AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 23, 1996

REGISTRATION STATEMENT NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

T CELL SCIENCES, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	13-3191702
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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119 FOURTH AVENUE, NEEDHAM, MASSACHUSETTS 02194 (617) 433-0771
(Address, including zip code and telephone number, including area code, of Registrant's principal executive offices)

UNA S. RYAN, PH.D., PRESIDENT AND CHIEF OPERATING OFFICER
T CELL SCIENCES, INC.
119 FOURTH AVENUE
NEEDHAM, MASSACHUSETTS 02194 (617) 433-0771
(Name, address, including zip code, and telephone number, including area code of agent for service)

Copies of all communications should be sent to:

STUART M. CABLE, ESQ.	LIOR O. NUCHI, ESQ.
GOODWIN, PROCTER & HOAR LLP	MCCUTCHEN, DOYLE, BROWN & ENERSEN, LLP
EXCHANGE PLACE, 24TH FLOOR	ONE EMBARCADERO PLACE, SUITE 200
BOSTON, MASSACHUSETTS 02109-2881	2100 GENG ROAD
(617) 570-1000	PALO ALTO, CALIFORNIA 94303-0913
	(415) 846-4000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please 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 Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $.001 par value	5,000,000 Shares	$2.75	$13,750,000	$4,741.38

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED JULY 23, 1996.

PROSPECTUS

5,000,000 SHARES

T CELL SCIENCES, INC.

COMMON STOCK

$.001 par value

This Prospectus relates to up to 5,000,000 shares of common stock (the "Common Stock"), $.001 par value per share, of T Cell Sciences, Inc. ("T Cell Sciences" or the "Company") offered by the Company. The shares of Common Stock offered hereby are being offered at a single, negotiated price. The shares of Common Stock offered hereby may be offered and sold to different purchasers at different times. The Company may sell shares of Common Stock offered hereby through an exclusive selling agent (the "Selling Agent"), and may also sell shares of Common Stock directly to purchasers. See "Plan of Distribution."

The Common Stock of the Company is traded under the symbol "TCEL" on the Nasdaq National Market. On July 18, 1996, the reported closing price for the Common Stock on the Nasdaq National Market was $2.9375 per share.

THE SHARES OF COMMON STOCK OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 7.

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.

	PRICE TO PUBLIC	SELLING AGENT COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
Per Share.....	$	$	$
Total.....	$	$	$

(1) The Company has agreed to indemnify the Selling Agent against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Plan of Distribution."

(2) Before deducting estimated expenses of approximately $159,000 payable by the Company. See "Plan of Distribution."

GENESIS MERCHANT GROUP SECURITIES

THE DATE OF THIS PROSPECTUS IS JULY , 1996.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files proxy statements, reports and other information with the Securities and Exchange Commission (the "Commission"). Such proxy statements, reports and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 or at the Regional Offices of the Commission at Room 3190, John C. Kluczynski Building, 230 South Dearborn Street, Chicago, Illinois 60604, and Room 1400, 75 Park Place, New York, New York 10007. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock of the Company is traded on the Nasdaq National Market System. Reports and other information concerning the Company may be inspected at the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

The Company has filed with the Commission a Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the securities covered hereby, reference is made to the Registration Statement and to the exhibits thereto filed as a part thereof.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission are incorporated in, and made a part of, this Prospectus by reference as of their respective dates: (1) the Company's Annual Report to Stockholders on Form 10-K for the fiscal year ended December 31, 1995; (2) the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1996; (3) the Company's Current Reports on Form 8-K, filed on March 5, 1996 and May 29, 1996; (4) the definitive Proxy Statement of the Company for the Annual Meeting of Stockholders held May 21, 1996; and (5) the description of the Common Stock of the Company contained in the Company's Registration Statement on Form 8-A, filed September 22, 1986, including all amendments and reports updating such description.

Each document filed subsequent to the date of this Prospectus pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and shall be a part hereof from the date of filing of such document. The Company will furnish without charge to each person, including any beneficial owner, to whom this Prospectus is delivered, upon request, a copy of any or all of the documents that have been incorporated by reference to the Registration Statement of which this Prospectus is a part, other than exhibits to such documents. Requests should be addressed to: T Cell Sciences, Inc., 119 Fourth Avenue, Needham, Massachusetts 02194, Attention: Investor Relations (telephone number (617) 433-0771).

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements and the notes thereto appearing elsewhere in this Prospectus and incorporated herein by reference. Investors should carefully consider the information set forth under the heading "Risk Factors" beginning on page 7 of this Prospectus. This Prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference are discussed under the heading "Risk Factors" beginning on page 7 of this Prospectus.

THE COMPANY

T Cell Sciences, Inc. ("T Cell Sciences" or the "Company") is a biopharmaceutical company engaged in the discovery and development of innovative drugs targeting the immune and inflammatory systems. The Company's lead therapeutic program is focused on developing compounds that inhibit the inappropriate activity of the complement cascade, which is a vital part of the body's immune defense system. The Company is currently conducting two Phase II clinical trials for its lead product candidate, TP10, in patients at risk for the adult respiratory distress syndrome ("ARDS") and reperfusion injury following lung transplantation. In addition to its complement program, the Company is engaged in the discovery and development of T cell activation inhibitors for the prevention of immune rejection of transplanted organs and the development of a therapeutic vaccine for the treatment of atherosclerosis.

The Company has realigned certain of its operations. In the first quarter of 1996, the Company sold and licensed the majority of its diagnostic business. During the second quarter of 1996, the Company suspended internal funding of the research and development of its T cell antigen receptor program pending completion of negotiations with Astra AB ("Astra") regarding the transfer of certain of its rights to such technology. See "The Company--T Cell Regulation" below. In connection with the realignment of its operations, in June 1996 the Company appointed Una S. Ryan, Ph.D., the Chief Scientific Officer of the Company, to the additional positions of President and Chief Operating Officer. See "Recent Developments."

Complement Inhibition. The complement cascade consists of a series of proteins that can be activated by antibodies or microorganisms to undergo a cascade of reactions whose end result is the activation of the immune and inflammatory systems, as well as the assembly of membrane attack complexes that destroy cells. Complement is a principal component of the body's defense system but when activated at the wrong time or as a result of the wrong stimuli may result in injury or death. Many independent published studies have reported that the Company's lead compound TP10, a soluble form of naturally occurring Complement Receptor 1 ("sCR1"), effectively inhibits the activation of the complement cascade in animal models. The Company believes that regulation of complement could have therapeutic and prophylactic applications in several acute and chronic conditions, including ARDS, reperfusion injury, multiple sclerosis, Alzheimer's disease, rheumatoid arthritis and lupus. In the United States, several million people are afflicted with these complement-mediated conditions.

In 1995, the Company completed two clinical trials of TP10 in patients with ARDS and reperfusion injury. These trials were the first clinical trials of a complement-inhibiting therapeutic. In both trials, TP10 exhibited excellent safety and pharmacokinetic profiles and a dose-dependent ability to inhibit complement activity for more than one day with a single injection. Based on these favorable results, the Company in January 1996 initiated a Phase IIa clinical trial to evaluate the use of TP10 in patients with ARDS. This trial is an open label, single dose trial to determine preliminary efficacy of TP10 in reducing neutrophil accumulation in the lung and improved clinical outcome of patients with ARDS. In July 1996, the Company initiated a placebo controlled and blinded Phase I/II clinical trial to prevent reperfusion injury in patients receiving lung transplants. The Company anticipates completing both of these trials in the second half of 1997. T Cell Sciences has retained all development, marketing and manufacturing rights to compounds in its complement inhibition program worldwide, excluding Japan and Taiwan.

The Company has developed a second generation of complement inhibiting compounds, the lead candidate of which is a form of sCR1 modified to include the sLe(x) carbohydrate, a sugar structure that binds to adhesion receptors known as selectins which are expressed on endothelial cells, platelets, and neutrophils during inflammation. The

Company believes that this second generation of compounds has the added advantages of localization of drug to the site of inflammation and additional functionality that inhibits the cell adhesion process.

T Cell Regulation. The Company is also developing small molecule compounds for the inhibition of T cell activation. T cell activation plays an important role in solid organ transplant rejection, as well as in certain autoimmune diseases. The Company is seeking to develop an alternative treatment to existing immunosuppressants such as cyclosporine which, due to toxicity, have limited application in chronic conditions. Despite this limitation, worldwide sales of cyclosporine in 1995 exceeded $1 billion. A critical component of the Company's T cell activation program is its internally developed, proprietary, whole cell-based, smart screening system that is used to identify potentially relevant compounds. In order to accelerate its research, T Cell Sciences in March 1996 entered into agreements with ArQule, Inc. and MYCOsearch, Inc. to provide T Cell Sciences with synthetic and natural product libraries for drug screening. The Company to date has identified several lead molecules which the Company believes may be effective in inhibiting T cell activation without apparent signs of cellular toxicity. The Company has conducted animal studies with two of these molecules which indicate the potential effectiveness of these molecules in inhibiting T cell activity.

T Cell Sciences, in conjunction with Astra, has also identified, developed and tested in animal models, a humanized monoclonal antibody and a peptide that inhibit a specific subset of T cells related to the autoimmune disease multiple sclerosis. The Company has suspended internal funding of the research and development of its T cell antigen receptor program pending the conclusion of negotiations which the Company believes will result in the transfer of certain of its rights to this technology to Astra.

CETP Vaccine. The Company is also developing a therapeutic vaccine against cholesteryl ester transfer protein ("CETP") which may be useful in reducing risk factors for atherosclerosis. CETP is a key intermediary in the balance of "good" cholesterol ("HDL") and "bad" cholesterol ("LDL"). T Cell Sciences is developing a vaccine to stimulate an immune response against CETP, which it believes may improve the ratio of HDL to LDL and reduce the potential of heart disease. The Company has conducted studies of rabbits fed a high-cholesterol, high-fat diet which had been administered T Cell Sciences' CETP vaccine. In these studies, treated rabbits exhibited a decrease in the level of HDL over 70-day and 108-day periods and exhibited relatively lesion-free blood vessels, while untreated rabbits showed no decrease in HDL levels and developed significant blood vessel lesions. In 1995, the market for cholesterol-lowering drugs exceeded $4 billion worldwide.

TRAx Diagnostics. Although it has sold a significant portion of its diagnostics division, the Company retained its rights to the TRAx diagnostics technology, including the TRAx CD4 and TRAx CD8 diagnostic kits for cell enumeration, the most prevalent use of which is in monitoring HIV-infected individuals. The Company has entered into agreements with third parties for the manufacture, sale and distribution of TRAx kits to clinical and diagnostic laboratories in exchange for certain royalty payments.

Patents and Proprietary Rights. The Company has an extensive portfolio of patents and pending applications supporting its therapeutic efforts and TRAx technology. Patent rights in the area of complement molecules include an issued U.S. patent which claims the nucleic acid sequences of recombinant TP10 and its fragments. The Company also owns rights to a number of other patent applications relating to TP10, sCR1sLe(x) and other complement inhibitor molecules.

The Company was incorporated in Delaware in 1983 and its principal executive offices are located at 119 Fourth Avenue, Needham, Massachusetts, 02194, telephone number (617) 433-0771.

