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

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FORM 8-K

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CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: March 2, 2006
(Date of earliest event reported)

NOVELOS THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

| DELAWARE | 333-119366 | 04-3321804 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification Number) |

ONE GATEWAY CENTER, SUITE 504
NEWTON, MA 02458
(Address of principal executive offices)

(617) 244-1616 (Registrant's
telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On March 2, 2006, we entered into a securities purchase agreement with approximately 35 accredited investors whereby we sold 11,154,073 shares of our common stock and agreed to issue warrants to purchase 8,365,542 shares of our common stock for an aggregate purchase price of $15,058,005. The warrants are exercisable until March 2011 at an exercise price of $2.50 per share.

We agreed to register the resale of the shares of common stock sold in the offering and issuable upon exercise of the warrants. We are required to file the registration statement with the SEC by 30 days after the closing and use our best efforts to cause the registration statement to be declared effective under the Securities Act of 1933, as amended, within 120 days after the closing of the offering. We are required to use our best efforts to keep the registration

statement continuously effective under the Securities Act until the earlier of the date when all the registrable securities covered by the registration statement have been sold or the second anniversary of the closing. In the event that the registration statement is not filed or declared effective when due, we are obligated to pay the investors liquidated damages in the amount of 1% of the purchase price for each month in which we are in default.

Oppenheimer & Co., Inc. acted as the placement agent and Rodman & Renshaw, LLC acted as the sub-placement agent in connection with the offering. The aggregate commissions payable to Oppenheimer and Rodman & Renshaw in connection with the private placement were approximately $1,000,000. In addition, we issued them warrants to purchase 669,244 shares of common stock identical to those sold to the investors.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

| Number | Description |
|---|---|
| 99.1 | Press Release dated March 2, 2006 entitled "Novelos Therapeutics Announces $12.9 million Private Placement" |
| 99.2 | Form of Securities Purchase Agreement dated March 2, 2006 |
| 99.3 | Form of Common Stock Purchase Warrant dated March 2006 |
| 99.4 | Placement Agent Agreement with Oppenheimer & Co. Inc. dated December 19, 2005 |
| 99.5 | Press release dated March 2, 2006 entitled "Novelos Therapeutics Announces $15 million Private Placement, Supplementing Today's Earlier Announcement" |



SIGNATURE

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

Dated: March 2, 2006 NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin
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Name: Harry S. Palmin
Title: President and Chief Executive Officer



EXHIBIT INDEX

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99.3 Form of Common Stock Purchase Warrant dated March 2006

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[NOVELOS LOGO]

EXHIBIT 99.1

# NOVELOS THERAPEUTICS ANNOUNCES $12.9 MILLION PRIVATE PLACEMENT

NEWTON, MASS., MARCH 2, 2006 - NOVELOS THERAPEUTICS, INC. (OTCBB: NVLT), a biotechnology company focused on the development of therapeutics to treat cancer and hepatitis, today announced that it has entered into definitive securities purchase agreements with institutional investors to raise $12.86 million in gross proceeds through the sale of shares of its common stock and warrants. Novelos has agreed to sell an aggregate of 9.53 million shares of common stock at a price of $1.35 per share. The investors will also receive warrants to purchase an additional 7.15 million shares of common stock at an exercise price of $2.50 per share.

Oppenheimer & Co. and Rodman & Renshaw are serving as the placement agents. The shares and warrants will be issued in a private placement transaction under Regulation D of the Securities of Act of 1933. Novelos is required to file a registration statement covering the common stock purchased by the investors and the common stock underlying the warrants within 30 days of the closing and to use its best efforts to obtain effectiveness within 120 days of the closing.

"I am very pleased to have quality institutional investors participate in this financing, which will provide significant funding to vigorously proceed with the Phase 3 development of NOV-002 in lung cancer, in addition to our other clinical development programs, including chemotherapy-resistant ovarian cancer and chronic hepatitis C with NOV-205, our second compound. Meanwhile, we will continue to seek government procurement for `dirty bomb' treatment with NOV-002," said Harry Palmin, President and CEO of Novelos.

