Tax Convention.

Capital gains dividends will not be subject to such withholding tax. As discussed above under "Shareholders Resident in Canada -- Dividends" the Company has advised counsel that it intends to make the appropriate elections as necessary.

DISPOSITIONS OF CLASS A NON-VOTING SHARES

A non-resident holder of Class A non-voting shares will not be subject to tax under the Act on any capital gain realized on a disposition of Class A non-voting shares unless such Class A non-voting shares constitute "taxable Canadian property" to the holder. A non-resident holder's capital gain (or capital loss) in respect of Class A non-voting shares that constitute taxable Canadian property will be equal to the amount by which the proceeds of

disposition exceed (or are less than) the adjusted cost base of the Class A non-voting shares to the non-resident holder plus any reasonable costs of disposition. In general, the non-resident holder will be required to include one-half of any resulting capital gain (a "taxable capital gain") in income, and will be entitled to deduct one-half of the amount of any resulting capital loss (an "allowable capital loss") against taxable capital gains realized in the year of disposition from the disposition of taxable Canadian property. However, capital losses arising from the disposition of "treaty protected property" may not be taken into account in computing taxable income of a non-resident holder. "Treaty protected property" includes property where any income or gain of a holder from the disposition of such property in the year could, under an applicable income tax treaty or convention, be exempt from Canadian tax.

A Class A non-voting share will constitute taxable Canadian property to a non-resident holder if, at any time during the five-year period immediately preceding the disposition, the non-resident, either alone or together with persons with whom the non-resident did not deal at arm's length, owned 25% or more of the shares of any class or series of the Company. The Class A non-voting shares may also be taxable Canadian property in certain other circumstances, including where the holder elected to have them treated as taxable Canadian property upon ceasing to be a resident of Canada. Even if the Class A non-voting shares are taxable Canadian property to a non-resident, any capital gain realized upon the disposition may be exempt from tax under the Act pursuant to the provisions of an applicable income tax treaty or convention to which Canada is a party.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain United States federal income tax considerations relevant to United States persons (as defined below) that acquire Class A non-voting shares pursuant to this Offering. This summary is based upon the Internal Revenue Code of 1986 (the "Code"), as amended, Treasury regulations promulgated thereunder, judicial decisions, and the Internal Revenue Service's current administrative rules, practices and interpretations of law, all as in effect on the date of this Prospectus, and all of which are subject to change, possibly with retroactive effect. This summary also takes into account proposed Treasury regulations regarding passive foreign investment companies, which are not currently in effect but would purport to apply on a retroactive basis (the "Proposed Regulations"). There can be no assurance as to whether, when or in what form the Proposed Regulations will be adopted as final Treasury regulations. For purposes of this summary, a "United States Person" means (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust if: (a) a court within the United States is able to exercise primary supervision over the administration of such trust, and (b) one or more United States Persons have the authority to control all substantial decisions of such trust.

This summary is only a general discussion and is not intended to be, and should not be construed to be, legal or tax advice to any prospective investor. In addition, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a United States Person in light of such person's particular circumstances, including certain United States Persons that may be subject to special treatment under the Code (for example, persons (i) that are tax-exempt organizations, qualified retirement plans, individual retirement accounts and other tax-deferred accounts; (ii) that are financial institutions, insurance companies, real estate investment trusts, regulated investment companies, or brokers, dealers or traders in securities; (iii) that

are subject to the alternative minimum tax provisions of the Code; or (iv) that own Class A non-voting shares as part of a straddle, hedging, conversion transaction, constructive sale or other arrangement involving more than one position), United States Persons that also own common shares and United States Persons that hold Class A non-voting shares other than as capital assets. Moreover, this summary does not include any discussion of state, local or foreign income or other tax consequences.

THE UNITED STATES FEDERAL INCOME TAX TREATMENT OF THE CLASS A NON-VOTING SHARES IS VERY COMPLEX, UNCERTAIN AND, IN SOME CASES, POTENTIALLY UNFAVORABLE TO UNITED STATES PERSONS. ACCORDINGLY, EACH UNITED STATES PERSON WHO ACQUIRES CLASS A NON-VOTING SHARES UNDER THIS PROSPECTUS IS STRONGLY URGED TO CONSULT HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN INCOME, ESTATE AND OTHER TAX CONSEQUENCES OF THE ACQUISITION OF CLASS A NON-VOTING SHARES, WITH SPECIFIC REFERENCE TO SUCH PERSON'S PARTICULAR FACTS AND CIRCUMSTANCES.

SALE OR DISPOSITION OF CLASS A NON-VOTING SHARES

Because the Company is a "passive foreign investment company", special complex rules apply to sales or other dispositions of Class A non-voting shares. See "Passive Foreign Investment Company Treatment", below. Each United States Person is strongly urged to consult his or her own tax advisor with respect to such rules.

PASSIVE FOREIGN INVESTMENT COMPANY TREATMENT

The Company has been, and expects to continue to be, a "passive foreign investment company" for United States federal income tax purposes. The tax rules generally applicable to passive foreign investment companies are very complex and, in many cases, uncertain.

If a United States Person holding Class A non-voting shares is treated under these rules as owning stock of a passive foreign investment company, any gain recognized by such person upon a sale or other disposition of Class A non-voting shares may be ordinary (rather than capital), and any resulting United States federal income tax may be increased by an interest charge, as discussed further below. In addition, as discussed below, a "qualified electing fund" ("QEF") election may not be available with respect to the Class A non-voting shares if

the Company fails to provide certain information, and accordingly, any gain recognized upon a sale or other disposition of Class A non-voting shares may be ordinary (rather than capital) and may be subject to the interest charge rules, notwithstanding that such person had a QEF election in effect with respect to the Company for his or her entire holding period.

The tax consequences to a United States Person who owns, directly or, in certain cases, indirectly, Class A non-voting shares depend on whether or not a QEF election or a mark-to-market election ("mark-to-market election") is made by such person with respect to the Company.

QEF ELECTION

A United States Person that owns Class A non-voting shares may elect, provided that the Company provides such person with certain information, to have the Company treated, with respect to that person, as a QEF. A QEF election must be made by a shareholder before the due date (with regard to extensions) for such person's tax return for the taxable year for which the election is made and, once made, will be effective for all subsequent taxable years of such person unless revoked with the consent of the Internal Revenue Service. (A

United States Person who makes a QEF election with respect to the Company is referred to herein as an "Electing Shareholder".) THE COMPANY NOW MAKES, AND INTENDS TO CONTINUE TO MAKE, AVAILABLE TO HOLDERS OF CLASS A NON-VOTING SHARES THE ANNUAL STATEMENT CURRENTLY REQUIRED BY THE INTERNAL REVENUE SERVICE, WHICH WILL INCLUDE INFORMATION AS TO THE ALLOCATION OF THE COMPANY'S ORDINARY EARNINGS AND NET CAPITAL GAIN AMONG THE CLASS A NON-VOTING SHARES AND AS TO DISTRIBUTIONS ON SUCH CLASS A NON-VOTING SHARES. SUCH STATEMENT MAY BE USED BY ELECTING SHAREHOLDERS FOR PURPOSES OF COMPLYING WITH THE REPORTING REQUIREMENTS APPLICABLE TO THE QEF ELECTION.

So long as an Electing Shareholder's QEF election is in effect with respect to the entire holding period for his Class A non-voting shares, any gain or loss realized by such shareholder on the disposition of such Class A non-voting shares held as capital assets ordinarily would be a capital gain or loss. Such capital gain or loss ordinarily would be long-term if such Electing Shareholder had held the Class A non-voting shares for more than 12 months at the time of the disposition. For non-corporate United States persons, long-term capital gain is generally subject to a maximum federal income tax rate of 15%. Gain from the disposition of collectibles such as gold or silver, however, is subject to a maximum rate of 28%. The Internal Revenue Service has authority to issue Treasury regulations applying the 28% rate to a gain from the sale of an interest in a passive foreign investment company with respect to which a QEF election is in effect to the extent that such gain is attributable to unrealized appreciation of collectibles held by such passive foreign investment company. As no such Treasury regulations have as yet been issued, the 15% maximum rate currently should apply to long-term capital gains from the disposition of Class A non-voting shares by an Electing Shareholder. There can be no assurance, however, as to whether, when or with what effective date any such Treasury regulations may be issued, or whether any such Treasury regulations would subject long-term capital gains realized by an Electing Shareholder from the disposition of Class A non-voting shares to the 28% maximum rate.

Under Section 1291(d)(2)(A) of the Code, a United States Person holding shares with respect to which a QEF election is not in effect for the entire holding period may avoid the adverse ordinary income and interest charge consequences described above upon any subsequent disposition of such shares if such person elects to recognize any gain in such shares as of the first day in the first year that the QEF election applies to such shares (a "deemed sale" election). Any gain so recognized, however, would be subject to the ordinary income and interest charge consequences. Although a deemed sale election ordinarily must be made for the year in which a QEF election is made, such election should be available with respect to Class A non-voting shares even if the Electing Shareholder had a QEF election in effect with respect to the Company for a prior year, and should apply only to such Class A non-voting shares (and not to other Class A non-voting shares held by such shareholder). There is no authority regarding the availability or effect of a deemed sale election in these circumstances, however, and each Electing Shareholder is strongly urged to consult his or her own tax advisor.

An Electing Shareholder will be required to include currently in gross income his, her or its pro rata share of the Company's annual ordinary earnings and annual net capital gains. Such inclusion will be required whether

or not such shareholder owns Class A non-voting shares for an entire year or at the end of the Company's taxable year. The amount so includable will be determined without regard to the amount of cash distributions, if any, received from the Company. Electing Shareholders will be required to pay tax currently on such imputed income, unless, as described below, an election is made to defer such payment. Under these rules, in the event that the Company disposes of all or a portion of its gold or silver holdings, including dispositions in the

course of varying its mix between gold and silver, Electing Shareholders could realize substantial imputed income, even in the absence of any cash distributions. Historically, the Company has declared and paid a cash dividend of U.S.$0.01 per share (prior to 1996, Cdn.$0.01 per share) on its outstanding Class A non-voting shares.

The amount currently included in income will be treated as ordinary income to the extent of the Electing Shareholder's allocable share of the Company's ordinary earnings and generally will be treated as long-term capital gain to the extent of such shareholder's allocable share of the Company's net capital gains. Such net capital gains ordinarily would be subject to a maximum 15% United States federal income tax rate in the case of non-corporate United States persons, unless the Company elects to treat the entire amount of its net capital gain as ordinary income.

If an Electing Shareholder demonstrates to the satisfaction of the Internal Revenue Service that amounts actually distributed to him have been previously included in income as described above by such shareholder or a previous United States shareholder, such distributions generally will not be taxable. An Electing Shareholder's tax basis in his or her Class A non-voting shares will be increased by any amounts currently included in income under the QEF rules and will be decreased by any subsequent distributions from the Company that are treated as non-taxable distributions pursuant to the preceding sentence. For purposes of determining the amounts includable in income by Electing Shareholders, the tax bases of the Company's assets, and the ordinary earnings and net capital gains of the Company, will be computed on the basis of United States federal income tax principles. Accordingly, it is anticipated that such tax bases, and such ordinary earnings and net capital gains may differ from the figures set forth in the Company's financial statements (including those incorporated by reference herein).

In the event that an Electing Shareholder would be required to include in gross income for United States federal income tax purposes his or her pro rata share of the Company's ordinary earnings and net capital gains for any taxable year of the Company under the passive foreign investment company provisions, then it is the intention of the Company to distribute to holders of record of Class A non-voting shares and common shares as of the last day of such taxable year (currently October 31) an aggregate amount of dividends (including the stated dividends on the Class A non-voting shares) such that the amount of dividends payable to a United States Person who holds Class A non-voting shares for the entire taxable year of the Company will be at least equal to the product of (a) the Company's ordinary earnings and net capital gains (as computed for United States federal income tax purposes) for such taxable year allocable to such person and (b) the highest marginal rate of United States federal income tax on ordinary income or long-term capital gain, as appropriate, applicable to individuals. Any such dividends (other than certain capital gains dividends) to non-residents of Canada will be subject to Canadian withholding tax. See "Canadian Federal Income Tax Considerations -- Shareholders Not Resident in Canada". Because such dividends may be subject to Canadian withholding tax and because the amount of such dividends will be determined without reference to possible state or local income tax liabilities or to the rate of United States federal income tax applicable to corporate shareholders, such dividends may not provide Electing Shareholders with sufficient cash to pay their tax liabilities arising from imputed income in respect of the Company's ordinary earnings and net capital gains under the QEF rules. An Electing Shareholder who sells his or her Class A non-voting shares prior to the end of the Company's taxable year will be required to include in income, as of the last day of the Company's taxable year, a portion of the Company's ordinary earnings and net capital gains attributable on a pro rata basis to the period during which such shares were held during such taxable year, but will not receive the cash distribution described in the first sentence of this paragraph. However, the amount of such shareholder's taxable gain on the sale should be reduced, or the amount of his

or her taxable loss increased, by the amount of such income inclusion. If an Electing Shareholder sells his or her Class A non-voting shares in a taxable year of such shareholder ending during the Company's then current taxable year, such shareholder may nevertheless have to include his or her proportionate share of the Company's ordinary earnings and net capital gains in gross income for his or her taxable year which includes the last day of such taxable year of the Company. While the matter is unclear, such shareholder should be able to claim a loss in his or her

subsequent taxable year equal to the amount by which his or her tax basis in the Class A non-voting shares would have increased to reflect the implied income under the QEF rules.

An Electing Shareholder may elect to defer, until the occurrence of certain events, payment of the United States federal income tax attributable to amounts includable in income for which no current distributions are received, but will be required to pay interest on the deferred tax computed by using the statutory rate of interest applicable to an extension of time for payment of tax.

Under temporary Treasury regulations, an individual is required to include in income his or her proportionate share of the investment expenses of certain "pass-through" entities. It is not clear under such Treasury regulations whether a passive foreign investment company for which a QEF election is in effect may be treated as a "pass-through" entity. If these provisions were to apply to the Company, each individual Electing Shareholder would be required to include in income an amount equal to a portion of the Company's investment expenses and would be permitted an offsetting deduction (if otherwise allowable under the Code) to the extent that the amount of such expenses included in income, plus certain other miscellaneous itemized deductions of such shareholder, exceed 2% of such shareholder's adjusted gross income.

MARK-TO-MARKET ELECTION

For taxable years beginning after December 31, 1997, a United States Person generally may make a mark-to-market election with respect to shares of "marketable stock" of a passive foreign investment company. Under the Code and Treasury regulations, the term "marketable stock" includes stock of a passive foreign investment company that is "regularly traded" on a "qualified exchange or other market". Generally, a "qualified exchange or other market" means (i) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to Section 11A of the Securities Exchange Act of 1934 or (ii) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located and has the following characteristics: (a) the exchange has trading volume, listing, financial disclosure, and other requirements designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open market, and to protect investors, and the laws of the country in which the exchange is located and the rules of the exchange ensure that such requirements are actually enforced; and (b) the rules of the exchange ensure active trading of listed stocks. A class of stock is "regularly traded" on a qualified exchange or other market for any calendar year during which such class of stock is traded (other than in de minimis quantities) on at least 15 days during each calendar quarter. Based upon the foregoing, the Company expects that the Class A non-voting shares will be "marketable stock" for such purposes.

As a result of such an election, a United States Person would generally be required to report gain or loss annually to the extent of the difference between the fair market value of the shares at the end of the taxable year and the adjusted tax basis of the shares at that time. Any gain under this computation,

and any gain on an actual disposition of the passive foreign investment company shares, would be treated as ordinary income. Any loss under this computation and any loss on an actual disposition would be treated as an ordinary loss to the extent of the cumulative net mark-to-market gain and thereafter would be considered capital loss. The United States Person's tax basis in the shares is adjusted for any gain or loss taken into account under the mark-to-market election.

Unless either (i) the mark-to-market election is made as of the beginning of the United States Person's holding period for the passive foreign investment company shares or (ii) a QEF election has been in effect for such person's entire holding period, any mark-to-market gain for the election year generally will be subject to the rules applicable to dispositions by non-Electing Shareholders described below.

NON-ELECTING SHAREHOLDERS

If a QEF election is not made by a United States Person, or is not in effect with respect to the entire period that such person holds (or is treating as holding) his or her Class A non-voting shares, then, unless such person has made the mark-to-market election as described above, any gain on his or her sale or other disposition of Class A non-voting shares (directly or, in certain circumstances, indirectly) will be treated as ordinary income realized pro rata over such holding period for such Shares.

A United States Person will be required to include as ordinary income in the year of disposition the portion of the gain attributed to such year. In addition, such person's United States federal income tax for the year of disposition will be increased by the sum of (i) the tax computed by using the highest statutory rate applicable to such person for each year (without regard to other income or expenses of such person) on the portion of the gain attributed to years prior to the year of disposition plus (ii) interest on the tax determined under clause (i), at the rate applicable to underpayments of tax, from the due date of the return (without regard to extensions) for each year described in clause (i) to the due date of the return (without regard to extensions) for the year of disposition. Under the Proposed Regulations, a "disposition" may include, under certain circumstances, transfers at death, gifts, pledges and other transactions with respect to which gain ordinarily is not recognized. Under certain circumstances, the adjustment generally made to the tax basis of property held by a decedent may not apply to the tax basis of Class A non-voting shares if a QEF election was not in effect for the deceased United States Person's entire holding period. Rules similar to those applicable to dispositions generally apply to excess distributions in respect of a Class A non-voting share (i.e., distributions that exceed 125% of the average amount of distributions in respect of such Class A non-voting share received during the preceding three years or, if shorter, during the United States Person's holding period prior to the distribution year). Any loss realized by a non-Electing Shareholder on the disposition of Class A non-voting shares held as a capital asset ordinarily will be capital loss.

FOREIGN PERSONAL HOLDING COMPANY TREATMENT

The Company will be treated as a foreign personal holding company if, at any time during a taxable year of the Company, more than 50% of the total combined voting power or the total value of the Company's outstanding shares is owned (or is treated as being owned) by five or fewer individuals who are citizens or residents of the United States for United States federal income tax purposes, and 60% (50% in later years) or more of the Company's gross income (as computed for this purpose) for such year is derived from certain passive sources (including interest, dividends, gains from the sale or exchange of stock or

securities, and certain futures transactions in commodities). If the Company is treated as a foreign personal holding company for any year, any United States Person who owns (or is treated as owning) Class A non-voting shares on the last day of the Company's taxable year on which the 50% ownership test is met or, if earlier, the last day on which it is classified as a foreign personal holding company will be required to include in income his or her proportionate share of the Company's undistributed foreign personal holding company income. The amount includable in income will be determined as if such undistributed income was distributed as a dividend to shareholders of record on the last day of the Company's taxable year on which the 50% ownership test was met or, if earlier, the last day on which it is classified as a foreign personal holding company. The tax basis of a United States Person's Class A non-voting shares ordinarily will be increased by any amount so included in income by such person. If the Company is treated as a foreign personal holding company, United States Persons who acquire Class A non-voting shares from decedents, under certain circumstances, would be denied the step-up of the tax basis for such Class A non-voting shares to fair market value at the date of death which would otherwise have been available and instead would have a tax basis equal to the lower of fair market value of such shares or the decedent's tax basis therein. Moreover, the entire amount of any inclusion under the foreign personal holding company rules would be treated as ordinary income.

For any year in which the Company is both a passive foreign investment company and a foreign personal holding company, Electing Shareholders will be subject to potential income inclusions under both sets of rules. The amount includable in income under the passive foreign investment company rules may differ from the amount includable under the foreign personal holding company rules. Although Section 551(g) of the Code provides that income inclusions first are included under the foreign personal holding company rules, it is not clear how the two sets of rules interact for purposes of determining the amount of the Company's earnings allocable to each shareholder. In determining the amount of dividends to be distributed, the Company will assume that only the passive foreign investment company rules, and not the foreign personal holding company rules, apply. The election under the passive foreign investment company rules to defer payment of the tax on amounts includable in income for which no current distributions are received is not available if any amount is includable in income under the foreign personal holding company rules for such year with respect to the Company.

TREATMENT OF CERTAIN DISTRIBUTIONS

To the extent that a distribution paid on a Class A non-voting share to a United States Person is not an "excess distribution" received by a non-Electing Shareholder, and is not treated as a non-taxable distribution paid from earnings previously included in income by an Electing Shareholder under the QEF rules, such distribution (including amounts withheld in respect of Canadian federal income tax) will be taxable as ordinary income to the extent of the Company's current or accumulated earnings and profits (as computed for United States federal income tax purposes) and, to the extent the distribution exceeds such earnings and profits, generally will be treated as a non-taxable return of capital to the extent of the tax basis of the Class A non-voting share and then as gain from the sale or exchange of the Class A non-voting share. Dividends on the Class A non-voting shares will not be eligible for the maximum 15% United States federal income tax rate generally applicable to dividends paid by a "qualified foreign corporation" to non-corporate United States persons if the Company qualifies as a foreign personal holding company or passive foreign investment company, each as defined above, for its taxable year during which it pays a dividend on the Class A non-voting shares, or for its immediately preceding taxable year. In addition, dividends on the Class A non-voting shares generally will not be eligible for the deduction for dividends received by

corporations.

Subject to complex limitations set forth in the Code and the United States-Canada Income Tax Convention, shareholders who are United States Persons may be entitled to claim a credit against their United States federal income tax liability for Canadian federal income tax withheld from dividends on the Class A non-voting shares. Among other things, any dividends or inclusions under the passive foreign investment company or foreign personal holding company rules for a year in which more than 50% of the total voting power or value of the Company's shares is owned by United States Persons may be treated in part as United States source income under Section 904(g) of the Code. Taxpayers who do not elect to claim foreign tax credits for a taxable year may be able to deduct any such Canadian federal income tax withheld.

INFORMATION REPORTING AND BACKUP WITHHOLDING

United States information reporting requirements and backup withholding tax generally will apply to certain non-corporate holders of Class A non-voting shares. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, Class A non-voting shares by a paying agent within the United States to a holder of Class A non-voting shares (other than an "exempt recipient," which includes non-U.S. shareholders that provide an appropriate certification and certain other persons). A paying agent or other intermediary within the United States will be required to withhold at a rate of 28% on any payment of proceeds from the sale or redemption of Class A non-voting shares within the United States to a United States shareholder (other than a corporation or an "exempt recipient") if such shareholder fails to furnish its correct taxpayer identification number or otherwise fails to comply with such backup withholding requirements. Any amounts withheld under the backup withholding rules from a payment to a United States shareholder generally may be refunded (or credited against such United States shareholder's U.S. federal income tax liability, if any) provided the required information is furnished to the Internal Revenue Service. United States shareholders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption. If information reporting requirements apply to a United States shareholder, the amount of dividends paid with respect to such Class A non-voting shares will be reported annually to the Internal Revenue Service and such United States shareholder.