RECENT DEVELOPMENTS

In the first half of 1996, the Company reorganized senior management and refocused its business operations to emphasize its therapeutic drug development program. In March 1996, the Company sold the operations and research product line of its wholly owned subsidiary, T Cell Diagnostics, Inc. ("TCD"), excluding the TRAx diagnostic product franchise, to Endogen, Inc. ("Endogen") for $2.9 million. In 1995, TCD received clearance from the U.S. Food and Drug Administration (the "FDA") to market TRAx CD4 for CD4 cell enumeration, which is

primarily used in the monitoring of HIV infected patients. In December 1995, TCD signed an exclusive sales and distribution agreement for TRAx CD4 and CD8 with Diamedix Corporation in the United States.

In addition, the Company has suspended internal funding of the research and development of its T Cell antigen receptor program pending the conclusion of negotiations for the transfer of certain of its commercialization rights to this technology to Astra. In connection with the suspension of the internal development of this program, the Company incurred a $1.8 million write-off of related patents in the second quarter of 1996.

In June 1996, the Company appointed Una S. Ryan, Ph.D., the Company's Chief Scientific Officer, to the additional positions of President and Chief Operating Officer, and named James D. Grant, who serves as a director of the Company, as Chief Executive Officer. In May 1996, the Company also added Norman W. Gorin, a former Senior Vice President of US Trust of Boston, as Chief Financial Officer. In connection with the departure of Alan Tuck, former President and Chief Executive Officer, the Company and Mr. Tuck executed an agreement containing certain severance benefits. In connection with the agreement, the Company incurred a charge of approximately $425,000 in the second quarter of 1996. The agreement accelerated the exercisability of Mr. Tuck's stock options and extended the period during which they may be exercised to one year.

THE OFFERING

Common Stock being offered.....	5,000,000 shares
Common stock outstanding after the offering.....	24,946,601 shares(1)
Use of proceeds.....	The Company anticipates using the net proceeds from this offering (i) to fund ongoing clinical trials for TP10 and the manufacture of clinical supplies of TP10, (ii) to fund the Company's research and development programs for its other product candidates, and (iii) for general corporate purposes, including working capital. See "Use of Proceeds."
Nasdaq National Market symbol.....	TCEL

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(1) Based on the number of shares outstanding at June 30, 1996. This number does not include 2,382,476 shares of Common Stock issuable upon the exercise of options outstanding at such date with a weighted average exercise price of $5.95 per share. See "Risk Factors -- Dilution."

CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,			Six Months Ended June 30,	
	1993	1994	1995	1995	1996
OPERATING REVENUE:					
Product development and distribution agreements	$ 5,624	$ 3,737	$ 1,609	$ 1,137	$ 271
Product sales	3,394	3,231	2,354	1,207	506
Total operating revenue	9,018	6,968	3,963	2,344	777
OPERATING EXPENSE:					
Cost of product sales	2,317	2,008	1,879	942	352
Research and development	9,438	8,697	8,005	3,994	2,928
General and administrative	4,515	4,346	4,217	2,047	3,936
Sales and marketing	2,009	1,412	1,598	737	283
Facility relocation	--	1,599	127	--	--
Total operating expense	18,279	18,062	15,826	7,720	7,499
Operating loss	(9,261)	(11,094)	(11,863)	(5,376)	(6,722)
Non-operating income (expense), net	1,193	(490)	3,605	381	562
Net loss before minority interest	(8,068)	(11,584)	(8,258)	(4,995)	(6,160)
Minority interest share of loss	310	--	--	--	--
Net loss	$ (7,758)	$(11,584)	$ (8,258)	$ (4,995)	$ (6,160)
Net loss per common share	$ (0.56)	$ (0.68)	$ (0.47)	$ (0.29)	$ (0.31)
Weighted average common shares outstanding	13,931	17,053	17,482	17,055	19,924

CONSOLIDATED BALANCE SHEET DATA

	December 31, 1995	June 30, 1996	
		Actual	As Adjusted(1)
BALANCE SHEET DATA:			
Cash and securities(2)	$ 12,275	$ 6,727	$ 20,374
Working capital	11,208	6,038	19,685
Total assets	18,532	11,745	25,392
Accumulated deficit	(46,339)	(52,498)	(52,498)
Total stockholders' equity	16,000	10,181	23,828

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(1) Adjusted to give effect as of June 30, 1996 for the sale of 5,000,000 shares of Common Stock offered hereby at an assumed offering price of $2.9375 per share, the closing price of the Common Stock reported on the Nasdaq National Market on July 18, 1996, net of offering expenses. See "Use of Proceeds."

(2) Excludes $850,000 at December 31, 1995 and June 30, 1996, which was restricted as collateral pledged in accordance with the Company's operating lease agreement.

RISK FACTORS

In addition to the other information contained or incorporated by reference in this Prospectus, the following factors should be considered carefully in evaluating an investment in the shares of Common Stock offered by this Prospectus.

EARLY STAGE OF PRODUCT DEVELOPMENT; UNCERTAINTIES RELATING TO CLINICAL TRIALS AND PRODUCT DEVELOPMENT. All of the Company's therapeutic product candidates are in various stages of research and development and no revenues have been generated from the commercialization of those products. There can be no assurance that any of the Company's therapeutic product candidates which are under development will prove to be safe or effective in clinical trials, will be approved by regulatory authorities, can be manufactured at acceptable cost with appropriate quality, or can be successfully marketed. The Company's therapeutic product candidates will require substantial additional development, including in the areas of preclinical and clinical testing, regulatory approvals and manufacturing processes prior to their commercialization. The Company has performed only limited preclinical and clinical testing of certain of its product candidates and technologies under development. Preclinical studies of product candidates may not predict and do not ensure safety or efficacy in humans and are not necessarily indicative of the results that may be achieved in clinical trials with humans. There can be no assurance that unacceptable side effects will not be discovered during preclinical and clinical testing of the Company's potential products. Even after being cleared by the FDA or the regulatory authorities of other countries, a product may later be shown to be unsafe or to not have its purported effect, thereby preventing its widespread use or requiring its withdrawal from the market. The rate of completion of the Company's clinical trials depends on, among other factors, the rate of patient enrollment. Patient enrollment is a function of many factors, including the size of the patient population, the nature of the clinical protocol, the proximity of patients to clinical sites and the eligibility criteria for the trial. Delays in planned patient enrollment may result in increased costs, delays or termination of clinical trials, which could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, the Company may rely on third parties to assist it in overseeing and monitoring clinical trials, which may result in delays in completing, or failure to complete, clinical trials if such third parties fail to perform under their agreements with the Company or fail to meet regulatory standards in the performance of their obligations under such agreements.

HISTORY OF LOSSES; UNCERTAINTY OF FUTURE PROFITABILITY. The Company has incurred operating losses since its inception and had accumulated net losses of approximately $52.5 million as of June 30, 1996. The continued development of the Company's products will require the commitment of substantial resources to conduct research and preclinical and clinical programs, to establish manufacturing capabilities and sales and marketing capabilities, and to establish additional quality control, regulatory and administrative capabilities. The Company may incur substantial and increasing operating losses over the next several years as its product development programs and clinical testing expand. The amount of net losses and the time required by the Company to reach sustained profitability are highly uncertain and to achieve profitability the Company must, among other things, successfully complete development of its products, obtain regulatory approvals and establish manufacturing and marketing capabilities. There can be no assurance that the Company will be able to achieve profitability at all or on a sustained basis.

NEED FOR ADDITIONAL FUNDS. The Company has funded its operations and capital expenditures to date primarily through equity financing, strategic alliances with commercial partners, and sales of reagent and diagnostic products. With the sale of the Company's diagnostic business to Endogen, the Company will no longer receive revenues from sales of diagnostic products other than the TRAx business. Since inception, the Company has raised net proceeds of approximately $63.1 million through equity financings. The Company currently anticipates that its existing capital resources, including the net proceeds of this offering, if all of the shares of Common Stock offered hereby are sold at the assumed offering price of $2.9375 per share, will be adequate to satisfy its capital requirements through the end of 1997. The Company anticipates that it will need to raise substantial additional funds, through additional equity or debt financings, research and development financings, collaborative relationships or otherwise, prior to the commercialization of its products. There can be no assurance that any such additional funding will be available to the Company or, if available, that it will be on reasonable terms. Any such additional funding may result in significant dilution to existing stockholders. If adequate funds are not available, the Company may be required to

significantly curtail its research and development programs or obtain funds through arrangements with collaborative partners that may require the Company to relinquish certain material rights to its products.

DEPENDENCE ON THIRD PARTIES FOR CLINICAL SUPPLIES. The Company is dependent on sourcing from a third party manufacturer for suitable quantities of sCR1 necessary for clinical trials in addition to those currently being conducted by the Company. The Company is also dependent upon Endogen for supplies of TRAx products for sale in the United States. The inability to have suitable quality and quantities of material produced in a timely manner would result in significant delays in the clinical development and sale of products, which could adversely affect the Company's business, financial condition and results of operations.

NO ASSURANCE OF FDA APPROVAL; COMPREHENSIVE GOVERNMENT REGULATION. The Company's research, development and clinical programs are subject to extensive regulation by numerous governmental authorities in the United States and other countries. Most of the Company's products will require governmental approvals for commercialization which have not yet been obtained and are not expected to be obtained for several years. Preclinical and clinical trials and manufacturing and marketing of many of the Company's products will be subject to the rigorous testing and approval processes of the FDA and corresponding foreign regulatory authorities. The regulatory process, which includes preclinical, clinical and post-clinical testing of many of the Company's products to establish their safety and efficacy, can take many years and requires the expenditure of substantial resources. Data obtained from preclinical and clinical activities are susceptible to varying interpretations which could delay, limit or prevent regulatory approval. In addition, delays or rejection may be encountered based upon changes in, or additions to, regulatory policies for drug approval during the period of product development and regulatory review, which may result in limitations or restrictions on the Company's ability to utilize its technology or develop its products. Delays in obtaining such approvals could adversely affect the marketing of products developed by the Company and the Company's ability to generate commercial product revenues. There can be no assurance that requisite regulatory approvals will be obtained within a reasonable period of time, if at all, or that the Company will not encounter problems in clinical trials that will cause the Company or governmental authorities to delay or suspend such trials. Moreover, if regulatory approval of a product is granted, such approval may impose limitations on the indicated uses for which such product may be marketed which may restrict the patient population for which any product may be prescribed. Further, even if such regulatory approval is obtained, a marketed product, its manufacturer and its manufacturing facilities are subject to continual review and periodic inspections, and later discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on such product or manufacturer, including withdrawal of the product from the market. Failure to comply with the applicable regulatory requirements can, among other things, result in fines, suspensions of regulatory approvals, product recalls, operating restrictions and criminal prosecution.

To commercialize any product and prior to submitting the application for marketing approval in the United States, the Company must sponsor and file an Investigational New Drug application ("IND") for each proposed product and must be responsible for initiating and overseeing the clinical studies to demonstrate the safety and efficacy that are necessary to obtain FDA approval of such product. There can be no assurance that the Company will be able to obtain the necessary clearances for clinical trials or approvals for manufacturing or marketing any of its product candidates. After completion of clinical trials of a new product, FDA marketing approval must be obtained. At that time, the Company must submit relevant data, including the results of product development activities, preclinical studies and clinical trials, in addition to detailed manufacturing information. Notwithstanding the submission of relevant data, the FDA may withhold marketing approval and may require additional clinical trials.