ABOUT NOVELOS THERAPEUTICS, INC.
Novelos Therapeutics, Inc. (OTCBB: NVLT) is a biotechnology company commercializing oxidized glutathione-based compounds for the treatment of cancer and hepatitis. NOV-002, the lead compound currently in Phase 3 development for lung cancer, is designed to act as a chemoprotectant and an immunomodulator. NOV-002 is also being developed to treat chemotherapy-resistant ovarian cancer and acute radiation injury. NOV-205, a second compound, is designed to act as a hepatoprotective agent with immunomodulating and antiviral activity. Novelos plans to initiate a U.S.-based NOV-205 clinical study for chronic hepatitis C by mid-2006. Both compounds have completed clinical trials in humans and have been approved for use in the Russian Federation where they were developed. For additional information about Novelos please visit www.novelos.com

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COMPNANY CONTACT
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This news release contains forward-looking statements. Such statements are valid only as of today, and we disclaim any obligation to update this information. These statements are subject to known and unknown risks and uncertainties that may cause actual future experience and results to differ materially from the statements made. These statements are based on our current beliefs and expectations as to such future outcomes. Drug discovery and development involve a high degree of risk. Factors that might cause such a material difference include, among others, uncertainties related to the ability to attract and retain partners for our technologies, the identification of lead compounds, the successful preclinical development thereof, the completion of clinical trials, the FDA review process and other government regulation, our pharmaceutical collaborators' ability to successfully develop and commercialize drug candidates, competition from other pharmaceutical companies, product pricing and third-party reimbursement.

EXHIBIT 99.2

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement, dated on and as of the date set forth on the signature page hereto (this "Agreement"), is made among Novelos Therapeutics, Inc., a Delaware corporation (the "Company"), the undersigned purchaser(s) (each a "Purchaser" and collectively, the "Purchasers") and each assignee of a Purchaser who becomes a party hereto.

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") and Rule 506 of Regulation D promulgated thereunder, the Company desires to offer, issue and sell to the Purchasers (the "Offering"), and the Purchasers, severally and not jointly, desire to purchase from the Company, shares (the "Shares") of the Company's common stock, par value $0.00001 per share (the "Common Stock"), and five-year warrants to purchase shares of Common Stock (the "Warrants"), with an exercise price per share equal to $2.50. The Shares and the Warrants are collectively referred to herein as the "Securities."

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Company and each of the Purchasers agree as follows:

A. SUBSCRIPTION.

1. Subject to the conditions to closing set forth herein, each Purchaser hereby irrevocably subscribes for and agrees to purchase Securities for the aggregate purchase price set forth on the signature page of such Purchaser hereto (the "Subscription Amount"). The Securities to be issued to a Purchaser hereunder shall consist of (i) Shares in an amount equal to the quotient of (x) the Subscription Amount, divided by (y) the Offering Price, rounded down to the nearest whole number, and (ii) a Warrant to purchase such number of shares of Common Stock to be determined based on a ratio of .75 share of Common Stock for every one Share purchased hereunder, rounded down to the nearest whole number.

2. For purposes of this Agreement, the "Offering Price" shall be $1.35, which shall be the price per Share to be paid by the Purchasers.

3. As soon as possible after acceptance of this Agreement by the Company but no later than 5:00 p.m. Eastern time on March 10, 2006, the Company shall hold the closing of the Offering (the "Closing" and the date of the Closing, the "Closing Date"). Prior to the Closing, each Purchaser shall deliver the applicable Subscription Amount, by wire transfer to such escrow account in accordance with the wire transfer instructions set forth on Schedule A, and such amount shall be held in the manner described in Paragraph (4) below. The minimum Subscription Amount required for the Closing is $10,000,000.