A United States Person must report certain transfers of cash to foreign corporations if: (i) immediately after the transfer, such person holds directly, or indirectly or by attribution at least 10% of the total voting power or the total value of the foreign corporation; or (ii) the amount of cash transferred by such person or any related person to such foreign corporation during the 12-month period ending on the date of the transfer exceeds U.S.$100,000.

ENFORCEMENT OF CERTAIN CIVIL LIABILITIES

The Company is governed by the BUSINESS CORPORATIONS ACT (Alberta). All of the Company's assets are located outside of the United States, and all of its directors and officers, as well as the experts named in this Prospectus, are residents of Canada or other jurisdictions outside of the United States. As a result, it may be

difficult for investors to effect service within the United States upon the Company or those directors, officers and experts who are not residents of the United States or to realize in the United States upon judgments of courts of the United States predicated upon the civil liability provisions of the United States federal securities laws.

In addition, there is some doubt as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of United States courts, of civil liabilities predicated upon United States federal securities laws.

RISK FACTORS

The following are certain factors relating to the business of the Company which prospective investors should consider carefully before deciding whether to purchase Shares.

GOLD AND SILVER PRICE VOLATILITY

Central Fund's business almost entirely involves investing in pure gold and silver bullion. Therefore, the principal factors affecting the price of the Shares, are factors which affect the price of gold and silver, and which are beyond the Company's control. However, the Company believes that such factors have a lesser impact on the shares of Central Fund than on shares of gold producers as gold producers have considerable inherent operational risks, resulting in more volatile share prices of such producers. Central Fund's net assets are denominated in U.S. dollars. As at December 5, 2003, the Company's assets were made up of 58.8% gold bullion, 39.5% silver bullion and 1.7% cash, marketable securities and other working capital amounts.

The Company does not engage in any leasing, lending or hedging activities involving these assets, so the value of the Shares will depend on, and typically fluctuate with, the price fluctuations of such assets.

The market prices of gold and silver bullion may be affected by a variety of unpredictable international economic, monetary and political considerations.

Macroeconomic considerations include: expectations of future rates of inflation; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other currencies; interest rates; and global or regional political or economic events (including banking crises).

Political factors may also affect gold and silver prices. For example, the largest producer of gold bullion is South Africa. In addition to changes in production costs, shifts in political and economic conditions affecting this country may have a direct impact on its sales of gold. South Africa depends on gold sales for a significant portion of its foreign exchange necessary to finance its imports and its sales policy is necessarily subject to national economic and political developments. In addition, a number of eastern European and Central Asian countries have encountered severe economic conditions. Some of these countries, through their Central banks, have been active in sales in the gold market as a result of their need for foreign exchange. Similarly, Australia, Canada and certain western European countries have also been net sellers of portions of their gold bullion reserves in recent years. While announcements have been made in respect of bullion reserves sales by several Central banks of European and other countries, there can be no assurance that their stated intentions in respect of net sales will not change in the future.

PRICE VOLATILITY OF NON-GOLD AND SILVER ASSETS AND OTHER COMMODITIES

To the extent that the Company holds a nominal amount of securities of issuers in the precious metal industry, the value of such securities can also be affected by the same types of economic and political considerations.

In addition, Central Fund's business may also be affected to a lesser extent by the price of other commodities which may be viewed by investors as competitively priced or as an alternative to investing in gold and silver

related investments.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The Company is a "passive foreign investment company", and may be a "foreign personal holding company", for United States federal tax purposes. Under the passive foreign investment company rules, the tax treatment of the Class A non-voting shares is very complex, uncertain and, in some cases, potentially unfavorable to United States Persons. See "United States Federal Income Tax Considerations". EACH UNITED STATES PERSON THAT ACQUIRES CLASS A SHARES, WHETHER FROM THE CORPORATION OR IN THE MARKET, IS STRONGLY URGED TO CONSULT HIS, HER OR ITS OWN TAX ADVISOR.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon by Fraser Milner Casgrain LLP and Dorsey & Whitney LLP on behalf of the Company and by Cassels Brock & Blackwell LLP on behalf of the Underwriter. John S. Elder, Q.C., a partner of Fraser Milner Casgrain LLP, is an officer and director of the Company.

As at December 5, 2003, the partners and associates of each of the firms mentioned above, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Class A non-voting shares and common shares of the Company.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Central Fund's auditors are Ernst & Young LLP, Chartered Accountants, Toronto, Ontario.

The registrar and transfer agent for the Class A non-voting shares of the Company in Canada is CIBC Mellon Trust Company at its principal offices in Calgary, Montreal, Toronto and Vancouver. The registrar and transfer agent for the Class A non-voting shares of the Company in the United States is Mellon Investor Services LLC at its principal office in New York.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. Purchasers should refer to any applicable provisions of the securities legislation of their provinces or territories, as the case may be, for the particulars of these rights or consult with a legal advisor.

EXPERTS

The audited financial statements incorporated by reference in this Prospectus and included in the U.S. registration statement of which this Prospectus forms a part, have been included in reliance upon the report of Ernst & Young LLP, Independent Chartered Accountants, also incorporated by reference herein, and upon the authority of such firm as experts in accounting

and auditing.

DOCUMENTS FILED AS PART OF THE U.S. REGISTRATION STATEMENT

The following documents have been filed with the SEC as part of the U.S. registration statement of which this Prospectus forms a part: (i) the documents referred to under "Documents Incorporated by Reference"; (ii) consent of Ernst & Young LLP; (iii) consent of Fraser Milner Casgrain LLP; (iv) consent of Cassels Brock & Blackwell LLP; (v) consent of Dorsey & Whitney LLP; and (vi) powers of attorney from directors and officers of the Company.

AUDITORS' CONSENT

We have read the short form prospectus of Central Fund of Canada Limited (the "Company") dated December 12, 2003 relating to the distribution of 15,050,000 non-voting, fully-participating Class A Shares of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the statements of net assets of the Company as at October 31, 2002 and 2001 and the statements of loss, changes in net assets and shareholders' equity for each of the years in the three-year period ended October 31, 2002. Our report is dated November 22, 2002.

December 12, 2003 (Signed) ERNST & YOUNG LLP

CERTIFICATE OF THE COMPANY

Dated: December 12, 2003

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than the Province of Quebec.

(Signed) J.C. STEFAN SPICER
President and Chief Executive Officer

(Signed) CATHERINE A. SPACKMAN
Chief Financial Officer

On behalf of the Board of Directors

(Signed) PHILIP M. SPICER
Director

(Signed) JOHN S. ELDER
Director

CERTIFICATE OF THE UNDERWRITER

Dated: December 12, 2003

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to

the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada, other than the Province of Quebec.

CIBC WORLD MARKETS INC.

By: (Signed) DAVID A. SCOTT

C-2

PART II

INFORMATION NOT REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

INDEMNIFICATION

The laws of Alberta and the Registrant's Articles permit indemnification of its directors and officers against certain liabilities, which would include liabilities arising under the Securities Act of 1933, as amended.

Section 124 of the Alberta Business Corporation Act (the "ABCA") provides as follows:

(1) Except in respect of an action by or on behalf of the corporation or body corporate to procure a judgment in its favour, a corporation may indemnify a director or officer of the corporation, a former director or officer of the corporation or a person who acts or acted at the corporation's request as a director or officer of a body corporate of which the corporation is or was a shareholder or creditor, and the director's or officer's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the director or officer in respect of any civil, criminal or administrative action or proceeding to which the director or officer is made a party by reason of being or having been a director or officer of that corporation or body corporate, if

(a) the director or officer acted honestly and in good faith with a view to the best interests of the corporation, and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer had reasonable grounds for believing that the director's or officer's conduct was lawful.

(2) A corporation may with the approval of the Court indemnify a person referred to in subsection (1) in respect of an action by or on behalf of the corporation or body corporate to procure a judgment in its favour, to which the person is made a party by reason of being or having been a director or an officer of the corporation or body corporate, against all costs, charges and expenses reasonably incurred by the person in connection with the action if the person fulfills the conditions set out in subsections (1)(a) and (b).

(3) Notwithstanding anything in this section, a person referred to in subsection (1) is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by the person in connection with the defense of any civil, criminal or administrative action or proceeding to which the person is made a party by reason of

being or having been a director or officer of the corporation or body corporate, if the person seeking indemnity

(a) was substantially successful on the merits in the person's defense of the action or proceeding,

(b) fulfills the conditions set out in subsection (1)(a) and (b), and

(c) is fairly and reasonably entitled to indemnity.

(4) A corporation may purchase and maintain insurance for the benefit of any person referred to in subsection (1) against any liability incurred by the person

(a) in the person's capacity as a director or officer of the corporation, except when the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the corporation, or

(b) in the person's capacity as a director or officer of another body corporate if the person acts or acted in that capacity at the corporation's request, except when the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the body corporate.

(5) A corporation or a person referred to in subsection (1) may apply to the Court for an order approving an indemnity under this section and the Court may so order and make any further order it thinks fit.

(6) On an application under subsection (5), the Court may order notice to be given to any interested person and that person is entitled to appear and be heard in person or by counsel.

For the purposes of Section 124, "Court" means the Court of Queen's Bench of Alberta.

The Bylaws of the Registrant provide that, subject to the limitations contained in the ABCA, the Registrant shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Registrant's request as a director or officer of a body corporate of which the Registrant is or was a shareholder or creditor and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if:

(a) he acted honestly and in good faith with a view to the best interests of the Registrant; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the U.S. Securities and

Exchange Commission (the "Commission") such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

EXHIBITS

The following exhibits have been filed as part of the Registration Statement:

EXHIBIT	DESCRIPTION
3.1	Underwriting Agreement (filed herewith)
4.1	Annual Information Form of the Registrant dated February 24, 2003 (incorporated by reference to the Registrant's Annual Report on Form 40-F for the fiscal year ended October 31, 2002, filed on March 17, 2003)
4.2	Management Information Circular of the Registrant dated January 10, 2003 in connection with the Company's annual meeting of shareholders on February 24, 2003 (incorporated by reference to the Registrant's Report on Form 6-K, filed on January 23, 2003)
4.3	Audited financial statements of the Registrant as at October 31, 2002 and 2001 and for each of the years in the three year period ended October 31, 2002 together with the auditors' report thereon and consisting of the statements of net assets as at October 31, 2002 and 2001 and the statements of loss, shareholders' equity and changes in net assets for each of the years in the three year period ended October 31, 2002 (incorporated by reference to the Registrant's Annual Report on Form 40-F for the fiscal year ended October 31, 2002, filed on March 17, 2003)
4.4	Management's discussion and analysis of financial condition and results of operations for the year ended October 31, 2002 (incorporated by reference to the Registrant's Annual Report on Form 40-F for the fiscal year ended October 31, 2002, filed on March 17, 2003)
4.5	Unaudited interim financial statements of the Registrant as at July 31, 2003 for the three, six and nine months ended July 31, 2003 and 2002 (incorporated by reference to the Registrant's Form 6-K, filed on September 18, 2003)
4.6	Management's discussion and analysis of financial condition and results of operations for the interim period ended July 31, 2003 (incorporated by reference to the Registrant's Form 6-K, filed on September 18, 2003)
4.7	Material change report dated January 30, 2003 concerning the private placement of 3,500,000 Class A non-voting shares at a price of U.S.$4.37 per Class A non-voting share (incorporated by reference to the Registrant's Report on Form 6-K, filed on January 31, 2003)
4.8	Material change report dated February 14, 2003 concerning the private placement of 5,448,800 Class A non-voting shares at a

price of U.S.$4.49 per Class A non-voting share (incorporated by reference to the Registrant's Report on Form 6-K, filed on February 17, 2003)

4.9	The supplementary information, dated December 23, 2003, relating to reconciliation with United States generally accepted accounting principles in respect of the Registrant's unaudited financial statements as at July 31, 2003 and 2002 and for the nine months ended July 31, 2003 and 2002 (incorporated by reference to the Registrant's Report on Form 6-K filed on December 8, 2003)
5.1	Consent of Fraser Milner Casgrain LLP*
5.2	Consent of Cassels Brock & Blackwell LLP*
5.3	Consent of Ernst & Young LLP*
5.4	Consent of Dorsey & Whitney LLP*
6.1	Powers of Attorney (contained in the signature pages of the Registration Statement on Form F-10)*

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* Previously filed

PART III

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

ITEM 1. UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form F-10 or to transactions in said securities.

ITEM 2. CONSENT TO SERVICE OF PROCESS

Concurrently with the filing of the Registration Statement on Form F-10, the Registrant has previously filed with the Commission a written irrevocable consent and power of attorney on Form F-X. Any change to the name or address of the agent for service of the Registrant shall be communicated promptly to the Commission by amendment to Form F-X referencing the file number of the relevant registration statement.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the

requirements for filing on Form F-10 and has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Ancaster, Ontario, country of Canada, on December 12, 2003.

CENTRAL FUND OF CANADA LIMITED

By /s/ J.C. Stefan Spicer

J.C. Stefan Spicer
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	
/s/ J.C. Stefan Spicer J.C. Stefan Spicer	President, Chief Executive Officer and Director (principal executive officer)	D
/s/ Catherine A. Spackman Catherine A. Spackman CMA	Treasurer (principal financial officer and principal accounting officer)	D
* John S. Elder Q.C.	Director	D
* Douglas E. Heagle	Director	D
* Ian M.T. McAvity	Director	D
* Michael A. Parente	Director	D

*	Director	D
Robert R. Sale		
*	Director	D
Dale R. Spackman Q.C.		
*	Director	D
Philip M. Spicer		
*	Director	D
Malcolm A. Tascherau		
*By: /s/ J.C. Stefan Spicer J.C. Stefan Spicer Attorney-in-Fact	Attorney-in-Fact for the persons indicated above with an *	

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act, the undersigned has signed this Amendment No. 1 to the Registration Statement, solely in the capacity of the duly authorized representative of Central Fund of Canada Limited in the United States on December 12, 2003.

/s/ Martin Pomerance
Martin Pomerance

EXHIBIT INDEX

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5.4	Consent of Dorsey & Whitney LLP*
6.1	Powers of Attorney (contained in the signature pages of the

Registration Statement on Form-10)*

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* Previously filed

;'>(1)
Member of the Audit Committee.

(2)

Member of the Governance and Nominating Committee.

(3)

Member of the Compensation Committee.

Mark J. Enyedy has served as our President and Chief Executive Officer since May 2016. Prior to joining ImmunoGen, he served in various executive capacities at Shire plc, a pharmaceutical company, from 2013 to May 2016, including as Executive Vice President and Head of Corporate Development from 2014 to May 2016, where he led Shire's strategy, M&A and corporate planning functions and provided commercial oversight of Shire's pre-Phase 3 portfolio. Prior to joining Shire he served as Chief Executive Officer of Proteostasis Therapeutics, Inc., a biopharmaceutical company, from 2011 to 2013. Prior to joining Proteostasis he served for 15 years at Genzyme Corporation, a biotechnology company, most recently as President of the Transplant, Oncology, and Multiple Sclerosis divisions. Mr. Enyedy holds a JD from Harvard Law School and practiced law prior to joining Genzyme. Mr. Enyedy is also a director of Fate Therapeutics, Inc. We believe that Mr. Enyedy should serve on our Board in recognition of his leadership role as our President and Chief Executive Officer. As a result of his position, Mr. Enyedy has a thorough understanding of all aspects of our business and operations.

Stephen C. McCluski has served as the Chairman of our Board of Directors since 2009. Mr. McCluski served as Senior Vice President and Chief Financial Officer of Bausch & Lomb Incorporated, a manufacturer of health care products for the eye, from 1995 to his retirement in 2007. Mr. McCluski is also a director of Monro Muffler Brake, Inc. and the James P. Wilmot Cancer Center of the University of Rochester and, within the past five years, he also served as a director of Standard

Table of Contents

Microsystems Corporation. We believe Mr. McCluski's qualifications to serve on our Board include his global management experience and knowledge of financial and accounting matters and mergers and acquisitions. As a result of these experiences, Mr. McCluski has a wide-ranging understanding of business organizations generally and healthcare businesses in particular. Mr. McCluski also has significant corporate governance experience through his service on other company boards.

Mark Goldberg, MD, served in various capacities of increasing responsibility at Synageva BioPharma Corp., a biopharmaceutical company, from 2011 to 2014, including as Executive Vice President, Medical and Regulatory Strategy from January to October 2014. From October 2014 through the acquisition of Synageva by Alexion Pharmaceuticals, Inc. in 2015, Dr. Goldberg, while no longer an officer, remained employed by Synageva contributing to medical and regulatory strategy. Prior to joining Synageva he served in various management capacities of increasing responsibility at Genzyme Corporation, a biopharmaceutical company, from 1996 to 2011, most recently as Senior Vice President, Clinical Research and Global Therapeutic Head, Oncology, Genetic Health, and as Chairman of Genzyme's Early Product Review Board. Prior to joining Genzyme he was a full-time staff physician at Brigham and Women's Hospital and the Dana-Farber Cancer Institute, where he still holds appointments. Dr. Goldberg is an Associate Professor of Medicine at Harvard Medical School and currently serves as acting chief medical officer of CANbridge Life Sciences Ltd., a privately held biopharmaceutical company. Dr. Goldberg holds a Doctor of Medicine degree from Harvard Medical School. Dr. Goldberg is also a director of aTyr Pharma, Inc., Blueprint Medicines Corporation, GlycoMimetics, Inc. and Idera Pharmaceuticals, Inc. and, within the past five years, he also served as a director of Synageva BioPharma Corp. We believe that Dr. Goldberg's qualifications to serve on our Board include his comprehensive experiences in clinical research and medical affairs, as well as early stage research, at his former employers, which give him a wide-ranging understanding of the drug development process for biopharmaceutical products from the research stage through clinical development.

Daniel M. Junius served as our President and Chief Executive Officer from 2009 to this retirement in May 2016. Prior to that he served as our President and Chief Operating Officer in 2008, our Executive Vice President and Chief Financial Officer from 2006 to 2008, and our Senior Vice President and Chief Financial Officer from 2005 to 2006. Mr. Junius holds a Masters of Management from Northwestern University's Kellogg School of Management. Mr. Junius is also a director of GlycoMimetics, Inc. and IDEXX Laboratories, Inc. and, within the past five years, he also served as a director of Vitae Pharmaceuticals, Inc. We believe that Mr. Junius should serve on our Board in recognition of his consultative role as our recently retired President and Chief Executive Officer. As a result of past experience as our President and Chief Executive Officer, Mr. Junius has a thorough understanding of all aspects of our business and operations.

Dean J. Mitchell has served as Executive Chairman of the Board of Covis Pharma Holdings, a specialty pharmaceutical company, since 2013. Prior to that he served as President and Chief Executive Officer of Lux Biosciences, Inc., a biotechnology company focusing on the treatment of ophthalmic diseases, from 2010 to August 2013. Prior to that he served as President and Chief Executive Officer of Alpharma, Inc., a publicly traded human and animal pharmaceutical company, from 2006 until its acquisition by King Pharmaceuticals, Inc. in 2008. Prior to that he served as President and Chief Executive Officer of Guilford Pharmaceuticals, Inc., a publicly traded specialty pharmaceutical company from 2004 until its acquisition by MGI PHARMA, INC. in 2005. Prior to that he served in various senior executive capacities in the worldwide medicines group of Bristol-Myers Squibb Company, a

Table of Contents

pharmaceutical company, from 2001 to 2004. Prior to that he spent 14 years at GlaxoSmithKline plc, a pharmaceutical company, in assignments of increasing responsibility spanning sales, marketing, general management, commercial strategy and clinical development and product strategy. Mr. Mitchell is also a director of Intrexon, Inc. and Theravance BioPharma, Inc. and, within the past five years, he also served as a director of Ista Pharmaceuticals, Inc., Lux Biosciences, Inc. and Talecris Biotherapeutics Holdings Corp. We believe that Mr. Mitchell's qualifications to serve on our Board include his management experience in the pharmaceutical and biotherapeutics industries, in particular as it relates to later-stage drug development and commercialization, and his experience as a CEO and board member of multiple biotechnology companies.

Kristine Peterson has most recently served as Chief Executive Officer of Valeritas, Inc., a medical technology company focusing on innovative drug delivery systems, from 2009 to 2016. Prior to that she served as Company Group Chair of Johnson & Johnson's biotech groups from 2006 to 2009, and as Executive Vice President for J&J's global strategic marketing organization from 2004 to 2006. Prior to that she served as Senior Vice President, Commercial Operations for Biovail Corporation, a pharmaceutical company, and President of Biovail Pharmaceuticals from 2003 to 2004. Prior to that she spent 20 years at Bristol-Myers Squibb Company, a pharmaceutical company, in assignments of increasing responsibility spanning marketing, sales and general management, including running a cardiovascular/metabolic business unit and a generics division. Ms. Peterson is also a director of Amarin Corporation plc and Paratek Pharmaceuticals, Inc. and, within the past five years, she also served as a director of Valeritas, Inc. We believe that Ms. Peterson's qualifications to serve on our Board include her extensive executive management and sales and marketing experience in both mature pharmaceutical and smaller biotechnology companies, in particular as it relates to later-stage development and commercialization, and her other public company board experience.

Howard H. Pien has served most recently as Chairman of the Board and Chief Executive Officer of Medarex, Inc., a biopharmaceutical company, from 2007 to its acquisition by Bristol-Myers Squibb Company in September 2009. Prior to that he was a private consultant from 2006 to 2007. Prior to that he served as President and Chief Executive Officer of Chiron Corporation, a biopharmaceutical company, from 2003 to its acquisition by Novartis AG in 2006. Prior to that he served in various executive capacities at GlaxoSmithKline plc (GSK), a pharmaceutical company, and its predecessor companies, including as President of GSK's International Pharmaceuticals business from 2000 to 2003, and as President of Pharmaceutical Operations of SmithKline Beecham plc (a predecessor of GSK). Mr. Pien also worked for six years at Abbott Laboratories, a diversified health care products company, and for five years at Merck & Co., Inc., a pharmaceutical company, in positions in sales, market research, licensing and product management. Mr. Pien is also currently an a director of Indivior PLC (as non-executive chairman), Juno Therapeutics, Inc. (as non-executive chairman) and Sage Therapeutics, Inc., and, within the past five years, he also served as a director of Talon Therapeutics, Inc., Vanda Pharmaceuticals, Inc. and ViroPharma Incorporated. We believe Mr. Pien's qualifications to serve on our Board include his chief executive officer experience at several biotechnology companies, as well as his earlier experience in roles of increasing responsibility for the commercial operations of a large multinational pharmaceutical company's worldwide pharmaceuticals business. As a result of these experiences, Mr. Pien has a wide-ranging understanding of all aspects of biotechnology businesses. Mr. Pien also has significant corporate governance experience through his service on other company boards.