DEPENDENCE ON MANUFACTURING, SALES, DISTRIBUTION AND MARKETING PARTNERS. To be successful, the Company's therapeutic and diagnostic products must be manufactured in commercial quantities, within regulatory requirements and at competitive costs. There can be no assurance that the Company will be able to obtain access to suitable therapeutic and diagnostic product manufacturing facilities. Except for research reagents and certain diagnostic products, the Company has limited experience in sales, marketing and distribution of commercial products. To market any of its products directly, the Company must develop a substantial marketing and sales force with technical expertise and a supporting distribution capability. There can be no assurance that the Company will be able to establish sales and distribution capabilities without undue delays or expenditures or that it will be successful in gaining market acceptance for its products. The Company may enter into strategic partnerships for the

manufacturing, sales, distribution and marketing of its products. There can be no assurance the Company will be able to enter into successful strategic partnership agreements on terms acceptable to T Cell Sciences, if at all.

COMPETITION AND RISK OF TECHNOLOGICAL OBSOLESCENCE. Biotechnology, pharmaceuticals and medical diagnostics are rapidly evolving fields in which developments are expected to continue at a rapid pace. Competitors of the Company in the United States and abroad are numerous and include, among others, pharmaceuticals, medical diagnostics and biotechnology companies as well as universities and other research institutions. The Company's success depends upon developing and maintaining a competitive position in the development of products and technologies in its area of focus. Competition from other biotechnology, pharmaceuticals and medical diagnostics companies is intense and expected to increase as new products enter the market and new technologies become available. The Company's competitors may also succeed in developing technologies and products that are more effective than any which have been or are being developed by the Company or that render the Company's technologies or products obsolete or noncompetitive. The Company's competitors may also succeed in obtaining patent protection or other intellectual property rights that would block the Company's ability to develop its potential products, or in obtaining regulatory approval for the commercialization of their products more rapidly or effectively than the Company. Finally, many of these competitors have substantially greater research and development capabilities, clinical, manufacturing, regulatory and marketing experience and financial and managerial resources than the Company.

DEPENDENCE ON PATENTS AND PROPRIETARY TECHNOLOGY. The Company's success will depend in part on the ability of the Company and its licensors to obtain and maintain patent protection for the Company's technology and to preserve its trade secrets and operate without infringing on the proprietary rights of others, both in the United States and in other countries. The failure of the Company or its licensors to obtain and maintain patent protection for the Company's technology could have a material adverse effect on the Company's business, financial condition and results of operations. Patent positions in the biotechnology field are highly uncertain and involve complex legal, scientific and factual questions. To date, there has emerged no consistent policy regarding the breadth of claims allowed in biotechnology patents, particularly in regard to human therapeutic uses. There can be no assurance that patent applications relating to the technology used by the Company will result in patents being issued or that, if issued, the patent will not be subjected to further proceedings limiting the scope of the rights under the patent or that such patent will provide a competitive advantage or will afford protection against competitors with similar technology, or will not be challenged successfully, invalidated or circumvented by competitors. Moreover, because patent applications in the United States are maintained in secrecy until patents issue and patent applications in certain other countries generally are not published until more than 18 months after they are filed, and since publication of discoveries in scientific or patent literature often lags behind actual discoveries, the Company cannot be certain that it or any licensor was the first creator of inventions covered by pending patent applications or that it or such licensor was the first to file patent applications for such inventions. In addition, the Company could incur substantial costs in defending itself in suits brought against it or in suits in which the Company may assert its patents against others. If the outcome of any such litigation is adverse to the Company, the Company's business, financial condition and results of operations could be adversely affected. In addition to any potential liability for significant damages, the Company may be required to obtain licenses to patents or other proprietary rights of third parties. Costs associated with any licensing arrangement may be substantial and could include ongoing royalties. No assurance can be given that any licenses required under any such patents or proprietary rights would be made available on terms acceptable to the Company, if at all. If the Company does not obtain such licenses, it could encounter delays in product market introductions while it attempts to design around such patents or other rights, or be prevented from manufacturing and marketing such products. In either case, the failure to obtain such licenses on acceptable terms, if at all, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company also seeks to protect its proprietary technology, including technology which may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with its collaborators, advisors, employees and consultants. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach, or that the Company's trade secrets will not otherwise be disclosed to, or discovered by, competitors. Moreover, the Company conducts a significant amount of research through academic advisors and collaborators who are prohibited from entering into confidentiality or inventors' rights agreements by their academic institutions.

DEPENDENCE ON REIMBURSEMENT. In both the United States and elsewhere, sales of most of the Company's products, if any, will be dependent in part on the availability of reimbursement from third party payors, such as government and private insurance plans. Third party payors are increasingly challenging the prices charged for medical products and services. Moreover, the federal government of the United States has made the containment of health care costs a top priority. If the Company succeeds in bringing one or more products to market, there can be no assurance that these products will be considered cost-effective, that reimbursement will be available or, if available, that the level of reimbursement will be sufficient to allow the Company to sell its products on a profitable basis.

EXPOSURE TO PRODUCT LIABILITY CLAIMS. The Company's business exposes it to inherent risks of product liability claims, product recalls and associated adverse publicity which are inherent in the testing, manufacturing, marketing and sale of human therapeutic products. The Company currently has liability insurance of limited coverage. There can be no assurance that it will be able to maintain such insurance or obtain general product liability insurance on acceptable terms or at reasonable costs or that such insurance will be in sufficient amounts to provide the Company with adequate coverage against potential liabilities. A product liability claim or product recall could inhibit or prevent commercialization of products being developed by the Company. Any product liability claim or product recall could have a material adverse effect on the Company's business, financial condition and results of operations.

HEALTH CARE REFORM. The health care industry in the United States and in Europe is undergoing fundamental changes as the result of political, economic and regulatory influences. Reforms proposed from time to time include mandated basic health care benefits, controls on health care spending through limitations on the growth of private health insurance premiums and Medicare and Medicaid spending, the creation of large insurance purchasing groups and fundamental changes to the health care delivery system. The Company anticipates that alternative health care delivery systems and methods of payment will continue to be reviewed and assessed, and public debate of these issues will likely continue. The Company cannot predict whether any reform initiatives will result or, if adopted, what impact they might have on the Company, and there can be no assurance that the adoption of reform proposals will not have a material adverse effect on the Company's business, financial condition and results of operations. Announcements of reform proposals and the investment community's reaction to such proposals, announcements by competitors and third-party payors of their strategy in responding to reform initiatives, and general industry conditions could produce volatility in the trading and market price of the Common Stock.

HAZARDOUS MATERIALS; ENVIRONMENTAL MATTERS. The Company's research and development activities involve the controlled use of hazardous materials, chemicals, biological materials and radioactive compounds. The Company is subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any resulting damages, and any such liability could exceed the Company's resources. The Company may be required to incur significant costs to comply with environmental laws and regulations in the future. Current or future environmental laws or regulation may have a material adverse effect on the Company's business, financial condition and results of operations.

DEPENDENCE UPON KEY PERSONNEL. The Company is dependent on the members of its management and scientific staff, the loss of one or more of whom could have a material adverse effect on the Company. The Company also depends on its scientific collaborators and advisors, all of whom have commitments that may limit their availability to the Company. In addition, the Company believes that its future success will depend in large part upon its ability to attract and retain highly skilled scientific, managerial and marketing personnel, particularly as the Company expands its activities in clinical trials, the regulatory approval process and sales and manufacturing. The Company faces significant competition for such personnel and from other companies, research and academic institutions, government entities and other organizations. There can be no assurance that the Company will be successful in hiring or retaining the personnel it requires for continued growth. The failure to hire and retain such personnel could materially and adversely affect the Company's prospects.

SHARES ELIGIBLE FOR FUTURE SALE. Future sales of Common Stock in the public market by existing stockholders could have an adverse effect on the price of the Common Stock. In addition, the Company has registered the shares of Common Stock to be issued under its 1985 Incentive Stock Option Plan and its Amended and Restated 1991 Stock Compensation Plan on a Registration Statement on Form S-8 and approximately 2.4 million shares of Common Stock are presently eligible for sale upon exercise of currently outstanding options. The Company, its officers and directors and certain other stockholders, including the former President and Chief Executive Officer of the Company who in the aggregate, hold approximately 3.2% of the Common Stock to be outstanding after this offering assuming the sale of all shares of Common Stock offered hereby, have agreed not to offer, sell or otherwise dispose of their shares of Common Stock, with certain limited exceptions, for a period of 90 days after the date of this Prospectus without the prior written consent of Genesis Merchant Group Securities.

VOLATILITY OF STOCK PRICE. The market price of the shares of the Common Stock, like that of the common stock of many other early-stage biotechnology companies, may be highly volatile. Factors such as announcements of technological innovations or new commercial products by the Company or its competitors, disclosure of results of clinical testing or regulatory proceedings, governmental regulation and approvals, developments in patent or other proprietary rights, public concern as to the safety of products developed by the Company and general market conditions may have a significant effect on the market price of the Common Stock. In addition, the stock market has experienced and continues to experience extreme price and volume fluctuations which have effected the market price of many biotechnology companies and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may adversely effect the market price of the Common Stock.

IMMEDIATE AND SUBSTANTIAL DILUTION. Purchasers of the shares of Common Stock will incur an immediate and substantial dilution in the net tangible book value of the Common Stock of $2.0265 per share, at an assumed public offering price of $2.9375 per share. See "Dilution."

USE OF PROCEEDS

Because there is no minimum for the number of shares of Common Stock offered hereby, the Company cannot determine the net proceeds from the sale of the shares of Common Stock offered hereby. However, the net proceeds from the sale of all of the 5,000,000 shares of Stock offered hereby would be approximately $13.6 million (assuming an offering price of $2.9375 per share, the closing price of the Common Stock reported on the Nasdaq National Market on July 18, 1996), after deducting estimated commissions and underwriting discounts and expenses payable by the Company. The Company anticipates using the net proceeds from this offering (i) to fund ongoing clinical trials for TP10 and the manufacture of clinical supplies of TP10, (ii) to fund the Company's research and development programs for its other product candidates, and (iii) for general corporate purposes, including working capital. Pending such uses, the Company plans to invest such funds in short-term interest-bearing obligations of investment grade.

The amounts and timing of actual expenditures for each of these purposes could vary significantly depending upon the progress of the Company's research and development programs, the results of pre-clinical and clinical studies, the timing of any regulatory approvals, the performance by the Company's corporate partners of their obligations, technological advances, the status of competitive products and the Company's determinations as to the commercial potential of its products. In addition, the Company's research and development expenditures will vary as programs are added, expanded or abandoned and as a result of variations in funding from existing or future corporate partners. If the net proceeds of the sale of the shares of Common Stock are approximately $13.6 million (assuming all of the 5,000,000 shares of Common Stock offered hereby are sold at the assumed offering price of $2.9375 per share, after deducting estimated commissions and underwriting discounts and expenses payable by the Company), the Company believes that its existing capital resources, including the ongoing research support activities of its corporate partners and such assumed amount of net proceeds of the sale of shares of Common Stock offered hereby, would be sufficient to satisfy its capital needs through the end of 1997. In order to fund its capital needs after that time, the Company will require significant levels of additional capital and intends to raise the necessary capital through additional equity or debt financings, arrangements with corporate partners or from other sources. No assurance can be given that the necessary funds will be available for the Company to finance its development on acceptable terms, if at all. If adequate funds are not available from operations or additional sources of financing, the Company's business will be materially and adversely affected.