4. All payments for Securities made by the Purchasers will be deposited as soon as practicable for the undersigned's benefit in a non-interest bearing escrow account. Payments for Securities made by the Purchasers will be returned promptly, prior to an applicable Closing,

without interest or deduction, if, or to the extent, the undersigned's subscription is rejected or the Offering is terminated for any reason.

5. Upon receipt by the Company of the requisite payment for all Securities to be purchased by the Purchasers whose subscriptions are accepted, the Company shall, at the Closing: (i) issue to each Purchaser stock certificates representing the shares of Common Stock purchased at such Closing under this Agreement; (ii) issue to each Purchaser a Warrant to purchase such number of shares of Common Stock calculated based on the number of shares of Common Stock issued at such Closing and in accordance with Paragraph (1) above; (iii) deliver to the Purchasers and to Oppenheimer & Co. Inc., the placement agent for the Offering (the "Placement Agent"), a certificate stating that the representations and warranties made by the Company in Section C of this

Agreement were true and correct in all respects when made and are true and correct in all respects on the date of each such Closing relating to the Securities subscribed for pursuant to this Agreement as though made on and as of such Closing date (provided, however, that representations and warranties that speak as of a specific date shall continue to be true and correct as of the Closing with respect to such date); and (iv) cause to be delivered to the Placement Agent and the Purchasers an opinion of Foley Hoag LLP substantially in the form of Exhibit A hereto.

6. Each Purchaser acknowledges and agrees that the purchase of Shares and Warrants by such Purchaser pursuant to the Offering is subject to all the terms and conditions set forth in this Agreement.

B. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS.

Each Purchaser, severally and not jointly, hereby represents and warrants to the Company and the Placement Agent, and agrees with the Company as follows:

1. The Purchaser has carefully read this Agreement and the form of Warrant attached hereto as Exhibit B (collectively the "Offering Documents"), and is familiar with and understands the terms of the Offering. Specifically, and without limiting in any way the foregoing representation, the Purchaser has carefully read and considered the Company's (a) registration statement on Form SB-2 (SEC File No. 333-129744), as amended (the "SB-2"), (b) Quarterly Reports on Form 10-QSB for the quarters ended June 30, 2005 and September 30, 2005, and (c) the additional risk factors set forth on Schedule B. The Purchaser fully understands all of the risks related to the purchase of the Securities. The Purchaser has carefully considered and has discussed with the Purchaser's professional legal, tax, accounting and financial advisors, to the extent the Purchaser has deemed necessary, the suitability of an investment in the Securities for the Purchaser's particular tax and financial situation and has determined that the Securities being subscribed for by the Purchaser are a suitable investment for the Purchaser. The Purchaser recognizes that an investment in the Securities involves substantial risks, including the possible loss of the entire amount of such investment. The Purchaser further recognizes that the Company has broad discretion concerning the use and application of the proceeds from the Offering.

2. The Purchaser acknowledges that (i) the Purchaser has had the opportunity to request copies of any documents, records, and books pertaining to this investment and (ii) any



such documents, records and books that the Purchaser requested have been made available for inspection by the Purchaser, the Purchaser's attorney, accountant or advisor(s).

3. The Purchaser, and the Purchaser's advisor(s), have had a reasonable opportunity to ask questions of and receive answers from representatives of the Company or persons acting on behalf of the Company concerning the Offering and all such questions have been answered to the full satisfaction of the Purchaser. Notwithstanding the foregoing, the Purchaser may rely on the representations and warranties of the Company contained in Section C.

4. The Purchaser is not subscribing for Securities as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar, meeting or conference whose attendees have been invited by any general solicitation or general advertising.

5. If the Purchaser is a natural person, the Purchaser has reached the age of majority in the state in which the Purchaser resides. Each Purchaser has adequate means of providing for the Purchaser's current financial needs and contingencies, is able to bear the substantial economic risks of an investment in the Securities for an indefinite period of time, has no need for liquidity in such investment and can afford a complete loss of such investment.