Table of Contents

Joseph J. Villafranca, PhD, has served as President of BioPharmaceutical Consultants LLC since 2012. Prior to that he served as Senior Vice President, SOU Head, Life Sciences, of Tunnell Consulting, a consulting firm focusing on the life sciences industry, from 2009 to his retirement from Tunnell Consulting in April 2012. Prior to that he served as Senior Vice President Operations and Principal & Practice Director, Life Sciences, of Tunnell Consulting from 2006 to 2009. Prior to that he served as President of Biopharmaceutical Consultants LLC from 2005 to 2006. Prior to that he served as Executive Vice President, Pharmaceutical Development and Operations at Neose Technologies, Inc., a biotechnology company, from 2002 to 2005. Prior to that he served in various executive positions at Bristol-Myers Squibb Company, a pharmaceutical company, over a period of 11 years. Dr. Villafranca holds a PhD in Biochemistry/Chemistry from Purdue University and completed his postdoctoral work at the Institute for Cancer Research in Philadelphia, Pennsylvania. We believe Dr. Villafranca's qualifications to serve on our Board include his current and former experience as an industry consultant as well as his executive positions at both biotechnology and large pharmaceutical companies. As a result of these experiences, Dr. Villafranca has a wide-ranging understanding of biopharmaceutical businesses, with particular expertise in the area of chemistry, manufacturing and control (CMC).

Richard J. Wallace served as a Senior Vice President for Research and Development at GlaxoSmithKline plc (GSK), a pharmaceutical company, from 2004 to his retirement in 2008. Prior to that he served in various executive capacities for GSK and its predecessor companies and their subsidiaries from 1992 to 2004. Mr. Wallace's experience prior to joining GSK included eight years with Bristol-Myers Squibb Company, a pharmaceutical company, and seven years at Johnson & Johnson, a healthcare products and pharmaceutical company, in assignments spanning marketing, sales, manufacturing and general management. Mr. Wallace is also a director of GNC Corporation. We believe Mr. Wallace's qualifications to serve on our Board include former experience in various capacities of increasing responsibility at several large pharmaceutical companies. As a result of these experiences, Mr. Wallace has a wide-ranging understanding of drug development both in the U.S. and internationally. Mr. Wallace also has significant corporate governance experience through his service on other company boards.

Table of Contents

CORPORATE GOVERNANCE

Independence

Our Board of Directors has determined that a majority of the members of the Board should consist of "independent directors," determined in accordance with the applicable listing standards of the NASDAQ Stock Market as in effect from time to time. Directors who are also ImmunoGen employees are not considered to be independent for this purpose. For a non-employee director to be considered independent, he or she must not have any direct or indirect material relationship with ImmunoGen. A material relationship is one which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In determining whether a material relationship exists, the Board considers the circumstances of any direct compensation received by a director or a member of a director's immediate family from ImmunoGen; any professional relationship between a director or a member of a director's immediate family and ImmunoGen's independent registered public accounting firm; any participation by an ImmunoGen executive officer in the compensation decisions of other companies employing a director or a member of a director's immediate family as an executive officer; and commercial relationships between ImmunoGen and other entities with which a director is affiliated (as an executive officer, partner or controlling shareholder). In addition, the Board has determined that directors who serve on the Audit Committee and the Compensation Committee must qualify as independent under applicable SEC rules and NASDAQ listing standards, which limit the types of compensation a member of the Audit Committee or Compensation Committee may receive directly or indirectly from ImmunoGen and require that Audit Committee members not be "affiliated persons" of ImmunoGen or its subsidiaries.

Consistent with these considerations, the Board has determined that all of the current members of the Board are independent directors, except Mr. Enyedy, who is also an ImmunoGen executive officer, and Mr. Junius, who was an ImmunoGen executive officer until his retirement on May 13, 2016.

How are nominees for the Board selected?

Our Governance and Nominating Committee is responsible for identifying and recommending nominees for election to the Board. The committee will consider nominees recommended by shareholders if the shareholder submits the nomination in compliance with applicable requirements. The committee did not receive any shareholder nominations for election of directors at this year's meeting. All of the nominees for director standing for election at the meeting (other than Mr. Enyedy) were most recently re-elected as directors at our 2015 annual meeting of shareholders. The Board elected Mr. Enyedy as a director, effective May 16, 2016, in connection with his appointment as our President and Chief Executive Officer. Mr. Enyedy's appointment as our President and Chief Executive Officer was the result of succession planning process managed by our Board and using the services of a third party executive search firm. We paid the search firm a fee in connection with this engagement that our Board determined to be reasonable and customary. None of the fee was allocable to the election of Mr. Enyedy as a director.

Director Qualifications

When considering a potential candidate for membership on the Board, the Governance and Nominating Committee examines a candidate's specific experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of our business environment

Table of Contents

and willingness to devote adequate time and effort to Board responsibilities. In addition to these qualifications, when considering potential candidates for the Board, the committee seeks to ensure that the Board is comprised of a majority of independent directors and that the committees of the Board are comprised entirely of independent directors. The committee may also consider any other standards that it deems appropriate, including whether a potential candidate's skill and experience would enhance the ability of a particular Board committee to fulfill its duties.

We do not have a formal diversity policy for selecting members of our Board. However, we do believe it is important that our Board members collectively bring the experiences and skills appropriate to effectively carry out their responsibilities with respect to our business both as conducted today and as we plan to achieve our longer-term strategic objectives. We therefore seek as members of our Board individuals with a variety of perspectives and the expertise and ability to provide advice and oversight in the areas of financial and accounting controls; biotechnology research and drug development; business strategy; clinical development and regulatory affairs; compensation practices; and corporate governance.

Potential candidates may come to the attention of the Governance and Nominating Committee from current directors, executive officers, shareholders or other persons. The committee also, from time to time, engages firms that specialize in identifying director candidates. Once a person has been identified by the Governance and Nominating Committee as a potential candidate, the committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the committee determines that the candidate warrants further consideration, and the person expresses a willingness to be considered and to serve on the Board, the committee requests information from the candidate, reviews the person's accomplishments and qualifications, compares those accomplishments and qualifications to those of any other candidates that the committee might be considering, and conducts one or more interviews with the candidate. In certain instances, members of the committee may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate's credentials and accomplishments. The committee's evaluation process does not vary based on whether or not a candidate is recommended by a shareholder, although the Board may take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held.

Shareholder Nominations

Shareholders who wish to submit director candidates for consideration should send such recommendations to our corporate secretary at ImmunoGen's executive offices not fewer than 120 days prior to the first anniversary of the date on which ImmunoGen's proxy statement for the prior year's annual meeting of shareholders was released. Such recommendations must include the following information: (1) the name and address of the shareholder submitting the recommendation, as they appear on our books, and of the beneficial owner on whose behalf the recommendation is being submitted; (2) the class and number of our shares that are owned beneficially and held of record by such shareholder and such beneficial owner; (3) if the recommending shareholder is not a shareholder of record, a statement from the record holder (usually a broker or bank) verifying the holdings of the shareholder (or alternatively, a current Schedule 13D or 13G, or a Form 3, 4 or 5 filed with the SEC), and a statement from the recommending shareholder of the length of time that the shares have been held (if the recommendation is submitted by a group of shareholders, the foregoing information must be submitted for each shareholder in the group); (4) a statement from the shareholder as to whether

Table of Contents

he or she has a good faith intention to continue to hold the reported shares through the date of our next annual meeting of shareholders; (5) as to each proposed director candidate, all information relating to such person or persons that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934; (6) a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership described above; (7) a description of all arrangements or understandings between the proposed director candidate and the shareholder submitting the recommendation; (8) a description of all relationships between the proposed director candidate and any of our competitors, customers, suppliers or other persons with special interests regarding ImmunoGen; and (9) the consent of each proposed director candidate to be named in the proxy statement and to serve as a director if elected. Shareholders must also submit any other information regarding the proposed director candidate that SEC rules require to be included in a proxy statement relating to the election of directors.

Can I communicate with ImmunoGen's directors?

Yes. Shareholders who wish to communicate with the Board or with a particular director may send a letter to ImmunoGen, Inc., 830 Winter Street, Waltham, MA 02451, attention: General Counsel. The mailing envelope should contain a clear notation that the enclosed letter is a "Shareholder-Board Communication" or "Shareholder-Director Communication." All such letters should clearly state whether the intended recipients are all members of the Board or certain specified individual directors. The general counsel will make copies of all such letters and circulate them to the appropriate director or directors.

What is the Board's leadership structure?

We do not have a policy on whether the same person should serve as both the principal executive officer and Chairman of the Board or, if the roles are separate, whether the Chairman of the Board should be selected from the non-employee directors or should be an employee. Our Board believes that it should have the flexibility to make these determinations in the way that it believes best provides appropriate leadership for ImmunoGen at a given time.

Our Board believes that its current leadership structure, with Mr. Enyedy serving as CEO and Mr. McCluski serving as Chairman of the Board, is appropriate for ImmunoGen at this time. We believe that this separation is appropriate since the CEO has overall responsibility for all aspects of our operations and implementation of our strategy, while the Chairman of the Board has a greater focus on corporate governance, including leadership of the Board, and he facilitates communication between the CEO and the other members of the Board.

What is the Board's role in risk oversight?

Our Board's role is to oversee the executive management team to assure that the long-term interests of shareholders are being properly served, including understanding and assessing the principal risks associated with our businesses and operations and reviewing options for the mitigation or management of such risks. The Board as a whole is responsible for such risk oversight, but administers certain of its risk oversight functions through the Audit Committee and the Compensation Committee.

Table of Contents

The Audit Committee is responsible for the oversight of our accounting and financial reporting processes, including our systems of internal accounting control. In addition, the Audit Committee discusses guidelines and policies governing the process by which executive management and the relevant company departments assess and manage ImmunoGen's exposure to risk, and discuss our major financial risk exposures and the steps management has taken to monitor and control such exposures.

The Compensation Committee evaluates our compensation policies and practices from the perspectives of whether they support organizational objectives and shareholder interests, and whether or not they create incentives for inappropriate risk-taking.

What committees has the Board established?

The Board of Directors has standing Audit, Compensation, and Governance and Nominating Committees. As described above under the heading "Independence," all of the members of the Audit, Compensation, and Governance and Nominating Committees are deemed to be independent directors. Each of these committees acts under a written charter, copies of which can be found on ImmunoGen's website at *www.immunogen.com* on the Investor Information page under "Corporate Governance."

Audit Committee

The Audit Committee assists the Board in its oversight of:

- Our accounting and financial reporting principles, policies, practices and procedures;
- The adequacy of our systems of internal accounting control;
- The quality, integrity and transparency of our financial statements;
- Our compliance with all legal and regulatory requirements; and
- The effectiveness and scope of our Code of Corporate Conduct and Senior Officer and Financial Personnel Code of Ethics.

The Audit Committee also reviews the qualifications, independence and performance of our independent registered public accounting firm and pre-approves all audit and non-audit services provided by such firm and its fees. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent registered public accounting firm, which reports directly to the Audit Committee. The Audit Committee also is responsible for reviewing and approving related person transactions in accordance with our written related person transaction policy.

Our Board has also determined that Mr. McCluski and Ms. Peterson each qualifies as an "audit committee financial expert" under SEC rules.

Compensation Committee

The Compensation Committee is responsible for:

- Setting the compensation of our executive officers;

Table of Contents

Overseeing the administration of our incentive compensation plans, including the annual bonus objectives and our equity-based compensation and incentive plans, discharging its responsibilities as provided for under such plans, and approving awards of incentive compensation under such plans;

Overseeing the administration of our share ownership guidelines for executive officers;

Approving, or where shareholder approval is required, making recommendations to the Board regarding any new incentive compensation plan or any material change to an existing incentive compensation plan; and

Making recommendations to the Board with respect to any severance or similar termination payments proposed to be made to any of our current or former executive officers and the extension of any change in control or similar agreements to any of our officers.

All of the non-management directors on our Board annually review the corporate goals and approve the CEO's individual objectives (if any), and evaluate the CEO's performance in light of those goals and objectives. Based on the foregoing, the Compensation Committee sets the CEO's compensation, including salary, target bonus, bonus payouts, equity-based or other long-term compensation, and any other special or supplemental benefits. Our CEO annually evaluates the contribution and performance of our other executive officers, and the Compensation Committee sets their compensation based on the recommendation of our CEO.

The Compensation Committee has delegated to our CEO the authority to grant stock options and restricted stock awards under our 2006 Employee, Director and Consultant Equity Incentive Plan (which is referred to elsewhere in this proxy statement as our 2006 Plan) to individuals who are not subject to the reporting and other requirements of Section 16 of the Securities Exchange Act of 1934 or "covered employees" within the meaning of Section 162(m) of the Internal Revenue Code, or the Code, as follows:

New hires. The CEO is authorized to grant stock options to newly-hired individuals within certain guidelines established by the Compensation Committee.

Existing employees. In any fiscal year, the aggregate number of shares subject to options awarded by the CEO to employees (other than new hires) may not exceed 50,000, and the number of restricted shares awarded by the CEO to employees (other than new hires) may not exceed 25,000. With respect to these CEO-granted awards, no individual may receive in any fiscal year a combination of stock options and restricted shares such that the sum of total restricted shares awarded and .5 times the total shares subject to stock options awarded exceeds 2,500.

Retention. On September 23, 2016, the Compensation Committee delegated to the CEO the authority to grant stock option awards covering up to an aggregate of 900,000 shares to key employees (other than executive officers) as part of a retention program adopted by the Company in connection with the reengineering of the Company's operations announced on September 29, 2016. All awards under this program were granted on September 30, 2016.

The Compensation Committee is authorized to obtain advice and assistance from independent compensation consultants, outside legal counsel and other advisors as it deems appropriate, at ImmunoGen's expense. Over the past several years the Compensation Committee has engaged Towers Watson & Co. (now known as Willis Towers Watson) as an independent compensation consultant to

Table of Contents

provide research and comparative market data on executive and employee compensation. In connection with its engagement of Towers Watson, the Compensation Committee considered factors relevant to Towers Watson's independence from company management, as described in applicable SEC regulations and NASDAQ listing standards, in determining whether Towers Watson's engagement raises any conflict of interest. Based on information provided by Towers Watson, the Compensation Committee determined that Towers Watson was independent of company management. This consultant met with the Compensation Committee, with and without members of management in attendance, at the committee's request.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for:

Identifying and recommending to the Board individuals qualified to serve as directors;

Recommending to the Board directors to serve on committees of the Board;

Advising the Board with respect to matters of Board composition and procedures;

Reviewing our corporate governance guidelines and making recommendations of any changes to the Board;

Overseeing the process by which the Board and its committees assess their effectiveness;

Reviewing the compensation for non-employee directors and making recommendations of any changes to the Board; and

Overseeing the administration of our share ownership guidelines for outside directors.

The Governance and Nominating Committee is authorized to obtain advice and assistance from independent compensation consultants, outside legal counsel and other advisors as its deems appropriate, at ImmunoGen's expense.

How often did the Board and committees meet in fiscal year 2016?

Our Board of Directors met or acted by unanimous written consent 13 times during the last fiscal year. The Audit, Compensation, and Governance and Nominating Committees met or acted by unanimous written consent seven, ten and four times, respectively, during the last fiscal year. All of the directors attended at least 75% of the meetings of the Board of Directors and committees of the Board on which they served.

The independent directors met five times during the last fiscal year in executive session without management present.

Does ImmunoGen have a policy regarding director attendance at annual meetings of the shareholders?

It is the Board's policy that, absent any unusual circumstances, all director nominees standing for election will attend our annual meeting of shareholders. All of our directors attended our 2015 annual meeting of shareholders.

Table of Contents

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

During fiscal year 2016, Messrs. Mitchell and Pien and Ms. Peterson served on the Compensation Committee. No member of the committee is a present or former officer or employee of ImmunoGen or any of its subsidiaries or had any business relationship or affiliation with ImmunoGen or any of its subsidiaries (other than his service as a director) requiring disclosure in this proxy statement.

Does ImmunoGen have a Code of Corporate Conduct?

Yes. We have adopted a Code of Corporate Conduct applicable to our officers, directors and employees. We have also adopted a Senior Officer and Financial Personnel Code of Ethics, which sets forth special obligations for senior officers and employees with financial reporting and related responsibilities. These codes are posted on our website at *www.immunogen.com* on the Investor Information page under "Corporate Governance." We intend to satisfy our disclosure requirements regarding any amendment to, or waiver of, a provision of our Senior Officer and Financial Personnel Code of Ethics by disclosing such matters on our website. Shareholders may request copies of our Code of Corporate Conduct and our Senior Officer and Financial Personnel Code of Ethics free of charge by writing to ImmunoGen, Inc., 830 Winter Street, Waltham, MA 02451, attention: General Counsel.

Does ImmunoGen have a written policy governing related person transactions?

Yes. We have adopted a written policy that provides for the review and approval by the Audit Committee of transactions involving ImmunoGen in which a related person is known to have a direct or indirect interest and that are required to be reported under Item 404(a) of Regulation S-K promulgated by the SEC. For purposes of this policy, a related person includes: (1) any of our directors, director nominees or executive officers; (2) any known beneficial owner of more than 5% of any class of our voting securities; or (3) any immediate family member of any of the foregoing. In situations where it is impractical to wait until the next regularly-scheduled meeting of the committee or to convene a special meeting of the committee, the chairman of the committee has been delegated authority to review and approve related person transactions. Transactions subject to this policy may be pursued only if the Audit Committee (or the chairman of the committee acting pursuant to delegated authority) determines in good faith that, based on all the facts and circumstances available, the transactions are in, or are not inconsistent with, the best interests of ImmunoGen and its shareholders.

Does ImmunoGen have a written policy prohibiting certain transactions in its shares, such as hedging transactions?

Yes. As part of our insider trading policy, we prohibit our directors and employees from engaging in the following transactions:

Trading in ImmunoGen shares on a short-term basis. Any shares purchased in the open market must be held for a minimum of six months. This rule does not apply to sales made within six months before or after the exercise of options that were granted by ImmunoGen.

Short sales of ImmunoGen shares.

Use of ImmunoGen shares to secure a margin or other loan.

Transactions in straddles, collars, or other similar risk reduction devices.

Table of Contents

Transactions in publicly-traded options relating to ImmunoGen shares (*i.e.*, options that are not granted by ImmunoGen).

With respect to the last three items described above, the policy does authorize our general counsel to approve such transactions in limited cases. However, no director or employee has requested approval to engage in any such transaction, nor has our general counsel determined any case in which such approval would be granted.

DIRECTOR COMPENSATION

How are the directors compensated?

Directors who are also ImmunoGen employees receive no additional compensation for serving on the Board of Directors. Our Compensation Policy for Non-Employee Directors consists of three elements: cash compensation; deferred stock units; and stock options.

Cash Compensation

Each non-employee director receives an annual meeting fee of $40,000. In addition, the Chairman of the Board (or if the Chairman is not a non-employee director, the lead independent director) receives an additional annual fee of $30,000, the chairman of the Audit Committee receives an additional annual fee of $20,000, and the chairmen of each of the Compensation Committee and the Governance and Nominating Committee receive an additional annual fee of $14,000. Other members of the Audit Committee receive an additional annual fee of $10,000, and other members of each of the Compensation Committee and the Governance and Nominating Committee receive an additional annual fee of $7,000. All of these annual fees are paid in quarterly installments in, at each director's election, either cash or deferred stock units. Directors are also reimbursed for their reasonable expenses incurred in connection with attendance at Board and committee meetings.

Deferred Stock Units

Non-employee directors receive deferred stock units as follows:

New non-employee directors are initially awarded 6,500 deferred stock units, with each unit relating to one share of our common stock. These awards 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 is awarded 3,000 deferred stock units, 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 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. The foregoing vesting schedule will be adjusted to reflect our moving the date of our annual meeting of shareholders to the month of June in connection with the change in our fiscal year-end to December 31, effective January 1, 2017.

Table of Contents

Thereafter, non-employee directors are annually awarded 3,000 deferred stock units. These awards 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.

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 generally 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. All unvested deferred stock units will automatically vest immediately prior to the occurrence of a change of control, as defined in the 2006 Plan. If the 2016 Plan is approved by shareholders at the meeting, deferred stock unit awards granted after December 9, 2016 will generally be settled in shares of our common stock issued under the 2016 Plan and will be subject to the change of control provisions of the 2016 Plan, which are substantially identical to the analogous provisions in our 2006 Plan. Dr. Villafranca holds 6,380 vested deferred stock units granted under our now-discontinued 2001 Non-Employee Director Stock Plan. These deferred stock units will be redeemed on the date Dr. Villafranca ceases to be a member of the Board, at which time they will be settled in cash in an amount equal to the then fair market value of our common stock, multiplied by the number of such deferred stock units. We believe that the requirement that non-employee directors hold their deferred stock units for the duration of their tenure on our Board mitigates excessive risk-taking and directly aligns a substantial portion of director compensation with the creation of long-term shareholder value.

Stock Options

Non-employee directors also receive stock option awards as follows:

Annual Stock Option Awards. Non-employee directors receive an annual stock option award covering 10,000 shares of our common stock on the date of our annual meeting of shareholders, which is the grant date. These awards will have an exercise price equal to the fair market value of our common stock on the grant date, will vest quarterly over approximately one year from the grant date, and will expire on the tenth anniversary of the grant date, contingent upon the individual remaining a director of ImmunoGen during such period.

Off-Cycle Initial Awards. If a non-employee director is first elected to the Board other than at an annual meeting of shareholders, such non-employee director will receive a stock option award covering 10,000 shares of our common stock, pro-rated based on the number of whole months remaining between the first day of the month in which such grant date (which will be the date of their initial election to the Board) occurs and the first October 31 following the grant date. These awards will have an exercise price equal to the fair market value of our common stock on the date of grant, will generally vest quarterly over approximately the period from the grant date to the first November 1 following the date of grant, and will expire on the tenth anniversary of the grant date, contingent upon the individual remaining a director of ImmunoGen during such period. The above-described vesting schedules will be adjusted to reflect our moving the date of our annual meeting of shareholders to the month of June in connection with the change in our fiscal year-end to December 31, effective January 1, 2017.

All unvested stock option awards granted to non-employee directors will automatically vest immediately as of the date of a change of control, as defined in the 2006 Plan. If the 2016 Plan is approved by shareholders at the meeting, stock options issued to non-employee directors after

Table of Contents

December 9, 2016 will be subject to the change of control provisions of the 2016 Plan, which are substantially identical to the analogous provisions in our 2006 Plan.

The Governance and Nominating Committee will periodically review the size of the foregoing deferred stock unit and stock option awards to ensure that, in light of changes in the market price of our common stock, these awards are generally aligned with equity awards granted to the outside directors of comparable companies.

How were the directors compensated for fiscal year 2016?