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

OVERVIEW

In an effort to focus its business operations on its therapeutic drug programs, the Company recently realigned certain of its operations. On March 5, 1996, the Company sold the operations and research product line of its wholly owned subsidiary TCD, excluding the TRAx product franchise and related assets, to Endogen for a purchase price of approximately $2,900,000. While the Company will continue the development of its TRAx product franchise, its present plan is to defer filing a 510(k) application with the FDA for clearance to market TRAx CD8 in the United States while it focuses on establishing a partnership for international distribution of its TRAx technology. Furthering its focus toward the development of proprietary therapeutic products, the Company reorganized its senior management in June 1996, with the appointment of Una S. Ryan Ph.D., its Chief Scientific Officer, to the position of President and Chief Operating Officer, and its Chairman, James D. Grant, as Chief Executive Officer. The Company also appointed Norman W. Gorin as Chief Financial Officer.

The Company has in the past developed and produced both therapeutic and diagnostic products, including the development of T cell receptor therapeutics in collaboration with Astra. The Company has recently suspended internal funding of the research and development of its T cell receptor therapeutic programs pending the conclusion of negotiations with Astra to transfer certain of its rights to the technology. In conjunction with these developments, the Company has written off certain captialized patent costs related to the T cell receptor technology, incurring a $1,752,000 charge to earnings.

The Company is now focusing its resources on the discovery and development of innovative drugs targeting the immune and inflammatory systems. The Company's lead therapeutic program is focused on developing compounds that inhibit complement activation which is part of the body's immune defense system. In January 1996, the Company initiated Phase II clinical trials for the evaluation of the Company's lead therapeutic compound, TP10, in patients with ARDS. In July 1996, the Company initiated a Phase I/II clinical trial to prevent reperfusion injury in patients receiving lung transplants.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO SIX MONTHS ENDED JUNE 30, 1995. For the six months ended June 30, 1996, the Company reported a consolidated net loss of $6,160,000 or $.31 per share, compared with a net loss of $4,995,000 or $.29 per share for the six months ended June 30, 1995. The increased loss for the six months ended June 30, 1996 compared to the same period last year was primarily due to the $1,752,000 write-off of certain capitalized patent costs, a $425,000 charge resulting from a severance agreement with the Company's former President and Chief Executive Officer, lower product development revenue from Astra and lower product sales resulting from the sale of the research products and operations of the Company's diagnostic division in March 1996.

Product development revenue decreased 76.2% or $866,000 for the six months ended June 30, 1996 compared to the same period last year. The decrease reflected the anticipated lower revenue from Astra. In accordance with its agreement with Astra, the Company will not receive additional research and development revenue funding. For the six months ended June 30, 1996, product development revenue included a $100,000 non-refundable execution fee associated with an agreement granting CytoTherapeutics, Inc. a worldwide, nonexclusive license to the Company's technology and patent rights relating to Compliment Receptor 1 for a series of milestone payments and royalties.

Product sales revenue for the six months ended June 30, 1996 decreased 58.1% to $506,000 compared to $1,207,000 for the comparable period last year. The decrease in product sales for the six months ended June 30, 1996 is attributable to the sale of the research products and operations of TCD to Endogen, partially offset by an increase in TRAx product sales. As a result of the sale of the research products and operations of TCD to Endogen, the Company's product sales revenue for the period included research product sales for the first two months of the

year only, compared with six months last year. The Company does not anticipate having additional research product sales in the foreseeable future.

For the six months ended June 30, 1996, research and development expenses were $2,928,000 compared to $3,994,000 for the same period last year. The decrease is primarily attributable to the restructuring program implemented in the second half of 1995 which further focused the Company on priority projects combined with the sale of the research products and operations of TCD on March 5, 1996. In January 1996, the Company announced the start of a Phase IIa clinical trial evaluating the use of TP10 in patients with ARDS.

General and administrative expenses increased to $3,936,000 for the six months ended June 30, 1996 from $2,047,000 for the comparable period last year. Excluding the $425,000 charge resulting from the severance agreement with the Company's former President and Chief Executive Officer in June 1996 and the $1,752,000 write-off of capitalized patent costs, general and administrative costs decreased 14.1% or $288,000 for the six months compared to last year. The decrease is mainly attributable to staff reductions combined with the implementation of discretionary spending controls across all functional areas.

Non-operating income of $562,000 for the six months ended June 30, 1996 includes a gain of $310,000 recognized from the sale of the research products and operations to Endogen. Interest income decreased 33.9% to $252,000 for the six months ended June 30, 1996 compared with $381,000 for the six months ended June 30, 1995. The decrease in interest income is primarily the result of lower cash balances during the six months ended June 30, 1996 compared to the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at June 30, 1996 decreased $5,548,000 to $6,727,000 from $12,275,000 at December 31, 1995. The decrease is primarily due to the net operating loss of $6,160,000 for the six months ended June 30, 1996 adjusted for the non-cash write-off of capitalized patent costs of $1,752,000. Cash used in operations was $5,330,000 for the six months ended June 30, 1996 compared to $5,483,000 for the six months ended June 30, 1995. The $153,000 decrease in cash used is primarily due to a $831,000 decrease in net operating loss, adjusted for the write-off of capitalized patent costs and a charge resulting from a severance agreement with the Company's former President and Chief Executive Officer.

The Company received a convertible subordinated note receivable in the principal amount of $1,900,000 in connection with the sale of the research products and operations of TCD to Endogen. Payments are due in ten semi-annual installments commencing September 1, 1996 with interest receivable thereon at the rate of 7% per annum. The outstanding principal amount of the note is convertible at any time at the option of the Company into shares of common stock of Endogen.

The Company has no long-term debt. During 1994, the Company entered into an operating lease agreement with a five year term to lease up to $2 million of equipment. The lease arrangement requires that the Company maintain certain restrictive financial covenants, determined at the end of each fiscal quarter. At September 30, 1995, the Company's cash, cash equivalents and short-term investment balances were below the minimum covenant requirement. In November 1995, in accordance with the lease agreement, the Company pledged as collateral cash equal to the amount outstanding on the lease. At June 30, 1996, the Company had approximately $850,000 outstanding on the lease.

The Company believes its current cash and cash equivalents combined with anticipated net cash provided by operations will be adequate to meet the Company's cash requirements for operations through 1996; if all 5,000,000 shares of Common Stock offered hereby are sold at an assumed public offering price of $2.9375, the Company anticipates that it will have sufficient cash to fund its operations through the end of 1997. The Company is considering alternative sources of funding and capital such as through partnering and financing opportunities.

Certain of the statements set forth above and elsewhere in this Prospectus, including statements regarding anticipated revenue, expenses and cash projections, are forward-looking and are based upon the Company's current belief about future activities and events. Actual results may differ materially from anticipated results.

DILUTION

As of June 30, 1996, the Company had a net tangible book value of $9,079,000, or $.4552 per share. Net tangible book value per share is determined by dividing the net tangible book value (tangible assets less liabilities) of the Company by the number of shares of Common Stock of the Company outstanding at that date. Adjusting such net tangible book value to give effect to the sale of all of the shares of Common Stock offered hereby at an assumed public offering price of $2.9375 per share, and the receipt and application of the net proceeds therefrom, but without taking into account any other changes in net tangible book value after June 30, 1996, the pro forma net tangible book value of the Company as of June 30, 1996 would have been $.9110 per share. This represents an immediate increase in the net tangible book value of $.4558 per share to existing stockholders and an immediate dilution of $2.0265 per share to new investors. The following table illustrates this per share dilution.

Assumed public offering price per share.....		$2.9375
Net tangible book value per share as of June 30, 1996	.4552	
Increase in net tangible book value per share attributable to the offering(1).....	.4558	
Pro forma net tangible book value per share after the offering.....		.9110
Dilution per share to new investors.....		$2.0265

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(1) Assuming the sale of all of the 5,000,000 shares of Common Stock offered hereby at an assumed public offering price of $2.9375 per share and after deducting estimated commissions or discounts payable to agents, underwriters or dealers, and expenses payable by the Company in connection with sale of the shares of Common Stock offered hereby and after giving effect to the application of the net proceeds of such sale.

PLAN OF DISTRIBUTION

The Company is selling the shares of Common Stock offered hereby through Genesis Merchant Group Securities (the "Selling Agent"), in its capacity as exclusive selling agent. The Selling Agent will be acting on a best efforts basis pursuant to the terms of a selling agency agreement, dated the date of this Prospectus (the "Selling Agency Agreement"), between the Company and the Selling Agent.

The Selling Agency Agreement provides that the obligations of the Selling Agent are subject to approval of certain legal matters by counsel and various other conditions, including the absence of any material adverse change, or development involving a prospective change, in the condition (financial or other), business, properties, net worth or results of operations of the Company subsequent to the effective date of the Selling Agency Agreement. The nature of the Selling Agent's obligations is limited to a best efforts undertaking to place the Common Stock as agent for the Company. Pursuant to the Selling Agency Agreement, the Selling Agent may terminate its obligations thereunder at any time and without further liability by giving notice to the Company.

Pursuant to the Selling Agency Agreement, the Company has agreed to reimburse the Selling Agent for all costs and actual accountable out-of-pocket expenses incurred by or on behalf of the Selling Agent in connection with the performance of its obligations under the Selling Agency Agreement for up to $37,500 of such costs and expenses. The Company has also agreed to indemnify the Selling Agent against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Selling Agent may be required to make in respect thereof.

The Selling Agent has in the past provided, and may in the future provide, investment banking, financial advisory and other services to the Company. Subject to certain conditions, the Company has agreed to use reasonable efforts to cause the Selling Agent to be included as placement agent or co-manager, as the case may

be, in connection with subsequent securities offerings by the Company prior to January 12, 1998 in which the Company uses the services of a financial advisor or intermediary.

The directors, executive officers of the Company and certain stockholders who, in the aggregate, hold 5,786,496 shares of Common Stock, or approximately 23.2% of the Common Stock to be outstanding after this offering assuming the sale of all shares of Common Stock offered hereby, have agreed not to offer, sell or otherwise dispose of their shares, with certain limited exceptions, for a period of 90 days after the date of this Prospectus without the prior written consent of Genesis Merchant Group Securities. Except for the shares of Common Stock to be sold in this offering, the Company has agreed not to offer, sell, contract to sell or otherwise issue any Common Stock or other capital stock, with limited exceptions, prior to the expiration of 90 days from the date of this Prospectus without the prior written consent of Genesis Merchant Group Securities.

LEGAL MATTERS

The validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Company by its counsel, Goodwin, Procter & Hoar LLP, Exchange Place, 24th Floor, Boston, Massachusetts 02109. Certain legal issues related to the shares of Common Stock will be passed upon for the Selling Agent by its counsel, McCutchen, Doyle, Brown & Enersen LLP, One Embarcadero Place, 2100 Geng Road, Suite 200, Palo Alto, California 94303-0913.

EXPERTS

The consolidated financial statements and schedules of T Cell Sciences, Inc. and subsidiary included in the Company's Annual Report to Stockholders on Form 10-K for the year ended December 31, 1993 have been incorporated by reference herein and in the registration statement in reliance upon the report of KMPG Peat Marwick, LLP, independent certified public accountants, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements as of December 31, 1994 and 1995 and for each of the two years in the period ended December 31, 1995 incorporated by reference in this Prospectus have been so included in reliance on the report of Price Waterhouse LLP, independent public accountants, given on the authority of said firm as experts in auditing and accounting.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission"), Washington, D.C. 20549, a Registration Statement (which term shall include all amendments, exhibits and schedules thereto) on Form S-3 under the Act with respect to the shares of Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission, to which Registration Statement reference is hereby made. Statements made in this Prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference. The Registration Statement and the exhibits thereto may be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.D. 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661.

NO DEALER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE SELLING AGENT. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATES AS OF WHICH INFORMATION IS GIVEN IN THIS PROSPECTUS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH SOLICITATION.