6. The Purchaser has sufficient knowledge and experience in financial, tax and business matters to enable the Purchaser to utilize the information made

available to the Purchaser in connection with the Offering, to evaluate the merits and risks of an investment in the Securities and to make an informed investment decision with respect to an investment in the Securities on the terms described in the Offering Documents.

7. The Purchaser understands that nothing in this Agreement or any other materials presented to the Purchaser in connection with the purchase and sale of the Securities constitutes legal, tax or investment advice. The Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Securities.

8. The Purchaser will not sell or otherwise transfer the Securities without registration under the Securities Act and applicable state securities laws or an applicable exemption therefrom. The Purchaser acknowledges that neither the offer nor sale of the Securities has been registered under the Securities Act or under the securities laws of any state. The Purchaser represents and warrants that the Purchaser is acquiring the Securities for the Purchaser's own account, for investment and not with a view toward resale or distribution within the meaning of the Securities Act. The Purchaser has not offered or sold the Securities being acquired nor does the Purchaser have any present intention of selling, distributing or otherwise disposing of such Securities either currently or after the passage of a fixed or determinable period of time or upon the occurrence or non-occurrence of any predetermined event in circumstances in violation of the Securities Act. The Purchaser is aware that (i) the Securities are not currently eligible for sale in reliance upon Rule 144 promulgated under the Securities Act and (ii) the Company has no obligation to register the Securities subscribed for hereunder, except as provided in Section E hereof. By making these representations herein, Purchaser is not making any representation or agreement to hold the Securities for any minimum or other specific term



and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an available exemption to the registration requirements of the Securities Act.

9. The Purchaser acknowledges that the certificates representing the Shares, the Warrants and, upon the exercise of the Warrants, the shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares"), will be stamped or otherwise imprinted with a legend substantially in the following form:

> The securities represented hereby have not been registered under the Securities Act of 1933, as amended, or any state securities laws and neither the securities nor any interest therein may be offered, sold, transferred, pledged or otherwise disposed of except pursuant to an effective registration under such act or an exemption from registration, which, in the opinion of counsel reasonably satisfactory to this corporation, is available.

Certificates evidencing the Shares and the Warrant Shares shall not be required to contain such legend or any other legend (i) following any sale of such Shares or Warrant Shares pursuant to Rule 144, or (ii) if such Shares or Warrant Shares are eligible for sale under Rule 144(k) or have been sold pursuant to the Registration Statement (as hereafter defined) and in compliance with the obligations set forth in Section E(6), below, in each such case (i) and (ii) to the extent reasonably determined by the Company's legal counsel. Notwithstanding the foregoing, following the effective date of the Registration Statement, the legend set forth above may, at the request of the Purchaser, be removed from the certificates evidencing such Shares and Warrant Shares prior to the resale thereof and the Company will rescind any stop transfer orders with respect to such shares given to the Company's transfer agent, provided that such Purchaser represents and covenants to the Company in writing (in a form reasonably acceptable to the Company and its counsel) that the Purchaser will sell such shares only pursuant to and in the manner contemplated by the Registration Statement, including the Plan of Distribution section contained therein (in substantially the form attached hereto as Exhibit E), and otherwise in compliance with the Securities Act, including the prospectus delivery

requirements of such act. Subject to the foregoing, at such time and to the extent a legend is no longer required for the Shares or Warrant Shares, the Company will no later than three (3) trading days following the delivery by a Purchaser to the Company or the Company's transfer agent of a legended certificate representing such Shares or Warrant Shares (together with such accompanying documentation or representations as reasonably required by counsel to the Company), deliver or cause to be delivered a certificate representing such Shares or Warrant Shares that is free from the foregoing legend.

10. The Purchaser acknowledges that there may occasionally be times when the Company, based on the advice of its counsel, determines that, subject to the limitations and conditions of Section E.3(g), it must suspend the use of the prospectus forming a part of the Registration Statement until such time as an amendment to the Registration Statement has been filed by the Company and declared effective by the SEC or until the Company has amended or supplemented such prospectus.