The compensation paid to members of our Board of Directors (other than Messrs. Enyedy and Junius) with respect to fiscal year 2016 was as follows:

Director Compensation for Fiscal Year 2016

Name	Fees Earned or Paid in Cash(1)	Stock Awards ($)(2)(4)	Option Awards ($)(3)(4)	Total
Mark Goldberg	$ 47,000	$ 39,210	$ 79,839	$ 166,049
Stephen C. McCluskI	90,000	39,210	79,839	209,049
Dean J. Mitchell	47,000	39,210	79,839	166,049
Nicole Onetto	47,000	39,210	79,839	166,049
Kristine Peterson	57,000	39,210	79,839	176,049
Howard H. Pien	54,000	39,210	79,839	176,049
Joseph J. Villafranca	54,000	39,210	79,839	173,049
Richard J. Wallace	50,000	39,210	79,839	169,049

(1) This column represents the annual fees described above, and includes any amounts which a director has elected to be paid in deferred stock units. For fiscal year 2016, all of the outside directors elected to be paid their annual fees in cash, except that Dr. Goldberg, Mr. Pien and Dr. Villafranca elected to be paid $23,500, $54,000 and $24,300, respectively, of their annual fees in deferred stock units.

(2) The amounts shown in this column represent the aggregate grant date fair value of the deferred stock units credited to non-employee directors in fiscal year 2016, which have been calculated in each case by multiplying the number of units by the closing price of our common stock on the NASDAQ Global Select Market on the date(s) as of which such units were credited to the non-employee director. This column does not include the deferred stock units described in the preceding footnote.

(3) The amounts shown in this column represent the aggregate grant date fair value of the stock option awards granted to non-employee directors in fiscal year 2016, which has been calculated using the Black-Scholes option pricing model, based on the following assumptions: expected life of option equal to 6.33 years; expected risk-free interest rate of 1.88%, which is equal to the U.S. Treasury yield in effect at the time of grant for instruments with a similar expected life; expected stock volatility of 65.01%; and expected dividend yield of 0%.

Table of Contents

(4)

The following table provides details regarding the aggregate number of each non-employee director's vested and unvested deferred stock units and shares subject to outstanding options as of June 30, 2016:

Name	Deferred Stock Units Outstanding at Fiscal Year-End (#)	Shares Subject to Outstanding Options at Fiscal Year-End (#)
Mark Goldberg	21,773	38,510
Stephen C. McCluski	45,958	44,721
Dean J. Mitchell	15,454	37,711
Nicole Onetto	53,248	41,510
Kristine Peterson	15,454	37,711
Howard H. Pien	57,536	44,721
Joseph J. Villafranca	81,152	44,721
Richard J. Wallace	42,826	44,721

Are the outside directors subject to share ownership guidelines?

Yes. Our Board of Directors has adopted, effective as of July 1, 2014, share ownership guidelines affecting our outside directors. The guidelines provide that outside directors are expected to own shares of our common stock having an aggregate value equal to at least three times the annual meeting fee (whether such fee is paid in cash or, at the director's option, in deferred stock units), excluding Lead Director/Chairman of the Board and committee-related fees. The current outside directors have five years from the date of the 2014 annual meeting of shareholders to achieve the ownership requirement, and new outside directors will have a similar five-year period following their election. The outside directors may satisfy the guidelines with shares owned directly or indirectly in a trust or by a spouse and/or minor children, vested deferred stock units and vested stock options. In the case of deferred stock units or stock options, the aggregate exercise price or other cash consideration, if any, required to be paid for such shares is deducted in determining the aggregate value of the shares represented by such awards.

Table of Contents

APPROVAL OF THE 2016 EMPLOYEE, DIRECTOR AND CONSULTANT EQUITY INCENTIVE PLAN
(Notice Item 3)

On September 14, 2016, our Board of Directors unanimously approved, subject to shareholder approval at the meeting, the adoption of the 2016 Plan. The 2016 Plan will initially allow us to issue up to 5,500,000 shares of our common stock pursuant to awards granted under the 2016 Plan. If the 2016 Plan is approved by shareholders, our 2006 Employee, Director and Consultant Equity Incentive Plan, or the 2006 Plan, will terminate. All outstanding awards under the 2006 Plan will remain in effect, but no additional awards may be made under the 2006 Plan after December 9, 2016.

Recommendation

The Board recommends a vote "FOR" the proposal to approve the 2016 Plan.

Summary of and Reasons for the Approval of the 2016 Plan

The 2016 Plan is being submitted to shareholders for approval at the meeting in order to ensure (i) favorable federal income tax treatment for grants of incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) eligibility to receive a federal income tax deduction for certain compensation paid under the 2016 Plan by complying with Section 162(m) of the Code. Approval of by our shareholders of the 2016 Plan is also required by the listing rules of the NASDAQ Stock Market.

We believe that the effective use of stock-based long-term compensation is vital to our ability to achieve strong performance in the future. Awards under the 2016 Plan are intended to attract, retain and motivate key individuals, further align employee and shareholder interests, and to closely link compensation with our corporate performance. We believe that the 2016 Plan is essential to permit our management to continue to provide long-term, equity-based incentives to present and future employees, consultants and directors.

The Board believes that the number of shares currently remaining available for issuance pursuant to future awards under the 2006 Plan (942,119 shares as of October 14, 2016) is not sufficient for future granting needs. Accordingly, the 2016 Plan has initially fixed the number of shares of common stock authorized for issuance thereunder at 5,500,000. Based solely on the closing price of our common stock as reported on the NASDAQ Global Select Market on October 14, 2016 ($2.27), the market value of the 5,500,000 shares that would be available for issuance under the 2016 Plan would be $12,485,000.

As of October 14, 2016, 14,595,119 shares were subject to outstanding stock option and other stock-based awards granted under the to-be discontinued 2006 Plan and our discontinued Restated Stock Ownership Plan. The foregoing number also includes shares of our common stock issuable upon redemption of outstanding deferred share units credited to our non-employee directors under our Compensation Policy for Non-Employee Directors. Accordingly, as of October 14, 2016, the equity overhang, represented by the sum of all outstanding stock option and other stock-based awards, plus the number of shares available for issuance pursuant to future awards under the 2006 Plan, was 15.1%. If the 2016 Plan is approved by shareholders, the equity overhang would be 18.7%. Equity overhang was calculated in each instance above as (a) the sum of (i) all shares issuable under exercise, vesting or redemption of outstanding awards, plus (ii) all shares available for issuance pursuant to future awards

Table of Contents

under the 2006 Plan or 2016 Plan, as applicable, as a percentage of (b) the sum of (i) the number of shares of our common stock outstanding as of October 14, 2016, plus (ii) the number of shares described in clause (a) above.

The Compensation Committee of our Board of Directors has considered our historical annual burn rate in granting awards under the 2006 Plan, and believes that our burn rate, determined on this basis, is reasonable for a development stage company that is prudently planning for success. We also believe that it is appropriate to exclude the impact of new hire awards, which are determined primarily by competitive market conditions, in evaluating our burn rate. The following table shows our 3-year burn rate history (excluding new hire awards):

	FY16	FY15	FY14
Adjusted Gross Burn Rate as a % of Outstanding Shares(1)	2.68%	2.48%	2.25%
Adjusted Net Burn Rate as a % of Outstanding Shares(2)	1.92%	1.49%	2.29%

(1) Adjusted gross burn rate is calculated as the result of (a) shares subject to awards granted during the applicable fiscal year (excluding new hire awards), divided by (b) the weighted average common shares outstanding during the applicable fiscal year.

(2) Adjusted net burn rate is calculated as the result of (a) shares subject to awards granted during the applicable fiscal year (excluding new hire awards), minus shares subject to awards that were forfeited, canceled or terminated (other than upon exercise) during the applicable fiscal year, divided by (b) the weighted average common shares outstanding during the applicable fiscal year.

The Board believes that if the 2016 Plan is approved by shareholders, the 5,500,000 shares available for issuance under the 2016 Plan will result in an adequate number of shares of common stock being available for future awards under the 2016 Plan for two additional years following the current year.

Summary of Material Features of the 2016 Plan

The following description of the material features of the 2016 Plan is intended to be a summary only. This summary is qualified in its entirety by the full text of the 2016 Plan that is attached to this proxy statement as Exhibit A.

Eligibility. The 2016 Plan allows us, under the direction of the Compensation Committee, to make grants of stock options, restricted and unrestricted stock awards and other stock-based awards to employees, directors and consultants (approximately 320 people as of October 14, 2016) who, in the opinion of the Compensation Committee, are in a position to make a significant contribution to our long-term success.

Shares Available for Issuance. The 2016 Plan provides for the issuance of up to (i) 5,500,000 plus (ii) the number of shares underlying any stock option and other stock-based awards previously granted under the 2006 Plan that are forfeited, canceled, or terminated (other than by exercise) on or after December 9, 2016; provided that no more than 14,250,000 shares, which is approximately the number of shares subject to currently outstanding stock option and other stock-based awards, may be added to the 2016 Plan pursuant to such forfeitures, cancellations and terminations. Shares of common stock reserved for awards under the 2016 Plan that are forfeited, canceled or terminated (other than by

Table of Contents

exercise) generally are added back to the share reserve available for future awards. However, shares of common stock tendered in payment for an award or shares of common stock withheld for taxes are not available again for future awards. Any awards under the 2016 Plan having an intrinsic value that is not solely dependent on appreciation in the price of our common stock after the date of grant, also known as "full-value awards," will be treated, for purposes of determining the number of shares of our common stock available for issuance under the 2016 Plan, as one and one-quarter (1.25) shares for each share subject to such full-value awards. No participant may receive awards under the 2016 Plan for more than 500,000 shares of common stock in any fiscal year.

Performance Goals. In order for us to have the ability to grant awards under the 2016 Plan that qualify as "performance-based compensation" under Section 162(m) of the Code, the 2016 Plan provides that the compensation committee may require that the vesting of certain awards (other than stock options) be conditioned on the satisfaction of performance goals related to our objectives or objectives of one of our affiliates or business units in which the relevant participant is employed, in one or more of the following categories: (i) achievement of research, clinical trial or other drug development objectives; (ii) achievement of regulatory objectives; (iii) achievement of manufacturing and/or supply chain objectives; (iv) sales; (v) revenues; (vi) assets; (vii) expenses; (viii) earnings or earnings per share; (ix) earnings before interest and taxes (EBIT) or EBIT per share, or earnings before interest, taxes, depreciation and amortization (EBITDA) or EBITDA per share; (x) return on equity, investment, capital or assets; (xi) one or more operating ratios; (xii) borrowing levels; (xiii) leverage ratios or credit rating; (xiv) market share; (xv) capital expenditures; (xvi) cash flow or cash flow per share; (xvii) share price; (xviii) shareholder return; (xix) income, pre-tax income, net income, operating income, pre-tax profit, operating profit, or net operating profit; (xx) gross margin, operating margin, profit margin, return on operating revenue, return on operating assets, cash from operations, operating ratio or operating revenue; (xxi) market capitalization; (xxii) customer expansion or retention; (xxiii) acquisitions or divestitures (in whole or in part) and/or integration activities related thereto; (xxiv) joint ventures, collaborations, licenses and strategic alliances, and/or the management and performance of such relationships; (xxv) spin-offs, split-ups or similar transactions; (xxvi) reorganizations; (xxvii) recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; (xxviii) achievement of litigation-related objectives and/or objectives related to litigation expenses; (xxix) achievement of human resource, organizational and/or personnel objectives; (xxx) achievement of information technology or information services objectives; or (xxxi) achievement of real estate, facilities or space-planning objectives. In the areas of drug research, development, regulatory affairs and commercialization, if a third party partner that is party to a licensing or collaboration agreement with us accomplishes a development milestone, regulatory achievement, or commercialization or sales target with a partnered asset, then such third party partner's accomplishment shall constitute our achievement.

The above-described performance goals may be determined: (a) on an absolute basis, (b) relative to internal goals or levels attained in prior years, (c) related to other companies or indices, or (d) as ratios expressing the relationship between two or more performance goals. The performance goals may also be expressed in terms of attaining a specified level of the particular criterion or the attainment of a percentage increase or decrease in the particular criterion. The performance goals may include a threshold level of performance below which no award will be issued or no vesting will occur, and a maximum level of performance above which no additional issuances will be made or at which full vesting will occur. If we determine to grant awards under the 2016 Plan subject to the attainment of

Table of Contents

these performance goals, the compensation committee intends that the compensation paid under the 2016 Plan will not be subject to the deductibility limitation imposed by Section 162(m) of the Code.

Stock Options. Stock options granted under the 2016 Plan may be either incentive stock options, which are intended to satisfy the requirements of Section 422 of the Code, or non-qualified stock options, which are not intended to meet those requirements. The exercise price of a stock option may not be less than 100% of the fair market value of our common stock on the date of grant. The term of stock options granted under the 2016 Plan may not be longer than ten years. Moreover, if an incentive stock option is granted to an individual who owns more than 10% of the combined voting power of all classes of our capital stock, the exercise price may not be less than 110% of the fair market value of our common stock on the date of grant and the term of the option may not be longer than five years.

Award agreements for stock options include rules for exercise of the stock options after termination of service. Options may not be exercised unless they are vested, and no option may be exercised after the end of the term set forth in the award agreement. Generally, stock options will be exercisable for three months after termination of service for any reason other than death or total and permanent disability, and for 12 months after termination of service on account of death or total and permanent disability. Options, however, will not be exercisable if the termination of service was due to cause.

Restricted Stock. Restricted stock is common stock that is subject to restrictions, including a prohibition against transfer and a substantial risk of forfeiture, until the end of a "restricted period" during which the grantee must satisfy certain vesting conditions. If the grantee does not satisfy the vesting conditions by the end of the restricted period, the restricted stock is forfeited.

During the restricted period, the holder of restricted stock has the rights and privileges of a regular shareholder, except that the restrictions set forth in the applicable award agreement apply. For example, the holder of restricted stock may vote and receive dividends on the restricted shares, but he or she may not sell the shares until the restrictions are lifted.

Other Stock-Based Awards. The 2016 Plan also authorizes the grant of other types of stock-based compensation including, but not limited to, stock appreciation rights, phantom stock awards, deferred stock units and unrestricted stock awards. Under no circumstances may the agreement covering stock appreciation rights (a) have an exercise price per share that is less than 100% of the fair market value per share of our common stock on the date of grant or (b) expire more than ten years following the date of grant. We will issue shares of our common stock under the 2016 Plan to our non-employee directors upon redemption of deferred share units that may be granted to our non-employee directors under our Compensation Plan for Non-Employee Directors after December 9, 2016.

Except in the case of death, disability or "change of control" (as defined in the 2016 Plan), no award shall vest, and no right of ImmunoGen to restrict or reacquire shares subject to full value awards shall lapse, less than one year from the date of grant. However, awards may be granted having time-based vesting of less than one year from the date of grant so long as no more than 5% of the shares reserved for issuance under the 2016 Plan may be granted in the aggregate pursuant to such awards.

Plan Administration. In accordance with the terms of the 2016 Plan, our Board of Directors has authorized the Compensation Committee to administer the 2016 Plan. The Compensation Committee may delegate part of its authority and powers under the 2016 Plan to one or more of our directors, but

Table of Contents

only the Compensation Committee can make awards to participants who are subject to the reporting and other requirements of Section 16 of the Securities Exchange Act of 1934 or "covered employees" within the meaning of Section 162(m) of the Code. In accordance with the provisions of the 2016 Plan, the Compensation Committee determines the terms of awards, including:

- which employees, directors and consultants will be granted awards;
- the number of shares subject to each award;
- the vesting provisions of each award;
- the termination or cancellation provisions applicable to awards; and
- all other terms and conditions upon which each award may be granted in accordance with the 2016 Plan.

In addition, the Compensation Committee may, in its discretion, amend any term or condition of an outstanding award provided (i) such term or condition as amended is permitted by the 2016 Plan, and (ii) any such amendment shall be made only with the consent of the participant to whom such award was made, if the amendment is adverse to the participant.

Stock Dividends and Stock Splits. If our common stock is subdivided or combined into a greater or smaller number of shares or if we issue any shares of common stock as a stock dividend, the number of shares of our common stock thereafter deliverable upon the exercise of an outstanding option or upon issuance under another type of award shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the per share purchase price and performance goals applicable to performance-based awards, if any, to reflect such subdivision, combination or stock dividend.

Corporate Transactions. Upon a merger, consolidation or other reorganization event, our Board of Directors, may, in their sole discretion, take any one or more of the following actions pursuant to the 2016 Plan, as to some or all outstanding awards:

- provide that all outstanding options shall be assumed or substituted by the successor corporation;
- upon written notice to a participant provide that the participant's unexercised options will terminate immediately prior to the consummation of such transaction unless exercised by the participant;
- in the event of a merger pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the merger, make or provide for a cash payment to the participants equal to the difference between the merger price times the number of shares of our common stock subject to such outstanding options, and the aggregate exercise price of all such outstanding options, in exchange for the termination of such options;
- provide that outstanding awards shall be assumed or substituted by the successor corporation, become realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the merger or reorganization event; and
- with respect to stock grants and in lieu of any of the foregoing, our Board of Directors or an authorized committee may provide that, upon consummation of the transaction, each

Table of Contents

outstanding stock grant shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such transaction to a holder of the number of shares of common stock comprising such award (to the extent such stock grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Board of Directors or an authorized committee, all forfeiture and repurchase rights being waived upon such transaction).

Amendment and Termination. The 2016 Plan may be amended by our shareholders. It may also be amended by our Board of Directors, provided that any amendment approved by our Board of Directors which is of a scope that requires shareholder approval as required (1) by the rules of the NASDAQ Stock Market, (2) in order to ensure favorable federal income tax treatment for any incentive stock options under Section 422 of the Internal Revenue Code, (3) in order to continue to comply with Section 162(m) of the Code, to the extent such compliance is deemed desirable, or (4) for any other reason, is subject to obtaining such shareholder approval. However, no such action may adversely affect any rights any outstanding awards without the holder's consent. Other than in connection with stock dividends, stock splits and corporate transactions, as summarized above, (i) the exercise price of an option may not be reduced, (ii) an option may not be canceled in exchange for a replacement option having a lower exercise price, or for another award or for cash, and (iii) no other action may be taken that is considered a direct or indirect "repricing," in each case without shareholder approval. In addition, except in the case of death, disability or "change of control" (as defined in the 2016 Plan), outstanding awards may not be amended in a manner that would accelerate the exercisability or vesting of, or lapsing of any right by ImmunoGen to restrict or reacquire shares subject to, all or any portion of any award.

Duration of the 2016 Plan. The 2016 Plan will expire on September 14, 2026. No awards may be made after termination of the 2016 Plan, although previously granted awards may continue beyond the termination date in accordance with their terms.

Federal Income Tax Consequences

The material federal income tax consequences of the issuance and exercise of stock options and other awards under the 2016 Plan, based on the current provisions of the Code and regulations are as follows. Changes to these laws could alter the tax consequences described below. This summary assumes that all awards granted under the 2016 Plan are exempt from or comply with, the rules under Section 409A of the Code related to nonqualified deferred compensation.

Incentive Stock Options. Incentive stock options are intended to qualify for treatment under Section 422 of the Code. An incentive stock option does not result in taxable income to the optionee or deduction to us at the time it is granted or exercised, provided that no disposition is made by the optionee of the shares acquired pursuant to the option within two years after the date of grant of the option nor within one year after the date of issuance of shares to the optionee (referred to as the "ISO holding period"). However, the difference between the fair market value of the shares on the date of exercise and the option price will be an item of tax preference includible in "alternative minimum taxable income" of the optionee. Upon disposition of the shares after the expiration of the ISO holding period, the optionee will generally recognize long term capital gain or loss based on the difference between the disposition proceeds and the option price paid for the shares. If the shares are disposed of prior to the expiration of the ISO holding period, the optionee generally will recognize taxable

Table of Contents

compensation, and we will have a corresponding deduction, in the year of the disposition, equal to the excess of the fair market value of the shares on the date of exercise of the option over the option price. Any additional gain realized on the disposition will normally constitute capital gain. If the amount realized upon such a disqualifying disposition is less than fair market value of the shares on the date of exercise, the amount of compensation income will be limited to the excess of the amount realized over the optionee's adjusted basis in the shares.

Non-Qualified Options. Options otherwise qualifying as incentive stock options, to the extent the aggregate fair market value of shares with respect to which such options are first exercisable by an individual in any calendar year exceeds $100,000, and options designated as non-qualified options will be treated as options that are not incentive stock options.

A non-qualified option ordinarily will not result in income to the optionee or deduction to us at the time of grant. The optionee will recognize compensation income at the time of exercise of such non-qualified option in an amount equal to the excess of the then value of the shares over the option price per share. Such compensation income of optionees may be subject to withholding taxes, and a deduction may then be allowable to us in an amount equal to the optionee's compensation income.

An optionee's initial basis in shares so acquired will be the amount paid on exercise of the non-qualified option plus the amount of any corresponding compensation income. Any gain or loss as a result of a subsequent disposition of the shares so acquired will be capital gain or loss.

Stock Grants. With respect to stock grants under the 2016 Plan that result in the issuance of shares that are either not restricted as to transferability or not subject to a substantial risk of forfeiture, the grantee must generally recognize ordinary income equal to the fair market value of shares received. Thus, deferral of the time of issuance will generally result in the deferral of the time the grantee will be liable for income taxes with respect to such issuance. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the grantee.

With respect to stock grants involving the issuance of shares that are restricted as to transferability and subject to a substantial risk of forfeiture, the grantee must generally recognize ordinary income equal to the fair market value of the shares received at the first time the shares become transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier. A grantee may elect to be taxed at the time of receipt of shares rather than upon lapse of restrictions on transferability or substantial risk of forfeiture, but if the grantee subsequently forfeits such shares, the grantee would not be entitled to any tax deduction, including as a capital loss, for the value of the shares on which he previously paid tax. The grantee must file such election with the Internal Revenue Service within 30 days of the receipt of the shares. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the grantee.

Stock Units. The grantee recognizes no income until the issuance of the shares. At that time, the grantee must generally recognize ordinary income equal to the fair market value of the shares received. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the grantee.

Limitation on our Deductions

As a result of Section 162(m) of the Code, our deduction for certain awards under the 2016 Plan may be limited to the extent that a 'covered employee" receives compensation in excess of $1,000,000 a

Table of Contents

year (other than for performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code.) If shareholders approve the 2016 Plan, certain grants under the 2016 Plan may qualify as performance-based compensation.

New Plan Benefits

None of the shares of common stock subject to the 2016 Plan will be issuable in connection with any award granted prior to shareholder approval of the amendment. Future options and other awards under the 2016 Plan are subject to the discretion of the Compensation Committee, and therefore it is not possible to identify the persons who will receive options or other awards under the 2016 Plan in the future, nor the amount of any such future options or other awards.

Equity Compensation Plans

The following table sets forth information as of June 30, 2016 with respect to existing compensation plans under which our equity securities are authorized for issuance.

			(c)
Plan category	**(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)**	**(b) Weighted-average exercise price of outstanding options, warrants and rights(2)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders(3)	11,812,890	$ 13.03	3,351,087
Equity compensation plans not approved by security holders			
Total	11,812,890	$ 13.03	3,351,087

(1) The amount in this column includes the number of shares subject to issuance upon the exercise of stock options, unvested restricted stock awards and DSUs.