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5,000,000 SHARES

T CELL SCIENCES, INC.

COMMON STOCK

PROSPECTUS

GENESIS MERCHANT GROUP SECURITIES

July , 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION. (1)

The following are the estimated expenses of issuance and distribution of the shares registered hereunder on Form S-3:

SEC Registration Fee	$ 4,741.38
Nasdaq Listing Fee	$ 17,500.00
NASD Filing Fee	$ 14,250.00
Legal Fees and Expenses	$ 50,000.00
Accounting Fees and Expenses	$ 20,000.00
Blue Sky Qualification Fees and Expenses	$ 7,500.00
Transfer Agent's Fee	$ 2,500.00
Miscellaneous	$ 42,500.00
Total	$ 158,991.38

(1) The amounts set forth above, except for the SEC Registration Fee, the Nasdaq Listing Fee and the NASD Filing Fee, are in each case estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of Delaware permits indemnification of directors, officers and employees of a corporation under certain conditions and subject to certain limitations. Article FIFTH of the registrant's Amended and Restated By-Laws contains provisions for the indemnification of directors, officers and employees within the limitations permitted by Section 145.

The registrant carries a directors' and officers' liability insurance policy which provides for payment of expenses of the registrant's directors and officers in connection with threatened, pending or completed actions, suits or proceedings against them in their capacities as directors and officers, in accordance with the registrant's Amended and Restated By-Laws and the Delaware General Corporation Law. In addition, Article SIXTH of the Third Restated Certificate of Incorporation of the registrant protects a director of the registrant against any personal liability to the registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the registrant or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper benefit.

ITEM 16. EXHIBITS.

EXHIBIT NO.	DESCRIPTION
1	Selling Agency Agreement.
5	Opinion of Goodwin, Procter & Hoar LLP.
23.1	Consent of Price Waterhouse LLP
23.2	Consent of KPMG Peat Marwick LLP.
23.3	Consent of Goodwin, Procter & Hoar LLP (included in Exhibit 5).
24	Power of Attorney (included on signature page).

ITEM 17. UNDERTAKINGS.

A. The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement. To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2. That, for the purposes of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 15 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

D. The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1993, as amended, (the "Securities Act") the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Boston, Massachusetts, on July 19, 1996.

T CELL SCIENCES, INC.

By: /s/ Una S. Ryan

Una S. Ryan, Ph.D.
President, Chief Operating Officer and Director

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS that we, the undersigned officers and directors of T Cell Sciences, Inc. hereby severally constitute Una S. Ryan, Ph.D., James D. Grant and Norman W. Gorin and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Registration Statement filed herewith and any and all amendments to said Registration Statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act), and generally to do all such things in our names and in our capacities as officers and directors to enable T Cell Sciences, Inc. to comply with the provisions of the Securities Act, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said Registration Statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Una S. Ryan Una S. Ryan, Ph.D.	President, Chief Operating Officer and Director	July 22, 1996
/s/ James D. Grant James D. Grant	Chief Executive Officer and Chairman of the Board of Directors	July 22, 1996
/s/ Norman W. Gorin Norman W. Gorin	Chief Financial Officer and Vice President, Finance	July 22, 1996
/s/ Patrick C. Kung Patrick C. Kung, Ph.D.	Director	July 22, 1996
 John P. Munson	Director	, 1996
/s/ Thomas R. Ostermueller Thomas R. Ostermueller	Director	July 22, 1996
/s/ John Simon John Simon	Director	July 22, 1996

EXHIBIT INDEX

Description		Sequentially Numbered Page
1	Selling Agency Agreement	
5	Opinion of Goodwin, Procter & Hoar LLP	
23.1	Consent of Price Waterhouse LLP	
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23.3	Consent of Goodwin, Procter & Hoar LLP (included in Exhibit 5)	
24	Power of Attorney (included in signature page)	

Exhibit 1

5,000,000 SHARES

T-CELL SCIENCES, INC.

COMMON STOCK

SELLING AGENCY AGREEMENT

July ____, 1996

GENESIS MERCHANT GROUP SECURITIES
909 Montgomery Street, Suite 600
San Francisco, CA 94133

Ladies and Gentlemen:

This letter shall set forth the agreement between T-Cell Sciences, Inc., a Delaware corporation (the "COMPANY"), and the undersigned, Genesis Merchant Group Securities, an Illinois partnership (the "SELLING AGENT"), in connection with the Company's engagement of the Selling Agent to offer and sell on behalf of the Company to prospective purchasers (the "PURCHASERS") up to [5,000,000] shares (the "SHARE") of the Common Stock, par value $.001 per share (the "COMMON STOCK"), of the Company, on the terms and subject to the conditions set forth below.

The Company wishes to confirm its agreement with the Selling Agent as follows:

1. ENGAGEMENT OF SERVICES. Subject to the terms and conditions set forth herein, the Selling Agent shall provide to the Company, and the Company shall retain the Selling Agent to provide on an exclusive basis, financial advisory and placement services in connection with the arrangement of the offering with purchasers of the Shares on behalf of the Company (the "OFFERING").

2. AGENCY AND BEST EFFORTS. The Company understands and agrees that the Selling Agent will be acting as the Company's agent, and not as principal, in placing the Shares in compliance with the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "ACT"), and that the Selling Agent's responsibility in this transaction is limited to the "best efforts" undertaking to consummate the Offering, and the Company acknowledges and agrees that the Selling Agent has no express or implied obligation to purchase or place the Shares beyond such best efforts basis. The Selling Agent shall make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer to purchase shares of Common Stock has been solicited by the Selling Agent and accepted by the Company, but the Selling Agent shall not have any liability to the Company in the event any such purchase is not consummated for any reason. The Shares shall be sold at such price as shall be agreed to by the Company.

3. EXCLUSIVE ENGAGEMENT.

(a) The Selling Agent's engagement hereunder shall be on an exclusive basis and the Company agrees to refer promptly to the Selling Agent all offers, inquiries and proposals relating to the Offering.

(b) In order to induce the Selling Agent to act as exclusive selling agent for the Company with respect to the Offering, the Company agrees that it shall not, directly or indirectly, and shall not permit its employees, agents or representatives to, directly or indirectly, solicit, encourage or participate in discussions in connection with or supply information relating to, the Offering to any financing source, broker, dealer, finder, financial adviser, investment banker or other similar person or entity.

4. FEES. In consideration of the Selling Agent's services hereunder, the Company shall pay to the Selling Agent a commission (the "FEE") in an amount equal to 6% of the gross proceeds of the Offering, the payment of which Fee shall be payable out of the proceeds from the sale of the Shares on or prior to the consummation of the sale of such Shares or portion thereof.

5. REGISTRATION STATEMENT AND PROSPECTUS. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Act a Registration Statement on Form S-3 (File No. _____) under the Act (the "REGISTRATION STATEMENT"), including a prospectus subject to completion relating to the Shares. The term Registration Statement as used in this Agreement means the Registration Statement (including all financial schedules and exhibits), as amended at the time it becomes effective, or, if the Registration Statement became effective prior to the execution of this Agreement, as supplemented or amended prior to the execution of this Agreement. If it is contemplated, at the time this Agreement is executed, that a post-effective amendment to the Registration Statement will be filed and must be declared effective before the offering of the Shares may commence, the term "Registration Statement" as used in this Agreement means the Registration Statement as amended by said post-effective amendment. The term "PROSPECTUS" as used in this Agreement means the prospectus in the form included in the Registration Statement, or, if the prospectus included in the Registration Statement omits information in reliance on Rule 430A under the Act and such information is included in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, the term "Prospectus" as used in this Agreement means the prospectus in the form included in the Registration Statement as supplemented by (i) any prospectus supplement relating to the Shares and (ii) the addition of the Rule 430A information contained in the prospectus filed with the Commission pursuant to Rule 424(b). The term "PRELIMINARY PROSPECTUS" as used in this Agreement means the prospectus subject to completion in the form included in the Registration Statement at the time of the initial filing of the Registration Statement with the Commission, and as such prospectus shall have been amended from time to time prior to the date of the Prospectus. Any reference in this Agreement to the registration statement, the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of the registration statement, the Registration Statement, such Preliminary Prospectus or the Prospectus, as the case may be. As used herein, the term "INCORPORATED DOCUMENTS" means the documents which at the time are incorporated by reference in the registration statement, the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto.

6. AGREEMENTS OF THE COMPANY. The Company agrees with the Selling Agent as follows:

(a) If, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the shares of Common Stock may commence, the Company will endeavor to cause the Registration Statement or such post-effective amendment to become effective as soon as possible and will advise the Selling Agent promptly and, if requested by the Selling Agent, will confirm such advice in writing, when the Registration Statement or such post-effective amendment has become effective.

(b) The Company will advise the Selling Agent promptly and, if requested by the Selling Agent, will confirm such advice in writing: (i) of any request by the Commission for amendment of or a supplement to the Registration Statement, any Preliminary Prospectus or the Prospectus or for additional information and shall provide the Selling Agent with a reasonable opportunity to comment thereon; (ii) when each amendment or supplement to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be in final form for circulation to prospective purchasers of the Shares; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction or the threatening of any proceeding for such purpose; and (iv) within the period of time referred to in paragraph (f) below, of any change in the Company's condition (financial or other), business, prospects, properties, net worth or results of operations, or of the happening of any event, which makes any statement of a material fact made in the Registration Statement or the Prospectus (as then amended or supplemented) untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus (as then amended or supplemented) in order to state a material fact required by the Act or the regulations thereunder to be stated therein or necessary in order to make the statements therein not misleading, or of the necessity to amend or supplement the Prospectus (as then amended or supplemented) to comply with the Act or any other law. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal of such order at the earliest possible time.

(c) The Company will furnish to the Selling Agent, without charge (i) one signed copy of the Registration Statement as originally filed with the Commission and of each amendment thereto, including financial statements and all exhibits to the Registration Statement, (ii) such number of conformed copies of the Registration Statement as originally filed and of each amendment thereto, but without exhibits, as the Selling Agent may request, (iii) such number of copies of the Incorporated Documents, without exhibits, as the Selling Agent may request, and (iv) two copies of the exhibits to the Incorporated Documents.

(d) The Company will not file any amendment to the Registration Statement or make any amendment or supplement to the Prospectus, or, prior to the end of the period of time referred to in the first sentence in subsection (f) below, file any document which upon filing becomes an Incorporated Document, of which the Selling Agent shall not previously have been advised or to which, after the Selling Agent shall have received a copy of the document proposed to be filed, the Selling Agent shall reasonably object.

(e) Prior to the execution and delivery of this Agreement, the Company has delivered to the Selling Agent, without charge, in such quantities as the Selling Agent has requested, copies of each form of the Preliminary Prospectus. The Company consents to the use, in accordance with the provisions of the Act and with the securities or Blue Sky laws of the jurisdictions in which the Shares are offered by the Selling Agent, prior to the date of the Prospectus, of each Preliminary Prospectus so furnished by the Company.