11. The Purchaser has full right, power, authority and capacity (corporate, statutory or otherwise) to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except (i) to the extent rights to indemnity and contribution may be limited by state or federal securities laws or the public policy underlying such laws, (ii) enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws affecting creditors' and contracting parties' rights generally and (iii) enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

12. If the Purchaser is a retirement plan or is investing on behalf of a retirement plan, the Purchaser acknowledges that an investment in the Securities poses additional risks, including the inability to use losses generated by an investment in the Securities to offset taxable income.

13. The information contained in the purchaser questionnaire in the form of Exhibit C attached hereto (the "Purchaser Questionnaire") delivered by the Purchaser in connection with this Agreement is complete and accurate in all respects as of the date of this Agreement and shall be correct as of the effective date of the Registration Statement; provided that the Company shall notify the Purchaser of its intent to file the registration statement and the Purchaser shall be entitled to update such information by providing written notice thereof to the Company, and the Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act on the basis indicated therein.

14. The information contained in the selling stockholder questionnaire in the form of Exhibit D attached hereto (the "Selling Stockholder Questionnaire") delivered by the Purchaser in connection with this Agreement is complete and accurate in all respects as of the date of this Agreement and shall be correct as of the effective date of the Registration Statement; provided that the Company shall notify the Purchaser of its intent to file the registration statement and the Purchaser shall be entitled to update such information by providing written notice thereof to the Company.

15. The Purchaser acknowledges that the Company will have the authority to issue shares of Common Stock, in excess of those being issued in connection with the Offering, and that the Company may issue additional shares of Common Stock from time to time. The issuance of additional shares of Common Stock may cause dilution of the existing shares of Common Stock and a decrease in the market price of such existing shares.

16. The Purchaser acknowledges that the Company has engaged the Placement Agent in connection with the Offering and, as consideration for its services, has agreed to pay the Placement Agent a cash commission equal to seven percent (7%) of the gross proceeds resulting from the Offering and issue a warrant (the "Placement Agent Warrant") to purchase a number of shares of Common

Stock equal to six percent (6%) of the aggregate Shares sold in the Offering. The Placement Agent Warrant will have a term of five years and be exercisable at a price equal to the exercise price of the Warrant issued to Purchaser hereunder.



C. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company hereby makes the following representations and warranties to the Purchaser and the Placement Agent, which shall survive the Closing and the purchase and sale of the Securities.

1. Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to conduct its business as currently conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the property owned or leased or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the business, properties, prospects, financial condition or results of operations of the Company (a "Material Adverse Effect").

2. Capitalization. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 7,000 shares of preferred stock, par value $0.00001 per share. As of February 28, 2006, there were 27,976,199 shares of Common Stock and 3,264 shares of preferred stock issued and outstanding. As of February 28, 2006, the Company had reserved (i) 73,873 shares of Common Stock for issuance to employees, directors and consultants pursuant to the Company's 2000 Stock Option Plan, of which 73,873 shares of Common Stock are subject to outstanding, unexercised options as of such date, (ii) 7,482,786 shares of Common Stock for issuance pursuant to other outstanding options and warrants to purchase Common Stock and (iii) 3,393,938 shares of Common Stock for issuance pursuant to outstanding convertible preferred stock. Other than as set forth above or as contemplated in this Agreement, there are no other options, warrants, calls, rights, commitments or agreements of any character to which the Company is a party or by which either the Company is bound or obligating the Company to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any shares of the capital stock of the Company or obligating the Company to grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

3. Issuance; Reservation of Shares. The issuance of the Shares has been duly and validly authorized by all necessary corporate and stockholder action, and the Shares, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and non-assessable shares of Common Stock of the Company. The issuance of the Warrants has been duly and validly authorized by all necessary corporate and stockholder action, and the Warrant Shares, when issued upon the due exercise of the Warrants, will be validly issued, fully paid and non-assessable shares of Common Stock of the Company. The Company has reserved, and will reserve, at all times that the Warrants or Placement Agent Warrant remain outstanding, such number of shares of Common Stock sufficient to enable the full exercise of the Warrants and the Placement Agent Warrant.