(2) The amount in this column reflects all outstanding stock options, but does not include restricted stock awards, which do not have an exercise price.

(3) These amounts consist of our Restated Stock Option Plan and the 2006 Plan.

Table of Contents

EXECUTIVE OFFICERS

Who are ImmunoGen's executive officers?

The following persons are our executive officers as of the date of this proxy statement:

Name	Position
Mark J. Enyedy	President and Chief Executive Officer
Richard J. Gregory, PhD	Executive Vice President and Chief Scientific Officer
David B. Johnston	Executive Vice President and Chief Financial Officer
John M. Lambert, PhD	Executive Vice President and Distinguished Research Fellow
Sandra E. Poole	Executive Vice President, Technical and Commercial Operations
Craig Barrows	Vice President, General Counsel and Secretary
Peter J. Williams	Vice President, Business Development

Where can I obtain more information about ImmunoGen's executive officers?

Biographical information concerning our executive officers and their ages can be found in Item 3.1 entitled "Executive Officers" in our annual report on Form 10-K for the fiscal year ended June 30, 2016, which is incorporated by reference into this proxy statement.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

Our executive compensation philosophy is to enable ImmunoGen to attract, retain and motivate key executives to achieve our long-term objective of creating significant shareholder value through our antibody and immunoconjugate technology and expertise. In this regard, our objective in setting executive compensation is twofold: first, to align fixed and target incentive compensation with the market median for our peer group; and second, to align a substantial portion of that compensation with the creation of long-term value for our shareholders. Attracting and retaining key executives is particularly challenging in the biotechnology industry where executives are required to remain focused and committed throughout years of product development, regulatory approvals and, at times, financial instability. The market for executive talent in our industry is highly competitive, with many biotechnology companies that are at a similar stage of development as ImmunoGen located in general proximity to our corporate offices.

How We Determine Executive Compensation

The Compensation Committee has responsibility for our executive compensation philosophy and the design of executive compensation programs, as well as for setting actual executive compensation. Information about the Compensation Committee, including its composition, responsibilities and processes, can be found beginning on page 17 of this proxy statement.

In addition to evaluating our executives' contributions and performance in light of individual performance and corporate objectives, we also base our compensation decisions on market considerations. The Compensation Committee benchmarks our cash and equity incentive compensation against programs available to employees in comparable roles at peer companies. All forms of compensation are evaluated relative to the market median for our peer group. Individual compensation pay levels may vary from this reference point based on recent individual performance and other considerations, including breadth of experience, length of service, the anticipated out-of-pocket costs and level of difficulty in replacing an executive with someone of comparable experience and skill, and the initial compensation levels required to attract qualified new hires. We do not believe that our compensation policies and practices encourage excessive risk-taking by our executives or are otherwise reasonably likely to have a material adverse effect on our business.

In 2015, the Compensation Committee engaged the services of Towers Watson, independent compensation consultants, to assist us in redefining the appropriate peer group of companies. The

Table of Contents

following 16 public biotechnology companies of comparable size were included in this new peer group, which is referred to elsewhere in this proxy statement as the Peer Group:

Acorda Therapeutics, Inc.	Halozyme Therapeutics, Inc.
Aegerion Pharmaceuticals, Inc.	Infinity Pharmaceuticals, Inc.
Alnylam Pharmaceuticals, Inc.	Ironwood Pharmaceuticals, Inc.
Arena Pharmaceuticals, Inc.	Lexicon Pharmaceuticals, Inc.
ARIAD Pharmaceuticals, Inc.	Momenta Pharmaceuticals, Inc.
Celldex Therapeutics, Inc.	Sarepta Therapeutics, Inc.
Dyax Corp	Seattle Genetics, Inc.
Exelixis, Inc.	Synageva BioPharma Corp.

The Peer Group described above differs from the peer group of 19 companies utilized by the Compensation Committee in determining executive compensation for fiscal year 2015 by the omission of Idenix Pharmaceuticals, InterMune, Inc. and NPS Pharmaceuticals, Inc., which were all acquired by larger, non-peer companies prior to Towers Watson's preparation of its competitive review of executive compensation for the Compensation Committee.

Using Peer Group data, together with the 2014 Global Life Sciences Survey prepared by Radford Surveys + Consulting, Towers Watson prepared for the Compensation Committee a competitive market assessment of total cash, equity and total compensation for our five most highly-compensated executives. This review contributed to the Compensation Committee's determination in June 2015 of the annual base salaries for our named executive officers for fiscal year 2016 and the equity awards granted to our executives in July 2015.

At the 2014 annual meeting of shareholders, which was the most recent annual meeting preceding the Compensation Committee's determination of executive compensation for fiscal year 2016, a proposal to approve, on an advisory basis, the compensation paid to our named executive officers, as disclosed in the proxy statement for that meeting (a "say-on-pay" vote), received the favorable vote of the holders of over 97% of the shares voting on that proposal. The Compensation Committee considered these results to be a ratification of our executive compensation policies and decisions in its determination of executive compensation for fiscal year 2016. At the 2015 annual meeting of shareholders, a similar say-on-pay vote received the favorable vote of the holders of over 98% of the shares voting on that proposal. Although the Compensation Committee's decisions regarding executive compensation for fiscal year 2016 had been made prior to the 2015 annual meeting, the Compensation Committee has considered these results in connection with its regular assessment of our executive compensation programs.

Elements of Total Compensation

Our total compensation program consists of fixed elements, such as base salary and benefits, and variable performance-based elements, such as annual and long-term incentives. Our fixed compensation elements are designed to provide a predictable source of income to our executives. Our variable performance-based elements are designed to reward performance at three levels: individual performance, actual corporate performance compared to annual business goals, and long-term shareholder value creation.

Table of Contents

We compensate our executives principally through base salary, performance-based annual cash incentives and equity awards. The objective of this three-part approach is to remain competitive with other companies in our industry, while ensuring that our executives are given the appropriate incentives to achieve near-term objectives and at the same time create long-term shareholder value.

Base Salary

We provide our executive officers with a level of assured cash compensation in the form of a base salary that reflects their scope of responsibility and organizational impact, as well as individual performance. In setting salaries for our executive officers, the Compensation Committee reviews independently prepared surveys of biotechnology industry compensation as well as other available information on base salaries of executive officers in comparable positions in the most current peer group analysis available to the committee. Comparative factors considered include, but are not limited to, the number of a company's employees, a company's annual operating expense, a company's market capitalization, and the stage of development of a company's products. For fiscal year 2016, the committee utilized the collected data contained in the competitive review of executive compensation prepared by Towers Watson described above.

The committee uses the collected data as well as the managerial experience of the members of the committee to set salaries. As described above, our compensation philosophy allows the committee to take into account, for both current and new executive officers, recent individual performance (evaluated, in the case of the CEO, by all of the non-management directors on our Board), breadth of experience, length of service, alignment with the market median, the anticipated level of difficulty in replacing an executive with someone of comparable experience and skill, and the compensation levels required to attract qualified new hires. In setting base salaries for our executive officers (other than the CEO), the Compensation Committee also considers the recommendation of the CEO based on the CEO's evaluation of their respective individual performance and promotion increases. Based on the foregoing considerations, the committee increased base salary of our CEO for fiscal year 2016 by 9.4%, and increased the base salaries for the other named executive officers for fiscal year 2016 between 3% and 8.4%, all as described below.

Annual Cash Bonus Program

Our executive officers participate in an annual bonus program applicable to all our employees. Each participant in our annual bonus program is eligible to receive a target bonus expressed as a percentage of his or her annual base salary which, once set, remains at that level for each subsequent year unless specifically changed, in the case of our executive officers, by the Compensation Committee. For our fiscal year 2016, target bonuses for our executive officers were as follows:

Title	Target Bonus (as % of Annual Base Salary)
President & CEO	75%
Executive Vice President or Senior Vice President	40% - 45%
Vice President	30% - 35%

Under our annual bonus program, the Compensation Committee of our Board of Directors annually establishes key performance criteria, based upon the corporate goals and objectives, to be met by ImmunoGen, and evaluates ImmunoGen's actual performance against those criteria in its

Table of Contents

determination of whether annual bonuses will be paid to our employees, including our executives. Key corporate performance criteria may include any or all of the following: (1) our actual financial performance against specified metrics in our operating plan for the applicable fiscal year; (2) achievement of certain research and development milestones, including internal product development advancement; (3) achievement of key targets associated with our collaborations with third parties, including support of partner programs; and (4) the creation and achievement of business development opportunities. In establishing annual key performance criteria for the annual bonus program, the committee selects specific corporate objectives directed primarily to the future success of our business and the creation of long-term shareholder value. Payments under our annual bonus program currently consist entirely of cash.

The Compensation Committee has set a 50% threshold aggregate percentage of achievement against the key corporate performance criteria below which the portion of participants' annual bonus payable based on corporate performance will not be payable. The key corporate performance criteria are structured to permit achievement of up to 150% of target.

When evaluating ImmunoGen's performance against the key corporate performance criteria after completion of the performance period, the Compensation Committee evaluates any factors that were unanticipated at the time those criteria were established, such as unexpected results in pre-clinical or clinical development, as well as changes in business conditions and other relevant external circumstances, and has the discretion to adjust payouts based on corporate performance so that they align more appropriately with the changed environment, given the employees' overall performance during the performance period in furtherance of our future success and creation of long-term shareholder value. Any such adjustment, however, would not result in the portion of the participants' bonus tied to corporate performance actually paid out exceeding the 150% maximum described above.

The Compensation Committee generally also considers an executive's individual performance in its determination of whether payments should be made to the executive under our annual bonus program. With the exception of our fiscal year 2015, the committee has based 100% of the CEO's target bonus on the achievement of the key corporate performance criteria. With respect to our other executive officers, 70% of their target bonus is based on the achievement of the key corporate performance criteria, and 30% is based on the achievement of individual performance objectives. Their achievement of their respective individual performance objectives is evaluated by our CEO, and based on these evaluations, the committee determines the amount of our executive officers' bonus compensation tied to individual performance. The individual objectives portion of a participant's target bonus may be earned irrespective of whether the threshold for payment of the corporate performance bonuses has been achieved or the extent to which the bonuses based on corporate performance are payable. The committee also has discretion in determining payouts under the portion of our CEO's annual executive bonus tied to individual performance without regard to previously established objectives, and our CEO is afforded the same discretion in recommending bonus payouts to our other executive officers.

The Compensation Committee establishes the corporate performance bonus objectives and individual performance bonus objectives, if any, with the expectation that ImmunoGen and our executives can achieve 100% of the target; however, the objectives are sufficiently difficult that such achievement is not assured at the time they are set. For fiscal years 2014 and 2015, 98% and 105%, respectively, of the portion of our executives' target bonuses tied to corporate performance were earned (plus, for fiscal year 2015, a discretionary additional 5% of the portion of the target bonus tied to corporate performance), and, as described below, in fiscal year 2016, 105% of the portion of our

Table of Contents

executives' target bonuses tied to corporate performance was earned. The earned portion of our executives' target bonuses tied to individual performance in fiscal year 2016 ranged from 80% to 110%.

Equity Compensation

Consistent with our approach described above for allocating overall targeted compensation among the three components of compensation, the Compensation Committee has the authority under our 2006 Employee, Director and Consultant Equity Incentive Plan, or the 2006 Plan, and will have authority under the 2016 Plan, if approved by shareholders at the meeting, to determine the form(s) of equity incentive awards, the terms under which equity incentive awards are granted and the individuals to whom such awards are granted. While we have historically awarded only stock options, the Compensation Committee has the ability under the 2006 Plan to award other forms of equity incentive compensation including, but not limited to, restricted stock awards, which it has done in connection with the new hire awards for certain of our named executive officers. All equity incentive awards to our executive officers are granted by the Compensation Committee. The committee has delegated authority to our CEO to grant stock options to other newly hired individuals, and stock options and restricted shares to other existing employees, subject to certain limitations described under the heading "What committees has the Board established? *Compensation Committee*" beginning on page 17 of this proxy statement.

We believe that equity participation is a key component of our executive compensation program. The 2006 Plan currently is, and, if approved by shareholders at the meeting, the 2016 Plan will be, our long-term incentive plan, designed to retain our executive officers and other employees and align their long-term interests with the creation of long-term value for our shareholders. We believe that stock options provide an effective long-term incentive for all employees to create shareholder value as the benefit of the options cannot be realized unless there is an appreciation in the price of our common stock. Stock option awards are commonly provided to a broad range of employees in the biotechnology industry due to the competitive nature of the industry. Our executive officers participate in the 2006 Plan, and will participate in the 2016 Plan, if approved by shareholders at the meeting, in the same manner as all of our full-time employees. Initial stock option awards for new employees, which are individually determined prior to and/or negotiated in conjunction with the commencement of employment, reflect the new employee's anticipated contribution to our success and are designed to be competitive with awards granted by other biotechnology companies. Subsequent annual stock option awards take into consideration competitive practices and an individual's position, individual performance and potential for future impact on our business. All stock options are granted with an exercise price equal to the fair market value of our common stock on the date of grant as determined in accordance with the 2006 Plan and the 2016 Plan, if approved by shareholders at the meeting. For initial awards to new employees, the grant date is the first day of employment. Historically, annual stock option awards have been granted in July of each year, which aligned the stock option awards with the determination of annual bonuses for the previous fiscal year ended June 30. In connection with the change in our fiscal year to a calendar year basis, effective January 1, 2017, we currently anticipate that annual equity awards will be granted in the first quarter of each year.

In determining the size of the annual equity awards for executives, the Compensation Committee has adopted a "fixed share" approach after comparing such approach to a "fixed value" approach. Under a "fixed value" approach, the size of an award is based on a pre-determined, competitively-based monetary amount, and the number of shares subject to the award is then calculated, typically

Table of Contents

using a Black-Scholes option pricing model, to have an aggregate grant date fair value that approximates that amount. Under the "fixed share" approach adopted by the Compensation Committee, the size of an award is first established by determining the number of option shares required to deliver market median expected value based on the Peer Group. This approach was adopted for the following reasons:

The "fixed share" approach avoids year-over-year changes in the size of awards as a result of share price volatility. Development stage biopharma companies such as ImmunoGen typically have greater share price volatility than larger, commercial biopharma companies, and such volatility may not always align with actual corporate progress toward long-term, strategic objectives. Using a "fixed value" approach in this environment could result in equity awards not being appropriately aligned with either the median of the Peer Group or actual corporate performance. For example, the "fixed value" approach has the unintended consequence of providing executives with a greater number of shares at lower exercise prices in years where share price performance is weak compared to the Peer Group. In addition, significant year-over-year increases in share value can result in significant year-over-year decreases in the size of equity awards using the "fixed value" approach. In either case, the "fixed value" approach can result in equity awards not being appropriately aligned with corporate performance.

The "fixed share" approach enables the Compensation Committee to grant equity awards at more predictable levels and manage such awards to an aggregate burn rate cap. It also results in multiple-year (*e.g.*, 3-year) average grant rates being more meaningful for investors who consider such measures in evaluating requests for shareholder approval of additional shares for issuance under our equity incentive plans.

In determining its recommendations for "fixed share" guidelines for consideration by the Compensation Committee, Towers Watson determined the number of option shares required to deliver market median expected value based on the Peer Group as of a measurement date selected by Towers Watson at the time its work was performed. The Compensation Committee, in adopting Towers Watson's recommendation, determined that this number of shares would approximate the midpoint of its equity awards guidelines, although the committee intends to review the guidelines' competitiveness against the market median of the Peer Group at regular intervals, and to adjust the guidelines as needed to ensure they remain generally aligned with the market median of the Peer Group.

Share Ownership Guidelines

We also believe that executive compensation will be better aligned with the creation of long-term value for our shareholders if our executive officers maintain a meaningful investment in our shares. In this regard, our Board of Directors adopted, effective as of July 1, 2014, share ownership guidelines affecting our executive officers. The guidelines provide that executive officers are expected to own shares of our common stock having an aggregate value equal to at least two times (or in the case of our CEO, five times) their annual base salary. Our current executive officers have five years from the effective date of the guidelines to achieve the ownership requirement, and new executive officers will have a similar five-year period following their date of hire or of designation as an executive officer, whichever is later. Our executive officers may satisfy the guidelines with shares owned directly or indirectly in a trust or by a spouse and/or minor children and with vested stock options. In the case of vested stock options, the aggregate exercise price required to be paid for such shares is deducted in

Table of Contents

determining the aggregate value of the shares represented by such awards. We also have a policy that prohibits employees and directors from engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of ImmunoGen shares owned by such employees or directors, a description of which can be found elsewhere in this proxy statement under *"Corporate Governance Does ImmunoGen have a written policy prohibiting certain transactions in its shares, such as hedging transactions?"*

Employee Benefits

We offer employee benefit programs that are intended to provide financial protection and security for our employees and to reward them for the total commitment we expect from them in service to ImmunoGen. All of our named executive officers are eligible to participate in these programs on the same basis as our other employees. These benefits include the following: medical, dental and vision insurance; company-paid group life and accident insurance of two times base salary (up to $750,000); employee-paid supplemental group life and accident insurance (up to $500,000); short- and long-term disability insurance; and a qualified 401(k) retirement savings plan with a 50% company match of the first 6% of the participant's eligible bi-weekly compensation contributed by the participant to the plan.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the deduction a public company is permitted for compensation paid to our "covered employees", which are our chief executive officer and our three other most highly compensated executive officers (other than the chief financial officer). Generally, amounts paid in excess of $1,000,000 to a covered employee cannot be deducted, unless the compensation is paid pursuant to a plan which is performance related, non-discretionary and has been approved by shareholders. In its deliberations the Compensation Committee considers ways to maximize deductibility of executive compensation, but nonetheless retains the discretion to compensate executive officers at levels the Compensation Committee considers commensurate with their responsibilities and achievements. We have not adopted a policy that all executive compensation be fully deductible.

Severance Pay Plan for Vice Presidents and Higher

We maintain a severance pay plan for vice presidents and higher. The Compensation Committee has noted that, in order to induce candidates for executive positions to join ImmunoGen, it has been necessary to offer them certain severance benefits in the event their employment with us was involuntarily terminated without cause outside the context of a change in control. In addition, Towers Watson provided data to the committee in 2014, when the plan was established, showing that this type of benefit was consistent with prevalent market practice for comparable companies.

An executive is entitled to severance benefits under this plan if the executive's employment is terminated by us without cause. Severance benefits include: salary continuation for 12 months (or in the case of our CEO, 18 months); payment of the executive's annual bonus earned with respect to any fiscal year ended prior to the termination of the executive's employment to the extent not already paid, and a pro-rated portion of the executive's annual bonus for the fiscal year in which the executive's employment is terminated, based on the actual number of days the executive was employed during the applicable fiscal year; reimbursement for premiums payable in connection with the continuation of medical and dental insurance coverage during the salary continuation period to the same extent

Table of Contents

coverage is subsidized for similarly situated active employees; and effective September 23, 2016, outplacement benefits lasting not less than six months.

Change in Control Severance Agreements

We recognize that ImmunoGen, as a publicly-traded company, may become the target of a proposal which could result in a change in control, and that such possibility and the uncertainty and questions which such a proposal may raise among management could cause our executive officers to leave or could distract them in the performance of their duties, to the detriment of ImmunoGen and our shareholders. We have entered into severance agreements with each of our executive officers that are designed to compensate them for the loss of their positions and the loss of anticipated benefits under their unvested equity compensation awards following a change in control of ImmunoGen. The agreements are intended to reinforce and encourage the continued attention of our executive officers to their assigned duties without distraction and to ensure the continued availability to ImmunoGen of each of our executive officers in the event of a proposed change in control transaction. We believe that these objectives are in the best interests of ImmunoGen and our shareholders. We also believe that it is in the best interests of ImmunoGen and our shareholders to offer such agreements to our executive officers insofar as ImmunoGen competes for executive talent in a highly competitive market in which companies routinely offer similar benefits to senior executives.

The executive is entitled to severance benefits if, within 12 months after a change in control of ImmunoGen, the executive's employment is terminated (1) by us other than for cause or disability or (2) by the executive for good reason. Severance benefits include: a lump sum cash payment equal to 1.5 times (or in the case of our CEO, 2 times) the sum of the executive's annual base salary and target annual bonus; and reimbursement for premiums payable in connection with the continuation of medical and dental insurance coverage for a period of 18 months (or in the case of our CEO, 24 months). We believe these severance benefits are reasonable and appropriate for our executive officers in light of the anticipated time it takes high-level executives to secure new positions with responsibilities and compensation that are commensurate with their experience.

In cases where the severance benefits described above are payable, the executive is also entitled to 100% vesting of the executive's unvested stock options and unvested restricted stock awards and other similar rights. We believe that the equity awards granted to our executive officers have been reasonable in amount and that, in the event of a loss of employment within a year following a change in control, it is appropriate that our executive officers receive the full benefit under their equity compensation awards of the increase in ImmunoGen's value attributable to the performance of the current management team.

For more details concerning our severance pay plan and change in control severance agreements, please refer to *Potential Payments Upon Termination or Change in Control* beginning on page 52 of this proxy statement.

Executive Compensation Determinations for Fiscal Year 2016

The following discussion describes the Compensation Committee's executive compensation determinations for fiscal year 2016, beginning with a description of the portion of the annual executive bonus program tied to corporate performance.

Table of Contents

The corporate performance criteria for fiscal 2016 can be organized into four general groups as described in the table below. These criteria included certain pre-defined "stretch" goals that, to the extent met, entitled the executives to receive up to an additional 50% of the portion of their target bonuses tied to corporate performance; however, unless corporate goals (including the "stretch goals") representing at least a 50% payout of the target corporate bonus were achieved, no bonuses would have been paid based on corporate performance. The table also shows the relative weighting of the performance objectives within each group based on target, maximum (assuming achievement of both target and "stretch" goals); and actual attainment for fiscal year 2016. As shown in the table, the Compensation Committee determined that 105% of the portion of the executives' target bonuses tied to corporate performance had been earned for fiscal year 2016. The committee's determination was based on our management's assessment of its performance against the performance criteria described below, which the committee evaluated in the following overall context:

ImmunoGen finished its fiscal year 2016 well-positioned to commence a pivotal Phase 3 trial of mirvetuximab soravtansine by the end of the calendar year.

The risk that the FDA would raise concerns with our design for the Phase 3 trial at a scheduled Type B meeting was negligible.

The proposed Phase 3 trial, which we would use to seek full regulatory approval based on progression free survival, was less risky from a regulatory approval perspective than our original strategy of seeking accelerated approval based on overall response rate.

The value of the mirvetuximab soravtansine program has not diminished by the changed timeline associated with the new Phase 3 trial.

We successfully raised capital during the fiscal year.

We successfully navigated a CEO transition during this time period.