(f) As soon after the execution and delivery of this Agreement as possible and thereafter from time to time for such period as in the opinion of counsel for the Selling Agent a prospectus is required by the Act to be delivered in connection with offers or sales by the Selling Agent, the Company will expeditiously deliver to the Selling Agent, without charge, as many copies of the Prospectus (and of any amendment or supplement thereto) as the Selling Agent may request. If during such period of time any event shall occur that in the judgment of the Company or in the reasonable opinion of counsel for the Selling Agent is required to be set forth in the Prospectus (as then amended or supplemented) or should be set forth therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Prospectus (or to file under the Exchange Act any document which, upon filing, becomes an Incorporated Document) in order to comply with the Act or any other law, the Company will forthwith prepare and, subject to the provisions of paragraph (d) above, file with the Commission an appropriate supplement or amendment thereto (or to such document), and will expeditiously furnish to the Selling Agent a reasonable number of copies thereof. In the event that the Company and the Selling Agent agree that the Prospectus should be amended or supplemented, the Company, if requested by the Selling Agent, will reasonably consider promptly issuing a press release announcing or disclosing the matters to be covered by the proposed amendment or supplement.

(g) The Company will cooperate with the Selling Agent and with counsel for the Selling Agent in connection with the registration or qualification of the Shares for offering and sale by the Selling Agent under the securities or Blue Sky laws of such jurisdictions as the Selling Agent may reasonably request and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares, or taxation in any jurisdiction where it is not now so subject.

(h) The Company will make generally available to its security holders a consolidated earnings statement, which need not be audited, covering a twelve-month period commencing after the effective date of the Registration Statement and ending not later than 15 months thereafter, as soon as practicable after the end of such period, which consolidated earnings statement shall satisfy the provisions of Section 11(a) of the Act.

(i) During the period of five years hereafter, the Company will furnish to the Selling Agent (i) as soon as available, a copy of each report of the Company mailed to shareholders or filed with the Commission, and (ii) from time to time such other information concerning the Company as the Selling Agent may reasonably request.

(j) The Company will apply the net proceeds from the sale of the Shares substantially in accordance with the description set forth in the Prospectus.

(k) If Rule 430A of the Act is employed, the Company will timely file the Prospectus pursuant to Rule 424(b) under the Act and will advise the Selling Agent of the time and manner of such filing.

(l) Except as stated in this Agreement and in the Preliminary Prospectus and Prospectus, the Company has not taken, nor will it take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Shares.

(m) The Company will use its best efforts to have the shares of Common Stock which it agrees to sell under this Agreement, subject to notice issuance, listed on the NASDAQ National Market on or before the Closing Date.

7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Selling Agent that:

(a) Each Preliminary Prospectus included as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, or filed pursuant to Rule 424 under the Act, complied when so filed in all material respects with the provisions of the Act. The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus.

(b) The Company and the transactions contemplated by this Agreement meet the requirements for using Form S-3 under the Act and Rule 415 promulgated thereunder ("Rule 415"). The Registration Statement in the form in which it became or becomes effective and also in such form as it may be when any post-effective amendment thereto shall become effective and the prospectus and any supplement or amendment thereto when filed with the Commission under Rule 424(b) under the Act, complied or will comply in all material respects with the provisions of the Act and the rules and regulations of the SEC promulgated pursuant to the Act or the Exchange Act, as the case may be (the "Rules and Regulations"), and will not at any such times contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Incorporated Documents heretofore filed, when they were filed (or, if any amendment with respect to any such document was filed, when such amendment was filed), conformed in all material respects with the requirements of the Exchange Act and the Rules and Regulations thereunder, any further Incorporated Documents so filed will, when they are filed, conform in all material respects with the requirements of the Exchange Act and the Rules and Regulations thereunder; no Incorporated Document when it was filed (or, if an amendment with respect to any such document was filed, when such amendment was filed), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and no such further Incorporated Document, when it is filed, will contain an untrue statement of a material fact or will omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading.

(d) All the outstanding shares of Common Stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and are free of any preemptive or similar rights; the Shares have been duly authorized and, when issued and delivered to the purchasers of such Shares against payment therefor in accordance with the terms on which the Shares are offered by the Company to such purchasers will be validly issued, fully paid and nonassessable and free of any preemptive or similar rights; and the capital stock of the Company conforms to the description thereof in the Registration Statement and the Prospectus.

(e) The Company is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure so to register or qualify does not have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company and the Subsidiaries (as hereinafter defined) taken as a whole.

(f) The Company has no subsidiary or subsidiaries and does not control, directly or indirectly, any corporation, partnership, joint venture, association or other business organization.

(g) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened, against the Company, or to which the Company or any of its properties is subject, that are required to be described in the Registration Statement or the Prospectus but are not described as required, and there are no agreements, contracts, indentures, leases or other instruments that are required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement that are not described or filed as required by the Act or the Exchange Act.

(h) The Company is not in violation of its certificate of incorporation or bylaws, or, except as described in the Registration Statement or the Prospectus, the Company is not in default in any material respect in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any material agreement, indenture, lease or other instrument to which the Company is a party or by which it or any of its properties may be bound. Except as described in the Registration Statement or the Prospectus, to the Company's knowledge, the Company is not in violation of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or of any decree other than with respect to patent, trademark or other similar intellectual property issues of any court or governmental agency or body having jurisdiction over the Company which would have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company.

(i) Neither the issuance and sale of the Shares, the execution, delivery or performance of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby (i) requires any consent, approval, authorization or other order of or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency or official (except such as may be required for the registration of the Shares under the Act and the Exchange Act, compliance with the securities or Blue Sky laws of

various jurisdictions and the listing of the Shares on the NASDAQ National Market, all of which have been or will be effected in accordance with this Agreement) or conflicts or will conflict with or constitutes or will constitute a breach of, or a default under, the certificate of incorporation or bylaws of the Company or (ii) conflicts or will conflict with in any material respect or constitutes or will constitute a material breach of, or a default under, or require any consent or waiver under, any material agreement, indenture, lease or other instrument to which the Company is a party or by which it or any of its properties may be bound, or violates or will violate in any material respect any statute, law, regulation or filing or judgment, injunction, order or decree applicable to the Company or any of its properties, or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which it is a party or by which it may be bound or to which any its property or assets is subject, except for (A) such consents or waivers which have already been obtained and are in full force and effect, or (B) such breaches, defaults, consents, waivers, violations or liens the occurrence or non-receipt of which would not, singly or in the aggregate, have a material adverse effect on the condition (financial or otherwise), business, properties, net worth or results of operations of the Company.

(j) The accountants, Price Waterhouse, LLP, who have certified or shall certify the financial statements at [June 30, 1996] and for the three years in the period ended [December 31, 1995] included or incorporated by reference in the Registration Statement and the Prospectus (or any amendment or supplement thereto) are independent public accountants as required by the Act.

(k) The financial statements, together with related schedules and notes, set forth in the Registration Statement and the Prospectus (and any amendment or supplement thereto) comply as to form in all material respects with the requirements of the Act. Such financial statements fairly present the financial position of the Company at the respective dates indicated and the results of its operations and their cash flows for the respective periods indicated, in accordance with generally accepted accounting principles ("GAAP") consistently applied throughout such periods except, in the case of financial statements for interim periods, (i) as stated herein and (ii) the absence of the notes thereto meeting the requirements of GAAP. The other financial and statistical information and data included or incorporated by reference in the Registration Statement and the Prospectus (and any amendment or supplement thereto) are, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(l) The execution and delivery of, and the performance by the Company of its obligations under, this Agreement have been duly and validly authorized by the Company, and this Agreement has been duly executed and delivered by the Company and constitutes the valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws or public policy underlying such laws, and subject to the qualification that the enforceability of the Company's obligations hereunder may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(m) Except as disclosed in the Registration Statement and the Prospectus subsequent to the respective dates as of which such information is given in the Registration Statement and the Prospectus, the Company has not incurred any liability or obligation, direct or

contingent, or entered into any transaction, not in the ordinary course of business, that is material to the Company, and there has not been any change in the capital stock, or material increase in the short-term debt or long-term debt, of the Company, or any material adverse change, or any development involving or which may reasonably be expected to involve, a prospective material adverse change, in the condition (financial or other), business, net worth or results of operations of the Company.

(n) The Company has good and marketable title to all property (real and personal) described in the Prospectus as being owned by it, free and clear of all material liens, claims, security interests or other encumbrances except such as are described in the Registration Statement and the Prospectus or in a document filed as an exhibit to the Registration Statement and all the property described in the Prospectus as being held under lease by the Company is held by it under valid, subsisting and enforceable leases.

(o) The Company has not distributed and, except as provided in Section 6 of this Agreement, prior to the latest to occur of (i) the date of the closing of the purchase and sale of the Shares (the "CLOSING DATE") by the prospective purchasers and (ii) completion of the distribution of the Shares, will not distribute any offering material in connection with the offering and sale of the Shares other than the Registration Statement, the Preliminary Prospectus, the Prospectus or other material, if any, permitted by the Act.

(p) Except where the failure to obtain a permit, license, franchise or authorization of a governmental or regulatory authority would not, singly or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company, (i) the Company has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("PERMITS") as are necessary to own its properties and to conduct its business in the manner described in the Prospectus, subject to such qualifications as may be set forth in the Prospectus and all such Permits are valid and in full force and effect; (ii) the Company has fulfilled and performed all its material obligations with respect to such Permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be set forth in the Prospectus; and, (iii) except as described in the Prospectus, none of such Permits contains any restriction that is materially burdensome to the Company.

(q) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (A) to permit preparation of financial statements in conformity with GAAP and (B) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(r) To the Company's knowledge, neither the Company nor any employee or agent of the Company has made any payment of funds of the Company or received or retained any funds in violation of any law, rule or regulation, which payment, receipt or retention of funds is of a character required to be disclosed in the Prospectus.

(s) The Company has filed all tax returns required to be filed, which returns are complete and correct, and the Company is not in default in the payment of any taxes which were payable pursuant to said returns or any assessments with respect thereto.

(t) No holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the Registration Statement or consummation of the transactions contemplated by this Agreement.

(u) Except as disclosed in the Prospectus, the Company owns all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights described in the Prospectus as being owned by it or necessary for the conduct of its businesses, and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company with respect to the foregoing.

(v) The Company is not an "investment company" or an "affiliated person" of, or "promoter" or "principal Selling Agent" for, an "investment company," as each term is defined in the Investment Company Act of 1940, as amended.

(w) The Company (i) is in compliance in all material respects with any and all applicable, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAW"), (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business, except for such permits, licenses or other approvals which, if not obtained, would not, singly or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties, net worth, or results of operations of the Company. The Company has not been named as a "potentially responsible party" under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA").

(x) Except as disclosed in the Prospectus, the Company is not aware of any costs or liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) associated with Environmental Laws affecting the business, operations and properties of the Company, which, singly or in the aggregate, would have a material adverse effect on the condition (financial or other), business, properties, net worth, or results of operations of the Company.

(y) (i) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary for companies of like size in a comparable stage of development in the business in which it is engaged; (ii) all policies of insurance and fidelity or surety bonds insuring the Company or its businesses, assets, employees, officers and directors are in full force and effect; (iii) the Company is in compliance with the terms of such policies and instruments in all material respects; and (iv) there are no claims by the Company under an such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause.

(z) The Company has not violated any federal, state or local law relating to discrimination in the hiring, promotion or pay of employees nor any applicable wage or hour laws, nor any provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") or the rules and regulations promulgated thereunder, nor has the Company engaged in any unfair labor practice, which might result, singly or in the aggregate, in a material adverse effect in the condition (financial or other), business, properties, net worth, or results of operations of the Company. There is (i) no significant unfair labor practice complaint pending against the Company or, to the best knowledge of the Company, threatened against it, (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Company or, (iii) to the best knowledge of the Company, no union representation question exists with respect to the employees of the Company and, to the best knowledge of the Company, no union organizing activities are taking place, except (with respect to any matter specified in clause (i), (ii) or (iii) above, singly or in the aggregate) such as could not have a material adverse effect on the condition (financial or other), business, properties, net worth, or results of operations of the Company.