4. Authorization; Enforceability. The Company has all corporate right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. All corporate action on the part of the Company, its directors and stockholders necessary for the authorization, execution, delivery and performance of this Agreement by the Company, the



authorization, sale, issuance and delivery of the Securities contemplated herein and the performance of the Company's obligations hereunder has been taken. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the

Company in accordance with its terms and subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy. The issuance and sale of the Securities contemplated hereby will not give rise to any preemptive rights or rights of first refusal on behalf of any person.

5. No Conflict; Governmental and Other Consents.

(a) The execution and delivery by the Company of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental authority to or by which the Company is bound, or of any provision of the Certificate of Incorporation or Bylaws of the Company, and will not conflict with, or result in a breach or violation of, any of the terms or provisions of, or constitute (with due notice or lapse of time or both) a default under, any lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which the Company is a party or by which it is bound or to which any of its properties or assets is subject, nor result in the creation or imposition of any lien upon any of the properties or assets of the Company except to the extent that any such violation, conflict or breach would not be reasonably likely to have a Material Adverse Effect. Except as set forth on Schedule C(5)(a), no holder of any of the securities of the Company or any of its Subsidiaries has any rights ("demand," "piggyback" or otherwise) to have such securities registered by reason of the intention to file, filing or effectiveness of a Registration Statement (as defined in Section E hereof), other than those persons identified as "selling stockholders" in the SB-2.

(b) No consent, approval, authorization or other order of any governmental authority or other third-party is required to be obtained by the Company in connection with the authorization, execution and delivery of this Agreement or with the authorization, issue and sale of the Securities, except such post-Closing filings as may be required to be made with the Securities and Exchange Commission (the "SEC") and with any state or foreign blue sky or securities regulatory authority.

6. Litigation. There are no pending or, to the Company's knowledge, threatened legal or governmental proceedings against the Company, which, if adversely determined, would be reasonably likely to have a Material Adverse Effect on the Company. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body (including, without limitation, the SEC) pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries wherein an unfavorable decision, ruling or finding could adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under the Agreements.

7. Accuracy of Reports. All reports required to be filed by the Company within the two years prior to the date of this Agreement (the "SEC Reports") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), have been filed with the SEC, complied at the



time of filing in all material respects with the requirements of their respective forms and, except to the extent updated or superseded by any subsequently filed report, were complete and correct in all material respects as of the dates at which the information was furnished, and contained (as of such dates) no untrue statements of a material fact nor omitted to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

8. Financial Information. The Company's financial statements that appear in the SEC Reports have been prepared in accordance with United States generally accepted accounting principles ("GAAP"), except in the case of unaudited statements, as permitted by Form 10-QSB of the SEC or as may be indicated therein or in the notes thereto, applied on a consistent basis throughout the periods indicated and such financial statements fairly present in all material respects the financial condition and results of operations of the

Company as of the dates and for the periods indicated therein.

9. Accounting Controls. 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 to permit preparation of financial statements in conformity with GAAP and 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.

10. Absence of Certain Changes. Since the date of the Company's financial statements in the latest of the SEC Reports, there has not occurred any undisclosed event that has caused a Material Adverse Effect or any occurrence, circumstance or combination thereof that reasonably would be likely to result in such Material Adverse Effect.

11. Investment Company. The Company is not an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

12. Subsidiaries. The Company has no subsidiaries. For the purposes of this Agreement, "subsidiary" shall mean any company or other entity of which at least 50% of the securities or other ownership interest having ordinary voting power for the election of directors or other persons performing similar functions are at the time owned directly or indirectly by the Company or any of its other subsidiaries.