The committee then acknowledged that it was cognizant of the significant decline in our share price over the last 12 months. The committee attributed this decline to the performance of the biotechnology sector over this period and to investor disappointment in both the response rate in our Phase 1 clinical trial of mirvetuximab soravtansine reported at ASCO 2016, based on the full 46-patient cohort in that trial, which was lower than the response rate first reported for mirvetuximab soravtansine at ASCO in 2015, and the change in regulatory strategy. The committee concurred with management's assessment

Table of Contents

that, notwithstanding these developments, ImmunoGen had successfully repositioned the program with a clinical and regulatory strategy that carries a greater likelihood of success than the original strategy.

Corporate Performance Criteria	**Target**	**Max (w/stretch)**	**Actual**
Research & Development			
Mirvetuximab Soravtansine clinical and CMC (chemistry, manufacturing and controls) progress	*40%*	*55%*	*40%*
B-cell targeting products preclinical, clinical and CMC progress	*15%*	*20%*	*10%*
IMGN779 clinical and CMC progress	*5%*	*5%*	*5%*
Early-stage research activities	*10%*	*15%*	*15%*
New payload CMC progress	*5%*	*5%*	*5%*
Subtotal	**75%**	**100%**	**75%**
Business Development and Partner-Related Activities			
Secure agreement to initiate combination studies of third-party compounds with in-house product candidates	*10%*	*10%*	*10%*
Access to complementary technology		*5%*	*5%*
CMC-related partner support		*5%*	*5%*
New ADC technology licensing activities		*5%*	*0%*
Subtotal	**10%**	**25%**	**20%**
Financial Performance			
Cash balance at fiscal year-end of at least $162 million, excluding any financing activities	*5%*	*5%*	*0%*
Financing activities raising at least $100 million	*5%*	*5%*	*5%*
Financing activities raising at least $150 million		*10%*	*0%*
Subtotal	**10%**	**20%**	**5%**
Work Force Development			
Completion of talent acquisition and planning, and site strategies	*5%*	*5%*	*5%*
Subtotal	**5%**	**5%**	**5%**
Total	**100%**	**150%**	**105%**

The Compensation Committee's determination of the executives' bonuses for fiscal year 2016, including the portion, if any, tied to individual performance, is discussed below on an individual-by-individual basis.

Cash Compensation

Mr. Enyedy. The committee set Mr. Enyedy's annual base salary at $650,000 as part of an overall compensation package negotiated with Mr. Enyedy as an inducement for him to join ImmunoGen in May 2016. At the same time, the committee fixed Mr. Enyedy's target bonus at 75% of base salary, beginning with the six-month transition period ending December 31, 2016. In addition, in order to induce Mr. Enyedy to join ImmunoGen, and to compensate him for certain forfeited benefits from his former employer, the committee agreed to pay him a sign-on bonus in the amount of $430,000.

Table of Contents

Mr. Junius. In June 2015, the committee set Mr. Junius's annual base salary at $625,000, effective July 1, 2015, which represents a 9.4% increase over his base salary for the previous fiscal year. Mr. Junius's target bonus of 75% of base salary remained unchanged from the previous year. Mr. Junius's base salary for fiscal year 2016, together with the target bonus, resulted in Mr. Junius's target total cash compensation being aligned with the 50th percentile of total cash compensation for comparable positions at the Peer Group.

For fiscal year 2016, 100% of Mr. Junius's target bonus was tied to corporate performance. The committee also determined that Mr. Junius's bonus would be determined as if he had remained a full-time employee for the entire fiscal year and to the date the bonus was paid, regardless of his retirement on May 13, 2016. Accordingly, Mr. Junius's bonus for fiscal year 2016, as shown in the Summary Compensation Table below, constituted 78.8% of his base salary earned for fiscal year 2016.

Mr. Johnston. In June 2015, the committee set Mr. Johnston's annual base salary at $385,091, effective July 1, 2015, which represents an 8.43% increase over his base salary for the previous fiscal year. Mr. Johnston's target bonus of 40% of base salary remained unchanged from the previous fiscal year. The new base salary, together with the target bonus, resulted in Mr. Johnston's target total cash compensation being aligned with the 50th percentile of total cash compensation for comparable positions at the Peer Group.

For fiscal 2016, 70% of Mr. Johnston's target bonus was tied to corporate performance, and 30% was tied to individual performance. With respect to the portion tied to individual performance, the committee's determination was based on Mr. Enyedy's and Mr. Junius's evaluations of Mr. Johnston's accomplishment of specific actions in the areas identified in the following table.

	Target	**Actual**
Manage corporate spending to meet pre-established fiscal year-end cash balance objective	*25%*	*25%*
Real estate strategic planning and expansion activities	*25%*	*25%*
Financing activities	*20%*	*20%*
Improve financial forecasting processes	*10%*	*10%*
Refine corporate communications strategy	*10%*	*10%*
Increase IT organization effectiveness	*10%*	*10%*
Total	**100%**	**100%**

Based on the foregoing, Mr. Johnston's bonus for fiscal year 2016, as shown in the Summary Compensation Table below, constituted approximately 41.4% of his base salary earned in fiscal year 2016.

Dr. Lambert. In June 2015, the committee set Dr. Lambert's annual base salary at $396,296, effective July 1, 2015, which represents a 2.5% increase over his base salary for the previous fiscal year. Dr. Lambert's target bonus of 40% of base salary remained unchanged from the previous year. The new base salary, together with the target bonus, resulted in Dr. Lambert's target total cash compensation being aligned with the 50th percentile of total cash compensation for comparable positions at the Peer Group.

For fiscal year 2016, 70% of Dr. Lambert's target bonus was tied to corporate performance, and 30% was tied to individual performance. With respect to the portion tied to individual performance,

Table of Contents

the committee's determination was based on Mr. Enyedy's and Mr. Junius's evaluations of Dr. Lambert's accomplishment of specific actions in the areas identified in the following table.

	Target	Actual
Enhance visibility of ImmunoGen in ADC field	*45%*	*45%*
Assist business development in identifying ADC platform out-licensing opportunities	*15%*	*15%*
Assist with collaboration efforts with existing licensees	*15%*	*15%*
Participate in key academic research conference organizations	*15%*	*15%*
Review and determine disposition of past R&D records	*10%*	*10%*
Total	**100%**	**100%**

Based on the foregoing, Dr. Lambert's bonus for fiscal year 2016, as shown in the Summary Compensation Table below, constituted approximately 41.4% of his base salary earned for fiscal year 2016.

Dr. Morris. In June 2015, the committee set Dr. Morris's annual base salary at $463,187, effective July 1, 2015, which represents a 3% increase over his base salary for the previous year. Dr. Morris's target bonus of 45% of base salary remained unchanged from the previous year. The new base salary, together with the target bonus, resulted in Dr. Morris's target total cash compensation being aligned with the 50th percentile of total cash compensation for comparable positions at the Peer Group.

For fiscal year 2016, 70% of Dr. Morris's target bonus was tied to corporate performance, and 30% was tied to individual performance. With respect to the portion tied to individual performance, the committee's determination was based on Mr. Enyedy's and Mr. Junius's evaluations of Dr. Morris's accomplishment of specific actions in the areas identified in the following table.

	Target	Actual
Mirvetuximab soravtansine clinical progress	*40%*	*40%*
B-cell and AML product portfolio progress	*20%*	*15%*
Clinical development management initiative	*15%*	*15%*
Foreign regulatory filing initiative	*15%*	*15%*
Clinical development organizational development	*10%*	*10%*
Total	**100**%	**95**%

Based on the foregoing, Dr. Morris's bonus for fiscal year 2016, as shown in the Summary Compensation Table below, constituted approximately 45.9% of his base salary earned in fiscal year 2016.

On September 29, 2014, we entered into a letter agreement with Dr. Morris providing for the payment to Dr. Morris of a housing allowance in the aggregate amount of $125,000, payable in three equal six-month installments. The first two installments were paid during fiscal year 2015, and the last installment was paid on or about September 29, 2015. On March 29, 2016, we increased the housing allowance by $37,600. If, prior to September 29, 2016, Dr. Morris's employment with ImmunoGen is terminated by us for cause or by Dr. Morris for any reason other than death or disability, Dr. Morris will be required to reimburse us for a portion this additional payment, based on the number of days Dr. Morris was employed by us from and after March 29, 2016. Dr. Morris's primary residence is in Pennsylvania, and this housing allowance was intended to help defray his cost of maintaining a second

Table of Contents

residence in Massachusetts in connection with his primary place of employment being at our Waltham, Massachusetts headquarters. As a result of Dr. Morris's resignation, which was effective September 2, 2016, we are entitled to be reimbursed a pro rata portion of the last installment of Dr. Morris's housing allowance in the amount of $5,400.

Ms. Poole. In June 2015, our Board of Directors promoted Ms. Poole from Senior Vice President to Executive Vice President, effective July 1, 2015, and in connection therewith, the committee set Ms. Poole's annual base salary at $405,017, also effective July 1, 2015, which represents a 6.6% increase over her base salary for the previous year, and reflects both a 3.0% annual merit increase, pro-rated to reflect the period of her employment during the previous fiscal year (2.4%), as well as her promotion (4.2%). Ms. Poole's target bonus of 40% of base salary remained unchanged from the previous year. The new base salary, together with the target bonus, resulted in Ms. Poole's target total cash compensation being aligned with the 50th percentile of total cash compensation for comparable positions at the Peer Group.

For fiscal year 2016, 70% of Ms. Poole's target bonus was tied to corporate performance, and 30% was tied to individual performance. With respect to the portion tied to individual performance, the committee's determination was based on Mr. Enyedy's and Mr. Junius's evaluations of Ms. Poole's accomplishment of specific actions in the areas identified in the following table. As shown in the table, the committee also awarded Ms. Poole a discretionary additional 10% of the portion of her target bonus tied to individual performance in recognition of her exceptional work during the past year to improve the operational efficiency and effectiveness of the technical operations organization.

	Target	**Actual**
Technical operations support for all development projects	*30%*	*30%*
Technical operations organizational development	*20%*	*20%*
Technical operation strategic planning	*20%*	*20%*
Partner-related CMC project support	*10%*	*10%*
Manage technical operations financial performance to meet pre-established targets	*10%*	*10%*
Quality and compliance initiatives	*5%*	*5%*
Environmental, health & safety initiative for technical operations organization	*5%*	*5%*
Subtotal	**100**%	**100**%
Discretionary portion of target bonus tied to individual performance		*10%*
Total	**100**%	**110**%

Based on the foregoing, Ms. Poole's bonus for fiscal year 2016, as shown in the Summary Compensation Table below, constituted approximately 42.6% of her base salary earned for fiscal year 2016.

Equity Awards

On July 13, 2015, we granted annual stock option awards to Mr. Junius, Mr. Johnston, Dr. Lambert, Dr. Morris and Ms. Poole covering 205,000, 100,000, 100,000, 110,000 and 110,000 shares, respectively. The per share exercise price for each of these awards ($16.72) is the per share fair market

Table of Contents

value of our common stock on the date of grant (July 13, 2015), and each award vests in three equal annual installments, beginning on the first anniversary of the date of grant.

In determining the size of the annual stock option awards, the committee considered equity award histories for each of the named executive officers and the "fixed share" equity grant guidelines adopted by the committee starting in fiscal year 2014. With respect to Ms. Poole's award, 83,000 shares reflect her 100,000 target annual equity award, pro-rated to reflect the period of her employment during fiscal year 2015, and 27,000 shares reflect her promotion to Executive Vice President, effective July 1, 2015.

On March 30, 2016, we granted a stock option award covering 300,000 shares to Mr. Enyedy, effective on the date Mr. Enyedy started his employment with ImmunoGen (May 16, 2016). The exercise price of this award is the per share market value of our common stock on the effective date of grant (May 16, 2016), and vests in four equal annual installments beginning on the first anniversary of the effective date of grant. At the same time, we also granted a restricted stock award covering 75,000 shares to Mr. Enyedy, effective on May 16, 2016. This award vests in four equal annual installments, beginning on the first anniversary of the effective date of grant. These awards were part of the overall compensation package negotiated with Mr. Enyedy as an inducement to join ImmunoGen.

Each of the foregoing awards is described in more detail in the Grants of Plan-Based Awards table and Outstanding Awards at Fiscal Year-End table elsewhere in this proxy statement.

How were the executive officers compensated for fiscal year 2016?

The following table sets forth all compensation paid to our principal executive officer, our principal financial officer and each of our other three most highly compensated executive officers, who are collectively referred to as the "named executive officers," in all capacities for the last three fiscal years.

Table of Contents

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	Option Awards(2)	Non-Equity Incentive Plan Compensation(3)	All Other Compensation(4)	Total
Mark J. Enyedy(5) President and Chief Executive Officer	2016	$ 80,357	$ 430,000	$ 423,750	$ 1,015,157		$ 836	$ 1,950,100
Daniel M. Junius(6)	2016	558,151			2,142,386	$ 492,188	7,916	3,200,642
Retired President and Chief	2015	571,725	25,728		1,281,134	445,945	8,634	2,333,166
Executive Officer	2014	544,500			2,248,535	310,365	8,184	3,111,584
David B. Johnston(7)	2016	385,091			1,045,067	159,428	9,604	1,599,189
Executive Vice President	2015	355,250	4,974		624,943	146,220	9,459	1,140,846
and Chief Financial Officer	2014	175,000	70,000		1,315,783	67,550	1,934	1,630,267
John M. Lambert	2016	396,296			1,045,067	164,067	9,997	1,615,426
Executive Vice President	2015	386,630	5,413		624,943	160,065	8,259	1,185,310
and Distinguished Research Fellow	2014	377,200			1,096,846	143,336	8,184	1,427,110
Charles Q. Morris(8)	2016	463,187			1,149,573	212,603	87,901	1,913,264
Former Executive Vice President	2015	449,696	7,083		687,438	208,231	92,982	1,445,430
and Chief Development Officer	2014	432,400			639,823	164,312	13,199	1,249,734
Sandra E. Poole(9)	2016	405,017	4,860		1,149,573	167,677	9,009	1,736,137
Executive Vice President,	2015	300,833	204,212		798,333	124,545	8,405	1,436,328
Technical Operations								

(1) The amount shown in this column for fiscal year 2016 for Mr. Enyedy represents his sign-on bonus. If, within 12 months of Mr. Enyedy's hire date (May 16, 2016), his employment is terminated by us for cause or is terminated by Mr. Enyedy for any reason other than death or disability, Mr. Enyedy will be required to reimburse us for a portion of the sign-on bonus equal to $430,000 multiplied by a fraction, (a) the numerator of which is 365 minus the number of days Mr. Enyedy was employed by us, and (b) the denominator of which is 365. The amount shown in this column for fiscal year 2016 for Ms. Poole represents the discretionary bonus paid to her for that fiscal year. The amounts shown in this column for fiscal year 2015 represent the discretionary bonuses paid for that fiscal year and, for Ms. Poole, her $200,000 sign-on bonus which is described in more detail in our proxy statement for the 2015 annual meeting of shareholders. The amount shown in this column for Mr. Johnston for fiscal year 2014 represents his sign-on bonus which is described in more detail in our proxy statements for the 2014 annual meeting of shareholders.

(2) The amounts shown in these columns represent the aggregate grant date fair value of the restricted stock awards and stock option awards for the years indicated, computed in accordance with FASB ASC Topic 718. Additional information can be found in the footnotes to the Grants of Plan-Based Awards table elsewhere in this proxy statement and in Note B to the consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended June 30, 2016.

(3) The amounts shown in this column represent payments under our annual executive bonus program for each of the fiscal years shown.

(4) The table below shows the components of this column for fiscal year 2016:

Name	401(k) Plan Matching Contribution(a)	Term Life Insurance Premiums	Housing Allowance(b)	Total All Other Compensation
Mark J. Enyedy	$ 750	$ 86		$ 836
Daniel M. Junius	7,317	599		7,916
David B. Johnston	8,920	684		9,604
John M. Lambert	9,313	684		9,997
Charles Q. Morris	7,950	684	$ 79,267	87,901
Sandra W. Poole	8,325	684		9,009

(a)

The amounts in this column represent our matching contributions allocated to each of the named executive officers who participates in our 401(k) retirement savings plan. All such matching contributions were fully vested upon contribution.

(b)

On September 29, 2014, we entered into a letter agreement with Dr. Morris providing for the payment to Dr. Morris of a housing allowance in the aggregate amount of $125,000, payable in three equal six-month installments. The first two installments were paid during fiscal year 2015, and the last installment was paid on or about September 29, 2015. On March 29, 2016, we increased the housing allowance by $37,600. If, prior to September 29, 2016, Dr. Morris's employment

Table of Contents

with ImmunoGen is terminated by us for cause or by Dr. Morris for any reason other than death or disability, Dr. Morris will be required to reimburse us for a portion this additional payment, based on the number of days Dr. Morris was employed by us from and after March 29, 2016. As a result of Dr. Morris's resignation, which was effective September 2, 2016, we are entitled to be reimbursed a pro rata portion of the last installment of Dr. Morris's housing allowance in the amount of $5,400.

(5) Mr. Enyedy joined ImmunoGen on May 16, 2016.

(6) Mr. Junius retired effective May 13, 2016.

(7) Mr. Johnston joined ImmunoGen on December 30, 2013.

(8) Dr. Morris resigned from ImmunoGen effective September 2, 2016.

(9) Ms. Poole joined ImmunoGen on September 15, 2014.

Grants of Plan-Based Awards

The following table shows all awards granted to each of the named executive officers during the last fiscal year.

Grants of Plan-Based Awards

Name	Grant Date	Compensation Committee Action Date, if Different from Grant Date	Possible Future Payments Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards(1)
			Threshold ($)	Target ($)	Maximum ($)				
Mark J. Enyedy	5/16/2016(2)	3/29/2016					300,000		$ 1,015,157
	5/16/2016(3)	3/29/2016				75,000			412,500
Daniel M. Junius	(4)		$ 243,375	$ 468,750	$ 703,125				
	7/13/2015(2)						205,000	16.72	2,142,386
David B. Johnston	(4)			154,036	207,949				
	7/13/2015(2)						100,000	16.72	1,045,067
John. M. Lambert	(4)			158,518	214,500				
	7/13/2015(2)						100,000	16.72	1,045,067
Charles Q. Morris	(4)			208,434	281,386				
	7/13/2015(2)						110,000	16.72	1,149,573
Sandra E. Poole	(4)			162,007	218,709				
	7/13/2015(2)						110,000	16.72	1,149,573

(1) The amounts shown in this column have been calculated in accordance with FASB ASC Topic 718. Additional information can be found in Note B to the consolidated financial statements in ImmunoGen's Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

(2)

These stock option awards were granted under our 2006 Plan. The grant date fair value of these awards has been calculated using the Black-Scholes option pricing model, based on the following assumptions: expected life of option equal to 6.33 years; expected risk-free interest rate of 1.90% (1.39% in the case of Mr. Enyedy), which is equal to the U.S. Treasury yield in effect at the time of grant for instruments with a similar expected life; expected stock volatility of 67.09% (64.19% in the case of Mr. Enyedy); and expected dividend yield of 0%. These awards are also described in the Outstanding Equity Awards at Fiscal Year-End table.

(3)

This restricted stock award was granted under our 2006 Plan. The grant date fair value of this award has been calculated by multiplying the number of shares granted by the closing price ($5.65) of our common stock on the NASDAQ Global Select Market on the grant date.

(4)

The amounts shown in these rows reflect the possible cash amounts that could have been earned upon achievement of the threshold, target and maximum performance objectives for the annual executive bonus program for fiscal year 2016. In the case of Mr. Junius, whose bonus was tied solely to corporate performance, the threshold amount represents 50% of his target bonus, reflecting the minimum achievement required for any payout based on corporate performance. In the case of the remaining executive officers, for whom 30% of their respective target bonuses was tied to individual performance, there was effectively no threshold payment since the compensation committee reserved the discretion to determine payouts under the portion of the bonus tied to individual performance without regard to any minimum achievement of previously-established goals.

Table of Contents

Outstanding Equity Awards at 2016 Fiscal Year-End

The following table shows information on all outstanding stock options and unvested restricted stock awards held by the named executive officers at the end of the last fiscal year. The table also shows the market value of unvested restricted stock awards at the end of the last fiscal year. This represents the number of unvested restricted shares at fiscal year-end, multiplied by the closing price ($3.08) of our common stock on the NASDAQ Global Select Market on June 30, 2016.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards(1)				Stock Awards(1)	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date (mm/dd/yyyy)	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)
Mark J. Enyedy		300,000(2)	$ 5.65	05/16/2026		
					75,000(3)	$ 231,000
Daniel M. Junius	62,669		5.77	06/12/2017		
	46,667		3.30	06/11/2018		
	188,518		4.29	01/01/2019		
	167,000		9.88	07/24/2019		
	180,000		9.14	07/23/2020		
	180,000		15.20	07/22/2021		
	180,000		15.83	07/20/2022		
	136,667	68,333(4)	19.02	07/16/2023		
	68,334	136,666(5)	10.79	07/17/2024		
		205,000(6)	16.72	07/13/2015		
David B. Johnston	75,000	75,000(7)	15.08	12/30/2023		
	23,334	66,666(5)	10.79	07/17/2024		
		100,000(6)	16.72	07/13/2025		
John M. Lambert	53,000		5.77	06/12/2017		
	52,500		3.30	06/11/2018		
	90,000		9.88	07/24/2019		
	80,000		9.14	07/23/2020		
	100,000		15.20	07/22/2021		
	100,000		15.83	07/20/2022		
	66,667	33,333(4)	19.02	07/16/2023		
	33,334	66,666(5)	10.79	07/17/2024		
		100,000(6)	16.72	07/13/2025		
Charles Q. Morris	122,254	50,000(8)	11.93	11/26/2022		
					12,500(9)	38,500
	38,889	19,444(4)	19.02	07/16/2023		
	36,667	73,333(5)	10.79	07/17/2024		
		110,000(6)	16.72	07/13/2025		
Sandra E. Poole	31,250	93,750(10)	10.99	09/15/2024		
		110,000(6)	16.72	07/13/2025		

(1) All option and restricted stock awards granted by ImmunoGen are subject to time-based vesting. Accordingly, there are no unearned option awards or restricted stock awards outstanding. Securities underlying options are shares of our common stock.

Table of Contents

(2) This option award vests in four equal installments on each of the first four anniversaries of the grant date (May 16, 2016), contingent on Mr. Enyedy remaining an employee, director or consultant of ImmunoGen as of each such date.

(3) This restricted stock award vests in four equal installments on each of the first four anniversaries of the grant date (May 16, 2016), contingent on Mr. Enyedy remaining an employee, director or consultant of ImmunoGen as of each such date.