(aa) No offering, sale or other disposition of any Common Stock, or any securities convertible into or exchangeable for shares of Common Stock, of the Company will be made for a period of _____ days after the date of this Agreement by the Company, other than hereunder or with the prior written consent of the Selling Agent; provided, however, that the Company may issue and sell or grant options to purchase Common Stock pursuant to any employee stock option plan, stock ownership plan or other employee benefit plan of the Company in effect on the date of this Agreement.

8. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless the Selling Agent and each person, if any, who controls the Selling Agent within the meaning of Section 15 of the Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus or in the Registration Statement or the Prospectus or in any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages liabilities or expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with the information relating to the Selling Agent furnished in writing to the Company by or on behalf to the Selling Agent expressly for use in connection therewith; PROVIDED, HOWEVER, that the indemnification contained in this paragraph (a) with respect to any Preliminary Prospectus, the Registration Statement or the Prospectus (or any supplement or amendment thereto) shall not inure to the benefit of the Selling Agent (or to the benefit of any person controlling the Selling Agent) on account of any such loss, claim, damage, liability or expense arising from the offering the sale of Shares by the Selling Agent to any person if a copy of the Prospectus (or any supplement or amendment thereto) shall not have been delivered or sent to such person within the time required by the Act and the regulations thereunder, and the untrue statement or alleged untrue statement or omission or alleged omission of a material fact contained in such Preliminary Prospectus was corrected in the Prospectus or any supplement or amendment thereto), PROVIDED that the Company has delivered the Prospectus (and any supplement or amendment thereto) to the Selling Agent in requisite quantity on a timely basis to permit such

delivery or sending. The foregoing indemnity agreement shall be in addition to any liability which the Company may otherwise have.

(b) If any action, suit, proceeding or investigation is commenced, as to which the Selling Agent or any other person entitled to indemnification under Section 8(a) proposes to demand indemnification, it shall notify the Company with reasonable promptness; PROVIDED, HOWEVER, that any failure by the Selling Agent or any such other person to notify the Company shall not relieve the Company from its obligations hereunder, except to the extent that the Company shall have been materially prejudiced in its ability to defend the action, suit, proceedings or investigation for which such indemnification is sought by reason of such failure. The Selling Agent shall have the right to retain counsel of its own choice in its sole discretion, and the Company shall pay the reasonable fees, reasonable expenses and reasonable disbursements of such counsel; and such counsel shall to the extent consistent with its professional responsibilities cooperate with the Company and any counsel designated by the Company. The Company shall be liable for any settlement of any claim against the Selling Agent made with the Company's written consent, which consent shall not be unreasonably withheld. The Company shall not, without prior written consent of the Selling Agent, settle or compromise any claim, or permit a default or consent to the entry of any judgment in respect thereof, unless such settlement, compromise or consent includes, as an unconditional term thereof, the giving by the claimant to the Selling Agent of an unconditional release from all liability in respect to such claim.

(c) The Selling Agent agrees to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement, and any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to the Selling Agent, but only with respect to information relating to the Selling Agent furnished in writing by or on behalf of the Selling Agent expressly for use in the Registration Statement, the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto. If any action, suit or proceeding shall be brought against the Company, any of its directors, any such officer, or any such controlling person, based on the Registration Statement, the Prospectus or any Preliminary Prospectus, or any amendment or supplement thereto, and in respect of which indemnity may be sought against the Selling Agent pursuant to this paragraph (c), the Company shall have the rights and duties given to the Selling Agent by paragraph (b) above, and the Selling Agent, its directors, any such officer, and any such controlling person, shall have the rights and duties given to the Company by paragraph (b) above. The foregoing indemnity agreement shall be in addition to any liability which the Selling Agent may otherwise have.

(d) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under paragraph (a) or (c) hereof in respect of any losses, claims, damages, liabilities or expenses referred to therein, then an indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Selling Agent on the other hand from the offering of the Shares, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Selling Agent on the other in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable

considerations. The relative benefits received by the Company on the one hand and the Selling Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (after deducting the Selling Agent's commission and before deducting expenses) received by the Company bear to the total commissions received by the Selling Agent. The relative fault of the Company on the one hand and the Selling Agent on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Selling Agent on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company and the Selling Agent agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating any claim or defending any such action, suit or proceeding. Notwithstanding the provisions of this Section 8, the Selling Agent shall not be required to contribute any amount in excess of the amount by which the total price of the Shares placed by it and distributed to the public exceeds the amount of any damages which the Selling Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

(g) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 8 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnity and contribution agreements contained in this Section 8 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Selling Agent or any person controlling such Selling Agent, the Company, its directors or officers or any person controlling the Company, (ii) acceptance of any Shares and payment therefor hereunder, and (iii) any termination of this Agreement. A successor to the Selling Agent or any person controlling the Selling Agent, or to the Company, its directors or officers, or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 8.

9. CONDITIONS OF SELLING AGENT'S OBLIGATIONS. The obligations of the Selling Agent to perform hereunder are subject to the following conditions:

(a) If, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the Shares may commence, the Registration Statement or such post-effective amendment shall have become effective, and all filings, if any, required to be made prior to that time by Rules 424 and 430A under the Act shall have been timely made; no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or, to the knowledge of the Company or the Selling Agent, threatened by the Commission, and any request of the Commission for additional information (to be included in the Registration Statement or the prospectus or otherwise) shall have been complied with to the Selling Agent's satisfaction.

(b) Subsequent to the effective date of this Agreement, there shall not have occurred (i) any material change, or any development involving a prospective change, in or affecting the condition (financial or other), business, properties, net worth, or results of operations of the Company, which in the Selling Agent's reasonable opinion would materially, adversely affect the market for the Shares, or (ii) any event or development relating to or involving the Company or any executive officer or director of the Company which makes any statement made in the Prospectus untrue or which, in the reasonable opinion of the Company and its counsel or the Selling Agent and its counsel, requires the making of any addition to or change in the Prospectus in order to state a material fact required by the Act or any other law to be stated therein or necessary in order to make the statements therein not misleading, if amending or supplementing the Prospectus to reflect such event or development would, in the Selling Agent's reasonable opinion, materially adversely affect the market for the Shares.

(c) The Selling Agent shall have received an opinion of Goodwin, Proctor & Hoar, counsel for the Company, dated the Closing Date and addressed to the Selling Agent to the effect that:

(i) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus (and any amendment or supplement thereto), and is duly registered and qualified to conduct its business and is in good standing in every state where the failure to be so qualified could have a material adverse effect on the Company.

(ii) The authorized capital stock of the Company conforms in all material respects as to legal matters to the description thereof contained in the Prospectus under the caption "Description of Capital Stock";

(iii) All the shares of capital stock of the Company outstanding prior to the issuance of the Shares have been duly authorized and validly issued, and are fully paid and nonassessable;

(iv) The Shares have been duly authorized and, when issued and delivered to the prospective purchasers against payment therefor, will be validly issued, fully paid and nonassessable and free of any preemptive, or to the knowledge of such counsel, similar rights that entitle or will entitle any person to acquire any Shares upon the issuance thereof by the Company;

(v) The form of certificates for the Shares complies in all material respects with all applicable statutory requirements, with any applicable requirements of the charter and bylaws of the Company and the requirement of the NASDAQ Stock Market;

(vi) The Registration Statement and all post-effective amendments, if any, have become effective under the Act and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose are pending before or contemplated by the Commission; and any required filing of the Prospectus pursuant to Rule 424(b) has been made in accordance with Rule 424(b);

(vii) The Company has the corporate power and authority to enter into this Agreement and to issue, sell and deliver the Shares to the prospective purchasers thereof, and this Agreement has been duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery of this Agreement by the Selling Agent, is a valid, legal and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as enforcement of rights to indemnity and contribution hereunder may be limited by federal or state securities laws or principles of public policy and subject to the qualification that the enforceability of the Company's obligations hereunder may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles;

(viii) Neither the offer, sale or delivery of the Shares, the execution, delivery or performance of this Agreement, compliance by the Company with the provisions hereof, nor consummation by the Company of the transactions contemplated hereby conflicts or will conflict with or constitutes or will constitute a breach of, or a default under, the certificate or articles of incorporation or bylaws, or other organizational documents, of the Company or, to the knowledge of such counsel, any material agreement, indenture, lease or other instrument to which the Company is a party or by which any of its properties is bound that is an exhibit to the Registration Statement or to any Incorporated Document, or of which such counsel is aware, or will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company, nor will any such action result in any material violation of any existing law, regulation, ruling (assuming compliance with all applicable state securities and Blue Sky laws), judgment, injunction, order or decree known to such counsel, applicable to the Company, or any of its properties which would have a material adverse effect on the Company;

(ix) No consent, approval, authorization or other order of, or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency, or official is required on the part of the Company (except as have been obtained under the Act and the Exchange Act, or such as may be required under state securities or Blue Sky laws governing the purchase and distribution of the Shares and such as have been obtained with respect to the listing of Shares on the NASDAQ National Market) for the valid issuance and sale of the Shares as contemplated by this Agreement;

(x) The Registration Statement and the Prospectus and any supplements or amendments thereto (except for the financial statements and the notes thereto and the schedules and other financial and statistical data included therein, as to which such counsel need not express any opinion) comply as to form in all material respects with the requirements of the Act (except with respect to the location in the Prospectus of the information required by Items 502(a) and (c) of

Regulation S-K under the Act as to which counsel need not express any opinion) and each of the Incorporated Documents (except for the financial statements and the notes thereto and the schedules and other financial and statistical data included therein, as to which counsel need not express any opinion), at the time it was first filed with the Commission complied as to form in all material respects with the Exchange Act and the rules and regulations of the Commission thereunder;

(xi) The statements in the Registration Statement, Prospectus and the Incorporated Documents under the headings "Risk Factors," "Business" and "Description of Capital Stock," insofar as they are descriptions of contracts, agreements or other legal documents or refer to statements of law or legal conclusions, are accurate and present fairly the information required by the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder to be disclosed therein;

(xii) The Company is not in violation of its certificate of incorporation or bylaws, or, except as disclosed in the Prospectus or an amendment or supplement thereto, is not in default in the performance of any material obligation, agreement or condition contained in any bond, debenture, note or other evidence of indebtedness;

(xiii) Except as disclosed in the Prospectus, the Company has full power and authority, and all necessary governmental authorizations, approvals, orders, licenses, certificates, franchises and permits of and from all governmental regulatory officials and bodies (except where the failure to so have any such authorizations, approvals, orders, licenses, certificates, franchises or permits, individually or in the aggregate, would not have a material adverse effect on the business, properties, operations or financial condition of the Company, to own its properties and to conduct its business as now being conducted, as described in the Prospectus;

(xiv) To the knowledge of such counsel, (A) other than as described or contemplated in the Prospectus (or any supplement thereto), there are no legal or governmental proceedings pending or threatened against the Company, or to which the Company or any of its property, is subject, which are required to be described in the Registration Statement or Prospectus (or any amendment or supplement thereto) and (B) there are no agreements, contracts, indentures, leases or other instruments, that are required to be described in the Registration Statement or the Prospectus (or any amendment or supplement thereto) or to be filed as an exhibit to the Registration Statement or any Incorporated Document that are not described or filed as required, as the case may be;

(xv) Except as disclosed in the Prospectus, the Company owns all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights described in the Prospectus as being owned by it or necessary for the conduct of its business, and such counsel is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company with respect to the foregoing;

(xvi) Except as described or referred to in the Prospectus, there are no outstanding options, warrants or other rights calling for the issuance of, and such counsel does not know of any commitment, plan or arrangement to issue, any shares of capital stock of the Company or any security convertible into or exchangeable or exercisable for capital stock of the Company;

(xvii) Except as described in the Prospectus, there is no holder of any security of the Company or any other person who has the right, contractual or otherwise, to cause the Company to sell or otherwise issue to them, or to permit them to underwrite the sale of, the Shares or the right to have any Common Stock or other securities of the Company included in the Registration Statement or the right, as a result of the filing of the Registration Statement, to require registration under the Act of any shares of Common Stock or other securities of the Company; and

(xviii) To the knowledge of such counsel, the Company is not in material violation of any law, ordinance, administrative or governmental rule or regulation, including all Environmental Laws, applicable to the Company or of any decree of any court or governmental agency or body having jurisdiction over the Company, except as disclosed in the Prospectus or a supplement or amendment thereto; and the Company has not been named as a "potentially responsible person" under CERCLA;

(xix) The Company is duly registered and qualified to conduct its business and is in good standing each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure to so register or qualify can be cured without having a material adverse effect on the condition (financial or other), business, properties, net worth or results of operations of the Company;

(xx) The offer and sale of the Shares comply with the requirements of Rule 415; and

(xxi) Although counsel has not undertaken, except as otherwise indicated in their opinion, to determine independently, and does not assume any responsibility for, the accuracy or completeness of the statements in the Registration Statement, such counsel has participated in the preparation of the Registration Statement and the Prospectus, including review and discussion of the contents thereof (including review and discussion of the contents of all Incorporated Documents), and nothing has come to the attention of such counsel that has caused them to believe that the Registration Statement (including the Incorporated Documents) at the time the Registration Statement became effective, or the Prospectus, as of its date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that any amendment or supplement to the Prospectus, as of its respective date, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no opinion with respect to the financial statements and the notes thereto and the schedules and other financial and statistical data included in the Registration Statement or the Prospectus or any Incorporated Document).

(d) The Selling Agent shall have received agreements executed by all officers, directors and holders of greater than five per cent (5%) of the Company's Common Stock (collectively the "SIGNIFICANT SHAREHOLDERS") which provide that for a period of 90 days after the effective date of the Registration Statement, such Significant Shareholders shall not to directly or indirectly, offer, sell, grant any options to purchase or otherwise dispose of any shares of the Company's Common Stock held by them.

(e) The Selling Agent shall have received letters addressed to the Selling Agent, and dated the date hereof and the Closing Date from Price Waterhouse LLP, independent certified public accountants, substantially in the forms heretofore approved by the Selling Agent.

(f) (i) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been taken or, to the knowledge of the Company, shall be contemplated by the Commission; (ii) there shall not have been any change in the capital stock of the Company nor any material increase in the short-term or long-term debt of the Company (other than in the ordinary course of business) from that set forth or contemplated in the Registration Statement or the Prospectus (or any amendment or supplement thereto); (iii) there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus (or any amendment or supplement thereto), except as may otherwise be stated in the Registration Statement and Prospectus (or any amendment or supplement thereto), any material adverse change in the condition (financial or other), business, prospects, net worth or results of operations of the Company; (iv) the Company shall not have any liabilities or obligations, direct or contingent (whether or not in the ordinary course of business), that are material to the Company, other than those reflected in the Registration Statement or the Prospectus (or any amendment or supplement thereto); and (v) all the representations and warranties of the Company contained in this Agreement shall be true and correct on and as of the date hereof and on and the Closing Date as if made on and as of the Closing Date, and the Selling Agent shall have received a certificate, dated such date and signed by the chief executive officer and the chief financial officer of the Company, to the effect set forth in this Section 9(g) and in Section 9(h) hereof.

(g) The Company shall not have failed at or prior to the Closing Date to have performed or complied with any of its agreements herein contained and required to be performed or complied with by it hereunder at or prior to such date.

(h) Prior to the time the Registration Statement is ordered effective by the Commission, the Company shall have filed with the NASDAQ National Market an additional listing notification for the Shares and all supporting materials required by The NASDAQ Stock Market Inc.; and no reason or set of facts shall exist which is likely to adversely affect the listing of the Shares or the continued listing of the shares of Common Stock of the Company presently listed on the NASDAQ National Market.

(i) The Company shall have furnished or caused to be furnished to the Selling Agent such further certificates and documents as the Selling Agent shall have reasonably requested.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Selling Agent and its counsel.

Any certificate or document signed by any officer of the Company and delivered to the Selling Agent, or to its counsel, shall be deemed a representation and warranty by the Company to the Selling Agent.

10. EXPENSES. Regardless of the consummation of the Offering, the Company agrees to pay all costs and expenses incident to the performance by it of its obligations hereunder and all costs

and actual accountable out-of-pocket expenses incurred by or on behalf of the Selling Agent including, without limitation, the following: (i) the preparation, printing (or reproduction), and filing with the Commission of the Registration Statement (including financial statements and exhibits thereto), each Preliminary Prospectus, the Prospectus, and each amendment or supplement to any of them prior to or during the period specified in Section 6(f) hereof but not exceeding nine months after the effective date of the Registration Statement; (ii) the printing (or reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of the Registration Statement, each Preliminary Prospectus, the Prospectus, the Incorporated Documents, and all amendments or supplements to any of them, as may be reasonably requested for use in connection with the offering and sale of the Shares during the period specified in Section 6(f) hereof but not exceeding nine months after the effective date of the Registration Statement; (iii) the preparation, printing, authentication, issuance and delivery of certificates for the Shares, including any stamp taxes in connection with the original issuance and sale of the Shares; (iv) the printing (or reproduction) and delivery of this Agreement, the preliminary and supplemental Blue Sky Memoranda and all other agreements or documents printed (or reproduced) and delivered in connection with the offering of the Shares; (v) the listing of the Shares on the NASDAQ National Market; (vi) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the several states as provided in Section 6(g) hereof (including the reasonable fees, expenses and disbursements of counsel for the Selling Agent relating to the preparation, printing (or reproduction), and delivery of the preliminary and supplemental Blue Sky Memoranda and such registration and qualification); (vii) the filing fee and the fees and expenses of counsel for the Selling Agent in connection with any filings required to be made with the National Association of Securities Dealers, Inc.; (viii) the transportation and other expenses incurred by or on behalf of Selling Agent representatives in connection with presentations to prospective purchasers of the Shares; and (ix) the fees and expenses of the Company's accountants and the fees and expenses of counsel (including local and special counsel) for the Company; provided, however, that the Company shall reimburse the Selling Agent for its expenses only up to a maximum of [$_____].

11. EFFECTIVENESS OF AGREEMENT; TERMINATION. This Agreement shall become effective: (i) upon the execution and delivery hereof by the parties hereto; or (ii) if, at the time this Agreement is executed and delivered, it is necessary for the Registration Statement or a post-effective amendment thereto to be declared effective before the offering of the Shares may commence, when notification of the effectiveness of the Registration Statement or such post-effective amendment has been released by the Commission. This Agreement shall be subject to termination in the absolute discretion of the Selling Agent, without further liability in the part of the Selling Agent or the Company, by notice to the Company at any time prior to the Closing Date. Notice of such termination may be given by telegram, telecopy or telephone and shall be subsequently confirmed by letter. Notwithstanding the foregoing, the provisions of Sections 8, 10, 12 and 13 shall survive any termination under this Section 11.

12. MICELLANEOUS. Except as otherwise provided in Section 11, hereof, notice given pursuant to any provision of this Agreement shall be in writing and shall be delivered (i) if to the Company, at the office of the Company at T Cell Sciences, Inc., 115 Fourth Avenue, Needham, MA 02194, Attention: Ms. Una Ryan, President, Chief Scientific Officer, with a copy to Stuart Cable at Goodwin, Proctor & Hoar; or (ii) if to the Selling Agent, at your office at 909 Montgomery Street, Suite 600, San Francisco, California 94133, Attention: Mr. Will K. Weinstein, with a copy to Lior Nuchi at McCutchen, Doyle, Brown & Enersen.

This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect to the subject matter hereof.

This Agreement has been and is made solely for the benefit of the Selling Agent, the Company, its directors and officers, and the other controlling persons referred to in Section 8 hereof and their respective successors and assigns, to the extent provided herein, and no other person shall acquire or have any right under or by virtue of this Agreement. Neither the term "successor" nor the term "successor and assigns" as used in this Agreement shall include a purchaser from any Selling Agent of any of the Shares in his status as such purchaser.

The Company will permit the Selling Agent, at the Selling Agent's expense and subject to the Company's prior approval, such approval not unreasonably withheld, to advertise with a public "tombstone" announcement of completion of the Offering.

13. APPLICABLE LAW; COUNTERPARTS. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed within the State of California.

This Agreement may be signed in various counterparts which together constitute on and the same instrument. If signed in counterparts, this Agreement shall not become effective unless at least one counterpart hereof shall have been executed and delivered on behalf of each party hereto.

Please confirm that the foregoing correctly sets forth the agreement between the Company and the Selling Agent.

Very truly yours,

T-CELL SCIENCES, INC.

By:

Name:
Title:

Confirmed as of the date first above mentioned.

GENESIS MERCHANT GROUP SECURITIES

By:

Name: Will K. Weinstein
Title: Senior Partner

GOODWIN, PROCTER & HOAR LLP

COUNSELLORS AT LAW
EXCHANGE PLACE
BOSTON, MASSACHUSETTS 02109-2881

TELEPHONE (617) 570-1000
TELECOPIER (617) 523-1231

July 22, 1996

T Cell Sciences, Inc.
119 Fourth Avenue
Needham, MA 02194

Ladies and Gentlemen:

Re: Registration Statement on Form S-3

This opinion is delivered in our capacity as counsel to T Cell Sciences, Inc. (the "Company") in connection with the registration of up to 5,000,000 shares of the Company's common stock par value $.001 per share (the "Common Stock") on a Registration Statement on Form S-3 (the "Registration Statement") filed with Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act").

In connection with rendering this opinion, we have examined the Articles of Incorporation, as heretofore amended and restated, the Amended and Restated By-laws of the Company and such records of the corporate proceedings of the Company as we deemed material.

We are attorneys admitted to practice in The Commonwealth of Massachusetts. We express no opinion concerning the laws of any jurisdictions other than the laws of the United States of America, the Commonwealth of Massachusetts and the Delaware General Corporation Law.

Based upon and subject to the foregoing, we are of the opinion that the shares of Common Stock offered pursuant to the Registration Statement will be, when issued and delivered against payment therefor, legally issued, fully paid and nonassessable shares of the Company's Common Stock.

The foregoing assumes that all requisite steps will be taken to comply with the requirements of the Securities Act and applicable requirements of state laws regulating the offer and sale of securities.

GOODWIN, PROCTER & HOAR LLP

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Prospectus.

Very truly yours,

GOODWIN, PROCTER & HOAR LLP

Exhibit 23.1

Consent of Independent Accountant

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated, March 5, 1996 appearing on page 11 of T Cell Sciences, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1995. We also consent to the reference to us under the heading "Experts" in such Prospectus.

Price Waterhouse LLP

Boston, Massachusetts
July 22, 1996

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the use of our report incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK LLP

Boston, Massachusetts
July 18, 1996