(4) These option awards vest in three equal installments on each of the first three anniversaries of the grant date (July 16, 2013), contingent in each case on the executive remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

(5) These option awards vest in three equal installments on each of the first three anniversaries of the grant date (July 17, 2014), contingent in each case on the executive remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

(6) These option awards vest in three equal installments on each of the first three anniversaries of the grant date (July 13, 2015), contingent in each case on the executive remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

(7) This option award vests in four equal installments on each of the first four anniversaries of the grant date (December 30, 2013), contingent on Mr. Johnston remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

(8) This option award vests in four equal installments on each of the first four anniversaries of the grant date (November 26, 2012), contingent on Dr. Morris remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

(9) This restricted stock award vests in four equal installments on each of the first four anniversaries of the grant date (November 26, 2012), contingent on Dr. Morris remaining an employee, director or consultant of ImmunoGen as of each such date.

(10) This option award vests in four equal installments on each of the first four anniversaries of the grant date (September 15, 2014), contingent on Ms. Poole remaining either an employee (in the case of an incentive stock option) or an employee, director or consultant (in the case of a non-qualified stock option) of ImmunoGen as of each such date.

Options Exercised

The following table shows information regarding stock option exercises by the named executive officers during the last fiscal year.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(1)**
Mark J. Enyedy				
Daniel M. Junius	93,810	$ 708,454		
David B. Johnston	10,000	52,280		
John M. Lambert	42,000	316,976		
Charles Q. Morris			12,500	$ 172,000
Sandra E. Poole				

(1)

Except as described below, amounts shown in these columns represent the actual value realized from the immediate sale of the shares acquired upon exercise of options or upon the vesting of restricted shares, as the case may be. Of the shares acquired by Mr. Junius

Table of Contents

and Dr. Lambert, 55,898 and 10,889 shares, respectively, were acquired upon exercise of options but not immediately sold, and each such share is valued at the difference between the closing price of our common stock on the NASDAQ Global Select Market on the date of exercise, minus the per share exercise price.

Potential Payments Upon Termination or Change in Control

Termination of Employment Not Following a Change in Control

Prior to the adoption of our severance pay plan for vice presidents and higher, we had entered into written agreements with certain of our executive officers to provide severance benefits in addition to those required by applicable law in connection with the termination of the executive's employment with us outside the context of a change in control, as described below. In connection with the adoption of this plan, each of those executive officers terminated those written agreements.

All of our named executive officers whose employment is terminated by us without cause are eligible to participate in our severance pay plan for vice presidents and higher. "Cause" is defined to include an executive's willful act or omission that materially harms ImmunoGen, willful failure or refusal to follow the lawful and proper directives of our CEO or our Board, conviction of the executive for a felony, commission of an act of moral turpitude that is reasonably expected to be injurious to ImmunoGen or its reputation, material fraud or theft relating to ImmunoGen, or breach of our Code of Corporate Conduct, Senior Officer and Financial Personnel Code of Ethics or other contractual obligation to ImmunoGen.

Severance benefits under the plan include:

Salary continuation for the following specified periods: 18 months in the case of the CEO; and 12 months in the case of our other named executive officers;

Payment of a portion of the named executive officer's annual cash bonus for the fiscal year in which termination occurs as follows: 100% of the portion of the named executive officer's bonus tied to personal objectives, if any; and with respect to the portion of the named executive officer's bonus tied to corporate objectives, the named executive officer would be entitled to receive the same percentage as the other participants in our annual bonus program, in both cases pro-rated to reflect the actual number of days the named executive officer was employed during the applicable fiscal year;

Payment of a taxable amount on a monthly basis equal to the same percentage of the employee's COBRA premium (assuming the named executive officer elects to receive COBRA benefits) as the premium subsidy provided to similarly situated active employees for the duration of the salary continuation period; and

Effective September 23, 2016, outplacement services lasting not less than six months.

Payment of the above-described severance benefits is subject to the named executive officer releasing all of his or her claims against ImmunoGen other than claims that arise from our obligations under the plan. In addition, no benefits are payable under the plan in circumstances where the named executive officer is entitled to receive severance compensation under the terms of any separate written agreement, including the change in control severance agreements described below.

Table of Contents

The following table illustrates the potential benefits that would have been received by the named executive officers under our severance pay plan for vice presidents and higher, assuming we had terminated each executive's employment without cause on June 30, 2016 outside the context of a change in control.

Potential Payments Upon Termination of Employment Not Following a Change in Control (Without Cause and Not for a Disability)

Name	Salary Continuation	Bonus Lump Sum(1)	Healthcare Continuation(2)	Total
Mark. J. Enyedy	$ 975,000	$ 504,563	$ 31,660	$ 1,511,223
Daniel M. Junius(3)				
David B. Johnston	385,091	159,248	21,107	565,626
John M. Lambert	396,296	164,067	21,107	581,470
Charles Q. Morris	463,187	215,729	21,107	700,023
Sandra E. Poole	405,017	167,677	21,107	593,801

(1) Amounts represent 100% of the portion of each named executive officer's bonus tied to personal objectives and 100% of each named executive officer's bonus tied to corporate objectives, based on achievement of 105% of the corporate objectives achieved for fiscal year 2016.

(2) Amounts represent payments equal to each executive's COBRA premiums for 12 months (or in the case of Mr. Enyedy, 18 months) for the type of healthcare coverage ImmunoGen carried for each named executive officer as of June 30, 2016.

(3) Mr. Junius retired on May 13, 2016.

Termination of Employment Following a Change in Control

We have entered into change in control severance agreements with each named executive officer providing for certain benefits in the event of a change in control of ImmunoGen. A change in control includes any of the following events:

- the acquisition by any person of 50% or more of our outstanding common stock pursuant to a transaction which our Board of Directors does not approve;
- a merger or consolidation of ImmunoGen, whether or not approved by our Board, where our voting securities remain outstanding and continue to represent, or are converted into securities of the surviving corporation (or its parent) representing, less than 50% of the total voting power of the surviving entity (or its parent) following such transaction;
- our shareholders approve an agreement for the sale of all or substantially all of ImmunoGen's assets; or
- the "incumbent directors" cease to constitute at least a majority of the members of our Board. "Incumbent directors" include the current members of our Board, plus any future members who are elected or nominated for election by at least a majority of the incumbent directors at the time of such election or nomination, with certain exceptions relating to actual or threatened proxy contests relating to the election of directors to our Board.

Table of Contents

Each named executive officer is entitled to severance benefits if, within the period of two months before or 12 months after a change in control of ImmunoGen, the executive's employment is terminated (1) by us other than for cause or disability or (2) by the executive for good reason. "Cause" is defined to include the executive's willful act or omission that materially harms ImmunoGen; willful failure or refusal to follow the lawful and proper directives of the Board; conviction of the executive for a felony; commission of an act of moral turpitude that is reasonably expected to be injurious to ImmunoGen or its reputation; material fraud or theft relating to ImmunoGen; or breach of our Code of Corporate Conduct, Senior Officer and Financial Personnel Code of Ethics or other contractual obligation to ImmunoGen. "Good reason" is defined in each agreement to include the occurrence of the following events without the executive's consent: a change in the principal location at which the executive performs his duties for us to a new location that is at least 40 miles from the prior location; a material change in the executive's authority, functions duties or responsibilities as compared to his highest position with ImmunoGen; or a material reduction in the executive's base salary or target annual bonus.

Severance benefits under each agreement include the following:

A lump sum payment equal to 1.5 times (or in the case of Mr. Enyedy, 2 times) the sum of the executive's then current annual base salary and the executive's target annual bonus for the fiscal year in which the termination occurs;

Payment of a taxable amount on a monthly basis equal to the executive's COBRA premium (assuming the executive elects to receive COBRA benefits) for up to 18 months (or in the case of Mr. Enyedy, up to 24 months, notwithstanding the fact that Mr. Enyedy may not be eligible under applicable law for COBRA benefits beyond 18 months); and

Vesting of 100% of the executive's unvested stock options and unvested restricted stock awards and other similar rights. Stock option awards granted to executives under the 2006 Plan prior to June 20, 2012 provide for 100% vesting of the executive's unvested stock options immediately upon the occurrence of a change in control.

Payment of the above-described severance benefits is subject to the named executive officer releasing all his or her claims against ImmunoGen other than claims that arise from ImmunoGen's obligations under the severance agreement. In addition, the severance benefits will replace any similar compensation that may be provided to the executive under any other agreement or arrangement in relation to termination of employment, with certain exceptions.

Each agreement provides for a reduction of payments and benefits to be received by the named executive officer pursuant to a change in control to a level where the executive would not be subject to the excise tax pursuant to section 4999 of the Code, but only if such reduction would put the executive in a better after-tax position than if the payments and benefits were paid in full. In addition, each agreement provides for the payment by ImmunoGen of the executive's legal fees and expenses incurred in connection with the agreement.

Each agreement continues in effect for two years from its effective date, subject to automatic one-year extensions thereafter unless notice is given of our or the executive's intention not to extend the term of the agreement; provided, however, that the agreement continues in effect for 12 months following a change in control that occurs during the term of the agreement.

Table of Contents

The following table illustrates the potential benefits that would have been received by the named executive officers under the severance agreements described above, assuming we had terminated each executive's employment without cause on June 30, 2016, following a change in control occurring on that date, and using the closing price ($3.08) of our common stock on the NASDAQ Global Select Market on June 30, 2016.

Potential Payments Upon Termination of Employment Following a Change in Control (Without Cause and Not for a Disability)

Name	Salary/Bonus Lump Sum(1)	Stock Option Acceleration(2)	Restricted Stock Acceleration	Healthcare Continuation(3)	Total
Mark J. Enyedy	$ 2,275,000		$ 231,000	$ 42,214	$ 2,548,214
Daniel M. Junius(4)					
David B. Johnston	808,691			31,660	840,351
John M. Lambert	832,222			31,660	863,882
Charles Q. Morris	1,007,432			31,660	1,077,592
Sandra E. Poole	850,536			31,660	882,196

(1) Amounts represent the salary and target bonus-based lump sum payments described above.

(2) Any amounts shown in this column would have represented payment of the difference between $3.08 and the exercise price of any in-the-money unvested stock option that would have become exercisable upon termination of the executive's employment without cause following a change in control, multiplied in each case by the number of shares subject to such option. The per share exercise prices of all unvested stock options held by the named executive officers were in each case greater than $3.08, and therefore no payment is shown for the accelerated vesting of those options.

(3) Amounts represent payments equal to each executive's COBRA premiums for 18 months (or in the case of Mr. Enyedy, 24 months) for the type of healthcare coverage ImmunoGen carried for each named executive officer as of June 30, 2016.

(4) Mr. Junius retired on May 13, 2016.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement, and based on such review and discussion, the Compensation Committee recommended to ImmunoGen's Board that the Compensation Discussion and Analysis be included in this proxy statement and be incorporated by reference into ImmunoGen's Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

By the Compensation Committee of the Board of
Directors of ImmunoGen, Inc.

Howard H. Pien, Chairman
Dean J. Mitchell
Kristine Peterson

ADVISORY VOTE TO APPROVE THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THIS PROXY STATEMENT
(Notice Item 4)

We are providing our shareholders with the opportunity to cast an advisory (non-binding) vote on executive compensation, or a "say-on-pay" vote. Under Section 14A of the Securities Exchange Act of 1934, as amended, we must hold this advisory vote at least once every three years. At the 2011 annual meeting of shareholders, we asked shareholders to vote on an advisory basis with respect to whether future say-on-pay votes should be held once every year, or once every two or three years (the "say-on-frequency" vote). Shareholders indicated by their advisory vote their preference to hold say-on-pay votes on an annual basis. After taking into consideration the results of the say-on-frequency vote at the 2011 annual meeting, our Board determined to include say-on-pay advisory votes in our proxy materials on an annual basis until the next required "say-on-frequency" vote by shareholders.

The say-on-pay vote is a non-binding vote on the compensation paid to our named executive officers, as described elsewhere in this proxy statement under the heading "Executive Compensation," and includes the "Compensation Discussion and Analysis," or "CD&A," tabular disclosure regarding such compensation and accompanying narrative disclosure set forth in pages 34 through 55 of this proxy statement. The Executive Compensation section describes our compensation philosophy and objectives, how we determine executive compensation, the elements of total compensation and the actual compensation of our named executive officers identified in that section. The Compensation Committee and our Board believe that the policies and practices described in the CD&A are effective in implementing our compensation philosophy and objectives and that the compensation of our named executive officers for fiscal year 2016 reflects and supports those policies and practices.

The say-on-pay vote is not binding on the Compensation Committee or our Board. However, the committee and the Board will take into account the result of the vote when determining future executive compensation arrangements.

Recommendation

The Board recommends a vote "FOR" the proposal to approve, on an advisory basis, the compensation paid to our named executive officers, as described in this proxy statement.

Table of Contents

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Notice Item 5)

On June 15, 2016, our Board of Directors approved a change in our fiscal year-end from the last day of June of each year to the last day of December of each year, effective January 1, 2017, which created a six-month transition period from July 1, 2016 through December 31, 2016. Our Audit Committee has appointed Ernst & Young LLP as our independent registered public accounting firm for the six-month transition period ending December 31, 2016. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. In making its determination regarding whether to appoint or retain a particular independent registered public accounting firm, the Audit Committee takes into account the views of management, and will take into account the vote of our shareholders with respect to the ratification of the appointment of our independent registered public accounting firm.

Ernst & Young LLP served as our independent registered public accounting firm for the fiscal year ended June 30, 2016. We expect that a representative of Ernst & Young LLP will be present at the meeting and will have the opportunity to make a statement if he or she desires and to respond to appropriate questions.

Recommendation

The Board recommends a vote "FOR" the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the six-month transition period ending December 31, 2016.

What were the fees of our independent registered public accounting firm for services rendered to us during the last two fiscal years?

The aggregate fees for professional services rendered to us by Ernst & Young LLP for the fiscal years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Audit	$ 864,803	$ 797,410
Audit-Related		
Tax		
All Other		
	$ 864,803	$ 797,410

Audit fees for fiscal years 2016 and 2015 were for professional services provided for the audits of our consolidated financial statements and our internal control over financial reporting as well as reviews of the financial statements included in each of our quarterly reports on Form 10-Q. Audit fees for fiscal year 2016 also include amounts related to our issuance of convertible senior notes. Audit fees for fiscal year 2015 also include amounts related to consents relating to registration statements.

Table of Contents

What is the Audit Committee's pre-approval policy?

The Audit Committee pre-approves all auditing services and the terms of non-audit services provided by our independent registered public accounting firm, but only to the extent that the non-audit services are not prohibited under applicable law and the committee determines that the non-audit services do not impair the independence of the independent registered public accounting firm. In situations where it is impractical to wait until the next regularly scheduled quarterly meeting, the chairman of the committee has been delegated authority to approve audit and non-audit services to be provided by our independent registered public accounting firm. Fees payable to our independent registered public accounting firm for any specific, individual service approved by the chairman pursuant to the above-described delegation of authority may not exceed $100,000, plus reasonable and customary out-of-pocket expenses, and the chairman is required to report any such approvals to the full committee at its next scheduled meeting.

The pre-approval requirement is waived with respect to the provision of non-audit services by our independent registered public accounting firm if (1) the aggregate amount of all such non-audit services provided to us constitutes not more than five percent of the total fees paid by us to our independent registered public accounting firm during the fiscal year in which such non-audit services were provided, (2) such services were not recognized at the time of the engagement to be non-audit services, and (3) such services are promptly brought to the attention of the Audit Committee and approved by the committee or by one or more of its members to whom authority to grant such approvals has been delegated by the committee prior to the completion of the independent registered public accounting firm's audit. Ernst & Young LLP did not provide non-audit services during fiscal years 2016 and 2015.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed ImmunoGen's audited financial statements for the fiscal year ended June 30, 2016, and discussed these financial statements with ImmunoGen's management. The Audit Committee also has reviewed and discussed the audited financial statements and the matters required to be discussed by Public Company Accounting Oversight Board ("PCAOB") Audit Standards No. 16 ("Communication with Audit Committees") with Ernst & Young LLP, ImmunoGen's independent registered public accounting firm. In addition, the Audit Committee received the letter from Ernst & Young LLP required by PCAOB Rule 3526 ("Communication with Audit Committees Concerning Independence"), and has discussed with Ernst & Young LLP its independence.

Based on its review and the discussions referred to above, the Audit Committee recommended to ImmunoGen's Board that the audited financial statements be included in ImmunoGen's Annual Report on Form 10-K for the fiscal year ended June 30, 2016.

By the Audit Committee of the Board of
Directors of ImmunoGen, Inc.

Stephen C. McCluski, Chairman
Kristine Peterson
Richard J. Wallace

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and certain persons beneficially owning more than 10% of our outstanding common stock to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Officers, directors and beneficial owners of more than 10% of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on copies of such forms furnished as provided above, and written representations from our officers and directors that no Forms 5 were required, we believe that during the fiscal year ended June 30, 2016 all Section 16(a) filing requirements applicable to our officers, directors and beneficial owners of greater than 10% of our common stock were complied with, except as follows: Dr. Goldberg, Mr. Pien and Dr. Villafranca were awarded 3,814, 4,383 and 1,314 deferred stock units, respectively, on June 30, 2016 in lieu of cash for all or a portion of their quarterly annual fees for serving as non-employee directors. Due to clerical error, Form 4s disclosing these awards were not filed with the SEC until July 6, 2016.

SHAREHOLDER PROPOSALS FOR THE 2017 ANNUAL MEETING

Due to a change in our fiscal year-end from June 30 of each year to December 31 of each year, effective January 1, 2017, we expect to hold our 2017 annual meeting of shareholders on June 13, 2017. As a result of the date of our 2017 annual meeting of shareholders being more than 30 days earlier than the anniversary date of our 2016 annual meeting of shareholders, the regulations adopted by the SEC provide that any shareholder proposal submitted for inclusion in ImmunoGen's proxy statement relating to the 2017 annual meeting of shareholders must be received at our principal executive offices by a reasonable time before we begin to print and mail such proxy statement, which we consider to be on or before December 31, 2016.

In addition to the SEC requirements regarding shareholder proposals, our by-laws contain provisions regarding matters to be brought before shareholder meetings. If shareholder proposals, including proposals relating to the election of directors, are to be considered at the 2017 annual meeting of shareholders, notice of them, whether or not they are included in ImmunoGen's proxy statement and form of proxy, must be given by personal delivery or by United States mail, postage prepaid, to our corporate secretary no earlier than March 16, 2017 and no later than April 15, 2017. The notice must include the information set forth in our by-laws. Proxies solicited by the Board will confer discretionary voting authority with respect to these proposals, subject to SEC rules governing the exercise of this authority. Our by-laws do not affect any rights of shareholders to request the inclusion of proposals in ImmunoGen's proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

It is suggested that any shareholder proposal be submitted by certified mail, return receipt requested.

CERTAIN MATTERS RELATING TO PROXY MATERIALS

The SEC has adopted a rule that allows us or your broker to send a single set of proxy materials and annual reports to any household at which two or more of our shareholders reside, if we or your broker believe that the shareholders are members of the same family. This practice, referred to as "householding," benefits both you and us. It reduces the volume of duplicate information received at

Table of Contents

your household and helps us reduce our expenses. The rule applies to our annual reports, proxy materials (including the Notice) and information statements. Once you receive notice from your broker or from us that communications to your address will be "householded," the practice will continue until you are otherwise notified or until you revoke your consent to the practice. Each shareholder will continue to receive a separate proxy card or voting instruction card.

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice and, if applicable, other proxy materials, please notify your broker, or if you are holding a physical stock certificate, direct your written or oral request to Broadridge Corporate Issuer Solutions, Inc., P.O. Box 1342, Brentwood, New York 11717, telephone number 1-877-830-4936. Shareholders who currently receive multiple copies of the Notice and, if applicable, other proxy materials at their address and would like to request "householding" of their communications should contact their broker or Broadridge Corporate Issuer Solutions, Inc.

OTHER MATTERS

We know of no matters which may properly be and are likely to be brought before the meeting other than the matters discussed in this proxy statement. However, if any other matters properly come before the meeting, the persons named in the accompanying proxy card will vote in accordance with their best judgment.

ANNUAL REPORT ON FORM 10-K

You may obtain a copy of our annual report on Form 10-K for the fiscal year ended June 30, 2016 (without exhibits) without charge by writing to: Investor Relations, ImmunoGen, Inc., 830 Winter Street, Waltham, MA 02451.

By Order of the Board of Directors

CRAIG BARROWS, *Secretary*

October 28, 2016

Table of Contents

Exhibit A

IMMUNOGEN, INC.

2016 EMPLOYEE, DIRECTOR AND CONSULTANT EQUITY INCENTIVE PLAN

1. *DEFINITIONS.*

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this ImmunoGen, Inc. 2016 Employee, Director and Consultant Equity Incentive Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

Board of Directors means the Board of Directors of the Company.

Cause shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company, and conduct substantially prejudicial to the business of the Company or any Affiliate provided, however that any provision in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to that Participant. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

Change of Control means the occurrence of any of the following events:

(i) 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

(ii) 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;

Table of Contents

or (B) the sale or disposition by the Company of all or substantially all of the Company's assets in a transaction requiring shareholder approval; or

(iii) 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 November 4, 2016, or (B) are elected, or nominated for election, to the Board of Directors with the affirmative votes 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);

provided, that if any payment or benefit payable hereunder upon or following a Change of Control would be required to comply with the limitations of Section 409A(a)(2)(A)(v) of the Code in order to avoid an additional tax under Section 409A of the Code, such payment or benefit shall be made only if such Change in Control constitutes a change in ownership or control of the Company, or a change in ownership of the Company's assets in accordance with Section 409A of the Code.

Code means the United States Internal Revenue Code of 1986, as amended, including any successor statute, regulation and guidance thereto.

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 the composition of which shall at all times satisfy the provisions of Section 162(m) of the Code.

Common Stock means shares of the Company's common stock, $.01 par value per share.

Company means ImmunoGen, Inc., a Massachusetts corporation.

Consultant means any natural person who is an advisor or consultant that provides bona fide services to the Company or its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company's or its Affiliates' securities.

Disability or *Disabled* means permanent and total disability as defined in Section 22(e)(3) of the Code.

Employee means any employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

Fair Market Value of a Share of Common Stock 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, 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

Table of Contents

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, 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 Administrator, in good faith, shall determine in compliance with applicable laws.

Full Value Award means a Stock Grant or other Stock-Based Award whose intrinsic value is not solely dependent on appreciation in the price of the Common Stock after the date of grant.

ISO means an option meant to qualify as an incentive stock option under Section 422 of the Code.

Non-Qualified Option means an option which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

Participant means an Employee, director or Consultant of the Company or an Affiliate to whom one or more Stock Rights are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Performance Based Award means a Stock Grant or Stock-Based Award as set forth in Paragraph 9 hereof.

Performance Goals means performance goals based on one or more of the following criteria: achievement of research, clinical trial or other drug development objectives; achievement of regulatory objectives; achievement of manufacturing and/or supply chain objectives; sales; revenues; assets; expenses; earnings or earnings per share; earnings before interest and taxes (EBIT) or EBIT per share; earnings before interest, taxes, depreciation and amortization (EBITDA) or EBITDA per share; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow or cash flow per share; share price; shareholder return; income, pre-tax income, net income, operating income, pre-tax profit, operating profit, net operating profit or economic profit; gross margin, operating margin, profit margin, return on operating revenue, return on operating assets, cash from operations, operating ratio or operating revenue; market capitalization; customer expansion or retention; acquisitions or divestitures (in whole or in part) and/or integration activities related thereto; joint ventures, collaborations, licenses and strategic alliances, and/or the management and performance of such relationships; spin-offs, split-ups or similar transactions; reorganizations; recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings; achievement of litigation-related objectives and/or objectives related to litigation expenses; achievement of human resource, organizational and/or personnel objectives; achievement of information technology or information services objectives; or achievement of real estate, facilities or space-planning objectives.

The foregoing Performance Goals may be determined: (a) on an absolute basis, (b) relative to internal goals or levels attained in prior years, (c) related to other companies or indices, or (d) as ratios expressing relationships between two or more Performance Goals. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criterion or the attainment of a percentage increase or decrease in the particular criterion, and may be applied to the

Table of Contents

Company and/or an Affiliate, or a division or strategic business unit of the Company and/or an Affiliate, all as determined by the Committee. The Performance Goals may include a threshold level of performance below which no Performance-Based Award will be issued or no vesting will occur, levels of performance at which Performance-Based Awards will be issued or specified vesting will occur, and a maximum level of performance above which no additional issuances will be made or at which full vesting will occur. In the areas of drug research, development, regulatory affairs and commercialization, if a third party partner that is party to a licensing or collaboration agreement with the Company accomplishes a development milestone, regulatory achievement, or commercialization or sales target with the partnered asset, then such third party partner's accomplishment shall constitute an achievement of the Company.

The satisfaction of each of the foregoing Performance Goals shall be subject to certification by the Committee. The Committee has the authority to take appropriate action with respect to the Performance Goals (including, without limitation, to make adjustments to the Performance Goals or determine the satisfaction of the Performance Goals, in each case, in connection with a Corporate Transaction) provided that any such actions do not otherwise violate Section 162(m) of the Code or the terms of the Plan. In the case of Performance-Based Awards that are not intended to comply with Section 162(m) of the Code, the Committee may designate performance criteria from among the foregoing or such other performance criteria as it shall determine in its sole discretion.

Plan means this ImmunoGen, Inc. 2016 Employee, Director and Consultant Equity Incentive Plan.

Shares means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 25 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award which is not an Option or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means a right to Shares or the value of Shares of the Company granted pursuant to the Plan an ISO, a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

2. *PURPOSES OF THE PLAN.*

The Plan is intended to encourage ownership of Shares by Employees and directors of and certain Consultants to the Company in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs, Non-Qualified Options, Stock Grants and Stock-Based Awards.

3. *SHARES SUBJECT TO THE PLAN.*

(a) The number of Shares which may be issued from time to time pursuant to this Plan shall be the sum of: (i) 5,500,000 shares of Common Stock and (ii) any shares of Common Stock that

Table of Contents

are represented by awards granted under the Company's 2006 Employee, Director and Consultant Equity Incentive Plan that are forfeited, expired 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 December 9, 2016 (but in no event more than 14,250,000 Shares shall be added to the Plan pursuant to this clause (ii)), 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 Paragraph 25 of this Plan.

(b) If an Option ceases to be "outstanding", in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan. Notwithstanding the foregoing, if a Stock Right is exercised, in whole or in part, by tender of Shares or if the Company's or an Affiliate's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitations set forth in Paragraph 3(a) above shall be the number of Shares that were subject to the Stock Right or portion thereof, and not the net number of Shares actually issued and any stock appreciation right to be settled in shares of Common Stock shall be counted in full against the number of Shares available for issuance under the Plan, regardless of the number of exercise gain shares issued upon settlement of the stock appreciation right.

(c) For purposes of determining the number of Shares available for issuance under Paragraph 3(a) above, (i) for the grant of any Option or similar Stock-Based Award one Share for each Share actually subject to such Option or similar Stock-Based Award shall be deducted, and (ii) for the grant of any Full Value Award, one and one-quarter (1.25) Shares for each Share actually subject to any such Full Value Award shall be deducted. If a Full Value Award expires, is forfeited, or otherwise lapses, the Shares that were subject to the Full Value Award shall be restored to the total number of Shares available for grant as were deducted as Full Value Awards pursuant to this paragraph. Except in the case of death, disability or Change of Control, or as provided in the next sentence, no Stock Right shall vest, and no right of the Company to restrict or reacquire Shares subject to Full Value Awards shall lapse, less than one (1) year from the date of grant. Notwithstanding the foregoing, Stock Rights may be granted having time-based vesting of less than one (1) year from the date of grant so long as no more than five percent (5%) of the Shares reserved for issuance under the Plan pursuant to Paragraph 3(a) above (as adjusted under Paragraph 25 of this Plan) may be granted in the aggregate pursuant to such awards.

4. *ADMINISTRATION OF THE PLAN.*

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

a. Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

b. Determine which Employees, directors and Consultants shall be granted Stock Rights;

Table of Contents

c. Determine the number of Shares for which a Stock Right or Stock Rights shall be granted, provided, however, that in no event shall Stock Rights with respect to more than 500,000 Shares be granted to any Participant in any fiscal year;

d. Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted;

e. Determine Performance Goals no later than such time as required to ensure that a Performance-Based Award which is intended to comply with the requirements of Section 162(m) of the Code so complies;

f. Make any adjustments in the Performance Goals included in any Performance-Based Awards provided that such adjustments comply with the requirements of Section 162(m) of the Code;

g. Amend any term or condition of any outstanding Stock Right, other than reducing the exercise price or purchase price or extending the expiration date of an Option, provided that (i) such term or condition as amended is not prohibited by the Plan; (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors; and (iii) any such amendment shall be made only after the Administrator determines whether such amendment would cause any adverse tax consequences to the Participant, including, but not limited to, the annual vesting limitation contained in Section 422(d) of the Code and described in Paragraph 6(b)(iv) below with respect to ISOs and pursuant to Section 409A of the Code; and

h. Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company or to Plan Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of (i) preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs; (ii) not causing any adverse tax consequences under Section 409A of the Code; and (iii) compliance with Section 162(m) of the Code for those Stock Rights the Committee has determined to be granted in accordance with Section 162(m). Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it; provided that only a Committee consisting solely of non-employee directors (or the full Board when only non-employee directors are present and voting) shall have the authority to grant Options, Stock Grants or Stock-Based Awards to non-employee directors, or to amend the terms of any such awards in a manner that would accelerate the exercisability or vesting of, or lapsing of any right by the Company

Table of Contents

to restrict or reacquire Shares subject to, all or any portion of any such award. The Board of Directors or the Committee may revoke any such allocation or delegation at any time.

5. *ELIGIBILITY FOR PARTICIPATION.*

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be an Employee, director or Consultant of the Company or of an Affiliate at the time a Stock Right is granted. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an Employee, director or Consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. ISOs may be granted only to Employees. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee, director or Consultant of the Company or an Affiliate. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights or any grants under any other benefit plan established by the Company or any Affiliate for Employees, directors or Consultants.

6. *TERMS AND CONDITIONS OF OPTIONS.*

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company (or provided in electronic form by the Company) and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the shareholders of the Company of this Plan or any amendments thereto. The Option Agreements shall be subject to at least the following terms and conditions:

a.

Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

i.

Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option, which exercise price shall be determined by the Administrator but shall not be less than the Fair Market Value per share of Common Stock on the date of grant of the Option.

ii.

Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.

iii.

Vesting Periods: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, provided that each Non-Qualified Option shall terminate not more than ten years from the date of the grant. Each Option Agreement may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated performance goals or events.

Table of Contents

iv.

Option Conditions: Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:

A.

The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

B.

The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

b.

ISOs: Each Option intended to be an ISO shall be issued only to an Employee and be subject to the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:

i.

Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(a) above.

ii.

Exercise Price: Immediately before the ISO is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:

A.

10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 100% of the Fair Market Value per share of the Common Stock on the date of the grant of the ISO; or

B.

More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, the exercise price per share of the Shares covered by each ISO shall not be less than 110% of the Fair Market Value per share of the Common Stock on the date of the grant of the ISO.

iii.

Term of Option: For Participants who own:

A.

10% or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide; or

B.

More than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, each ISO shall terminate not more than five years from the date of the grant or at such earlier time as the Option Agreement may provide.

iv.

Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of ISOs which may become exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed $100,000.

Table of Contents

7. *TERMS AND CONDITIONS OF STOCK GRANTS.*

Each Stock Grant to a Participant shall state the principal terms in an Agreement, duly executed by the Company (or provided in electronic form by the Company) and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(a) Each Agreement shall state the purchase price (per share), if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the minimum consideration required by the Massachusetts General Corporation Law on the date of the grant of the Stock Grant;

(b) Each Agreement shall state the number of Shares to which the Stock Grant pertains; and

(c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant, including the time and events upon which such rights shall accrue and the purchase price therefor, if any.

8. *TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.*

The Administrator shall have the right to grant other Stock-Based Awards based upon the Common Stock having such terms and conditions as the Administrator may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of stock appreciation rights, phantom stock awards, stock units deferred or otherwise. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company (or provided in electronic form by the Company) and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company. Each Agreement shall include the terms of any right of the Company including the right to terminate the Stock-Based Award without the issuance of Shares, the terms of any vesting conditions, Performance Goals or events upon which Shares shall be issued. Under no circumstances may the Agreement covering stock appreciation rights (a) have an exercise price (per share) that is less than the Fair Market Value per share of Common Stock on the date of grant or (b) expire more than ten years following the date of grant.

The Company intends that the Plan and any Stock-Based Awards granted hereunder be exempt from the application of Section 409A of the Code or meet the requirements of paragraphs (2), (3) and (4) of subsection (a) of Section 409A of the Code, to the extent applicable, and be operated in accordance with Section 409A so that any compensation deferred under any Stock-Based Award (and applicable investment earnings) shall not be included in income under Section 409A of the Code. Any ambiguities in the Plan shall be construed to effect the intent as described in this Paragraph 8.

9. *PERFORMANCE BASED AWARDS.*

Notwithstanding anything to the contrary herein, during any period when Section 162(m) of the Code is applicable to the Company and the Plan, Stock Rights granted under Paragraph 7 and Paragraph 8 may be granted by the Committee in a manner which is deductible by the Company under Section 162(m) of the Code ("Performance-Based Awards"). A Participant's Performance-Based Award

Table of Contents

shall be determined based on the attainment of written Performance Goals, which must be objective and approved by the Committee for a performance period of between one and five years established by the Committee (i) while the outcome for that performance period is substantially uncertain and (ii) no more than ninety (90) days after the commencement of the performance period to which the Performance Goal relates or, if less, the number of days which is equal to 25% of the relevant performance period. The Committee shall determine whether, with respect to a performance period, the applicable Performance Goals have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be issued for such performance period until such certification is made by the Committee. The number of shares issued in respect of a Performance-Based Award to a given Participant may be less than the amount determined by the applicable Performance Goal formula, at the discretion of the Committee. The number of shares issued in respect of a Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period. Nothing in this paragraph shall prohibit the Company from granting Stock-Based Awards subject to performance criteria that do not comply with this Paragraph.

10. *EXERCISE OF OPTIONS AND ISSUE OF SHARES.*

An Option (or any part or installment thereof) shall be exercised by giving written notice (in a form acceptable to the Administrator which may include electronic notice) to the Company or its designee, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option and held for at least six months (if required to avoid negative accounting treatment), or (c) at the discretion of the Administrator, by having the Company retain from the shares otherwise issuable upon exercise of the Option, a number of shares having a Fair Market Value equal as of the date of exercise to the exercise price of the Option, or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above or (f) at the discretion of the Administrator, payment of such other lawful consideration as the Administrator may determine. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

Table of Contents

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to an Employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 28) without the prior approval of the Employee, if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6(b)(iv).

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is not prohibited by the Plan, (ii) any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, if the amendment is adverse to the Participant, and (iii) any such amendment of any Option shall be made only after the Administrator determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holder of such Option including, but not limited to, pursuant to Section 409A of the Code.

11. *ACCEPTANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.*

A Stock Grant or Stock-Based Award (or any part or installment thereof) shall be accepted by executing the applicable Agreement and delivering it to the Company or its designee, together with provision for payment of the full purchase price, if any, in accordance with this Paragraph for the Shares as to which such Stock Grant or Stock-Based Award is being accepted, and upon compliance with any other conditions set forth in the applicable Agreement. Payment of the purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being accepted shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) and having a Fair Market Value equal as of the date of acceptance of the Stock Grant or Stock Based-Award to the purchase price of the Stock Grant or Stock-Based Award, or (c) at the discretion of the Administrator, by any combination of (a) and (b) above; or (d) at the discretion of the Administrator, payment of such other lawful consideration as the Administrator may determine.

The Company shall then, if required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was accepted to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

12. *RIGHTS AS A SHAREHOLDER.*

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right, except after due exercise of the Option or acceptance of the Stock Grant or as set forth in any Agreement, and tender of the full purchase price, if any, for the Shares being purchased pursuant to such exercise or acceptance and registration of the Shares in the Company's share register in the name of the Participant.

Table of Contents

13. *ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.*

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement; provided that no Stock Right may be transferred by a Participant for value. Notwithstanding the foregoing, an ISO transferred except in compliance with clause (i) above shall no longer qualify as an ISO. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, a Stock Right shall only be exercisable or may only be accepted, during the Participant's lifetime, by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

14. *EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.*

Except as otherwise provided in a Participant's Option Agreement, in the event of a termination of service (whether as an Employee, director or Consultant) with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

a. A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate (for any reason other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 15, 16, and 17, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

b. Except as provided in Subparagraph (c) below, or Paragraph 16 or 17, in no event may an Option intended to be an ISO, be exercised later than three months after the Participant's termination of employment.

c. The provisions of this Paragraph, and not the provisions of Paragraph 16 or 17, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy; provided, however, in the case of a Participant's Disability or death within three months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then such Participant shall forthwith cease to have any right to exercise any Option.

Table of Contents

e. A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide; provided, however, that, for ISOs, any leave of absence granted by the Administrator of greater than ninety days, unless pursuant to a contract or statute that guarantees the right to reemployment, shall cause such ISO to become a Non-Qualified Option on the 181st day following such leave of absence.

f. Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

15. *EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR CAUSE.*

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service (whether as an Employee, director or Consultant) with the Company or an Affiliate is terminated for Cause prior to the time that all his or her outstanding Options have been exercised:

a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for Cause will immediately be forfeited.

b. Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then the right to exercise any Option is forfeited.

16. *EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.*

Except as otherwise provided in a Participant's Option Agreement:

a. A Participant who ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

(i) To the extent that the Option has become exercisable but has not been exercised on the date of Disability; and

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of Disability.

Table of Contents

b.

A Disabled Participant may exercise such rights only within the period ending one year after the date of the Participant's Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become Disabled and had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option.

c.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

17. *EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.*

Except as otherwise provided in a Participant's Option Agreement:

a.

In the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:

(i) To the extent that the Option has become exercisable but has not been exercised on the date of death; and

(ii) In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death.

b.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee, director or Consultant or, if earlier, within the originally prescribed term of the Option.

18. *EFFECT OF TERMINATION OF SERVICE ON STOCK GRANTS AND STOCK-BASED AWARDS.*

In the event of a termination of service (whether as an Employee, director or Consultant) with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant or a Stock-Based Award and paid the purchase price, if required, such offer shall terminate.

For purposes of this Paragraph 18 and Paragraph 19 below, a Participant to whom a Stock Grant or a Stock-Based Award has been issued under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's

Table of Contents

employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 18 and Paragraph 19 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment, director status or consultancy so long as the Participant continues to be an Employee, director or Consultant of the Company or any Affiliate.

19. *EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.*

Except as otherwise provided in a Participant's Agreement, in the event of a termination of service (whether as an Employee, director or Consultant), other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 20, 21, and 22, respectively, before all forfeiture provisions or Company rights of repurchase shall have lapsed, then the Company shall have the right to cancel or repurchase that number of Shares subject to a Stock Grant or Stock-Based Award as to which the Company's forfeiture or repurchase rights have not lapsed.

20. *EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR CAUSE.*

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service (whether as an Employee, director or Consultant) with the Company or an Affiliate is terminated for Cause:

a. All Shares subject to any Stock Grant or a Stock-Based Award that remain subject to forfeiture provisions or as to which the Company shall have a repurchase right shall be immediately forfeited to the Company as of the time the Participant is notified his or her service is terminated for Cause.

b. Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then all shares subject to any Stock Grant or Stock-Based Award that remained subject to forfeiture provisions or as to which the Company had a repurchase right on the date of termination shall be immediately forfeited to the Company.

21. *EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR DISABILITY.*

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an Employee, director or Consultant of the Company or of an Affiliate by reason of Disability: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

Table of Contents

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

22. *EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.*

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee, director or Consultant of the Company or of an Affiliate: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's death.

23. *PURCHASE FOR INVESTMENT.*

Unless the offering and sale of the Shares to be issued upon the particular exercise or acceptance of a Stock Right shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

a. The person(s) who exercise(s) or accept(s) such Stock Right shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise or such grant:
"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

b. At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise or acceptance in compliance with the 1933 Act without registration thereunder.

24. *DISSOLUTION OR LIQUIDATION OF THE COMPANY.*

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not

Table of Contents

otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

25. *ADJUSTMENTS.*

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement:

a. *Stock Dividends and Stock Splits.* If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, each Stock Right and the number of shares of Common Stock deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made, including in the exercise or purchase price per share and Performance Goals applicable to outstanding Performance-Based Awards, to reflect such events. The number of Shares subject to the limitations in Paragraph 3(a) and 4(c) shall also be proportionately adjusted upon the occurrence of such events.

b. *Corporate Transactions.* If the Company is to be consolidated with or acquired by another entity in a merger, consolidation, or sale of all or substantially all of the Company's assets other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable, or (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock into which such Option would have been exercisable (either (A) to the extent then exercisable, or (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) *less* the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to Subclause (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Board of Directors.

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall either (i) make appropriate provisions for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either

Table of Contents

the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) terminate all Stock Grants in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to the holder of the number of shares of Common Stock comprising such Stock Grant (to the extent such Stock Grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived upon such Corporate Transaction).

In taking any of the actions permitted under this Paragraph 25(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

c. *Recapitalization or Reorganization.* In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance, if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

d. *Adjustments to Stock-Based Awards.* Upon the happening of any of the events described in Subparagraphs a, b or c above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 25, including, but not limited to the effect if any, of a Change of Control and, subject to Paragraph 4, its determination shall be conclusive.

e. *Modification of Options.* Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph a, b or c above with respect to Options shall be made only after the Administrator determines whether such adjustments would constitute a "modification" of any ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such Options. If the Administrator determines that such adjustments made with respect to Options would constitute a modification or other adverse tax consequence, it may refrain from making such adjustments, unless the holder of an Option specifically agrees in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the Option. This paragraph shall not apply to the acceleration of the vesting of any ISO that would cause any portion of the ISO to violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6(b)(iv).

f. *Modification of Performance-Based Awards.* Notwithstanding the foregoing, with respect to any Performance-Based Award that is intended to comply as "performance based compensation" under Section 162(m) of the Code, the Committee may adjust downwards, but not upwards, the number of Shares payable pursuant to a Performance-Based Award, and the Committee may not waive the achievement of the applicable Performance Goals except in the case of death or disability of the Participant.

Table of Contents

26. *ISSUANCES OF SECURITIES.*

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

27. *FRACTIONAL SHARES.*

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

28. *CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.*

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an Employee of the Company or an Affiliate at the time of such conversion. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

29. *WITHHOLDING.*

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the exercise or acceptance of a Stock Right or in connection with a Disqualifying Disposition (as defined in Paragraph 30) or upon the lapsing of any forfeiture provision or right of repurchase or for any other reason required by law, the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the Fair Market Value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The

Table of Contents

Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

30. *NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.*

Each Employee who receives an ISO must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is defined in Section 424(c) of the Code and includes any disposition (including any sale or gift) of such shares before the later of (a) two years after the date the Employee was granted the ISO, or (b) one year after the date the Employee acquired Shares by exercising the ISO, except as otherwise provided in Section 424(c) of the Code. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

31. *TERMINATION OF THE PLAN.*

The Plan will terminate on September 14, 2026. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

32. *AMENDMENT OF THE PLAN AND AGREEMENTS.*

The Plan may be amended by the shareholders of the Company. The Plan may also be amended by the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Stock Rights granted under the Plan or Stock Rights to be granted under the Plan for favorable federal income tax treatment as may be afforded incentive stock options under Section 422 of the Code (including deferral of taxation upon exercise), and to the extent necessary to qualify the shares issuable upon exercise or acceptance of any outstanding Stock Rights granted, or Stock Rights to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers and in order to continue to comply with Section 162(m) of the Code, provided that any amendment approved by the Administrator which the Administrator determines is of a scope that requires shareholder approval shall be subject to obtaining such shareholder approval. Other than as set forth in Paragraph 25 of the Plan, the Administrator may not without shareholder approval reduce the exercise price of an Option or cancel any outstanding Option in exchange for a replacement option having a lower exercise price, any Stock Grant, any other Stock-Based Award or for cash. In addition, the Administrator may not take any other action that is considered a direct or indirect "repricing" for purposes of the shareholder approval rules of the applicable securities exchange or inter-dealer quotation system on which the Shares are listed, including any other action that is treated as a repricing under generally accepted accounting principles. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Notwithstanding the foregoing, except in the case of death, disability or Change of Control, outstanding Agreements may not be amended by the Administrator (or the Board)

Table of Contents

in a manner that would accelerate the exercisability or vesting of, or lapsing of any right by the Company to restrict or reacquire Shares subject to, all or any portion of any Option, Stock Grant or other Stock-Based Award. Nothing in this Paragraph 32 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 25.

33. *EMPLOYMENT OR OTHER RELATIONSHIP.*

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

34. *CLAWBACK.*

Notwithstanding anything to the contrary contained in this Plan, the Company may recover from a Participant any compensation received from any Stock Right (whether or not settled) or cause a Participant to forfeit any Stock Right (whether or not vested) in the event that the Company's Clawback Policy then in effect is triggered.

35. *SECTION 409A.*

If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company and its Affiliates) as of his separation from service, to the extent any payment under this Plan or pursuant to the grant of a Stock-Based Award constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to a Stock-Based Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service.

The Administrator shall administer the Plan with a view toward ensuring that Stock Rights under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any of its Affiliates, nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant or any Survivor by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to a Stock Right, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise.

36. *GOVERNING LAW.*

This Plan shall be construed and enforced in accordance with the law of The Commonwealth of Massachusetts.