13. Indebtedness. The financial statements in the SEC Reports reflect, to the extent required, as of the date thereof all outstanding secured and unsecured Indebtedness (as defined below) of the Company or any subsidiary, or for which the Company or any subsidiary has commitments. For purposes of this Agreement, "Indebtedness" shall mean (a) any liabilities for borrowed money or amounts owed (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments



for deposit or collection or similar transactions in the ordinary course of business; and (c) the present value of any lease payments due under leases required to be capitalized in accordance with GAAP. The Company is not in default with respect to any Indebtedness.

14. Certain Fees. Other than fees payable to the Placement Agent, no brokers', finders' or financial advisory fees or commissions will be payable by the Company with respect to the transactions contemplated by this Agreement.

15. Material Agreements. Except as set forth in the SEC Reports, the Company is not a party to any written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement, a copy of which would be required to be filed with the SEC as an exhibit to a Form 10-KSB (each, a "Material Agreement"). The Company and each of its subsidiaries has in all material respects performed all the obligations required to be performed by them to date under the foregoing agreements, have received no notice of default by the Company or the subsidiary that is a party thereto, as the case may be, and, to the Company's knowledge, are not in default under any Material Agreement now in effect, the result of which would be reasonably likely to have a Material Adverse Effect.

16. Transactions with Affiliates. Except as set forth in the SEC Reports, there are no loans, leases, agreements, contracts, royalty agreements, management contracts or arrangements or other continuing transactions between (a) the Company or any of its customers or suppliers on the one hand, and (b) on the other hand, any person who would be covered by Item 404(a) of Regulation S-B or any company or other entity controlled by such person.

17. Taxes. The Company has prepared and filed all federal, state, local, foreign and other tax returns for income, gross receipts, sales, use and other taxes and custom duties ("Taxes") required by law to be filed by it, except for tax returns, the failure to file which, individually or in the aggregate, do not and would not have a Material Adverse Effect on the Company. Such filed tax returns are complete and accurate, except for such omissions and inaccuracies which, individually or in the aggregate, do not and would not have a Material Adverse Effect on the Company. The Company has paid or made provisions for the payment of all Taxes shown to be due on such tax returns and all additional assessments, and adequate provisions have been and are reflected in the financial statements of the Company and the subsidiaries for all current Taxes to which the Company or any subsidiary is subject and which are not currently due and payable, except for such Taxes which, if unpaid, individually or in the aggregate, do not and would not have a Material Adverse Effect on the Company. None of the federal income tax returns of the Company for the past five years has been audited by the Internal Revenue Service. The Company has not received written notice of any assessments, adjustments or contingent liability (whether federal, state, local or foreign) in respect of any Taxes pending or threatened against the Company or any subsidiary for any period which, if unpaid, would have a Material Adverse Effect on the Company.

18. Insurance. The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company believes are prudent and customary in the businesses in which the Company is engaged. The Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to



continue its business without an increase in cost significantly greater than general increases in cost experienced for similar companies in similar industries with respect to similar coverage.

19. Environmental Matters. Except as disclosed in the SEC Reports, all real property owned, leased or otherwise operated by the Company is free of contamination from any substance, waste or material currently identified to be toxic or hazardous pursuant to, within the definition of a substance which is toxic or hazardous under, or which may result in liability under, any Environmental Law (as defined below), including, without limitation, any asbestos, polychlorinated biphenyls, radioactive substance, methane, volatile hydrocarbons, industrial solvents, oil or petroleum or chemical liquids or solids, liquid or gaseous products, or any other material or substance ("Hazardous Substance") which has caused or would reasonably be expected to cause or constitute a threat to human health or safety, or an environmental hazard in violation of Environmental Law or to result in any environmental liabilities that would be reasonably likely to have a Material Adverse Effect. The Company has not caused or suffered to occur any release, spill, migration, leakage, discharge, disposal, uncontrolled loss, seepage, or filtration of Hazardous Substances that would reasonably be expected to result in environmental liabilities that would be reasonably likely to have a Material Adverse Effect. The Company has generated, treated, stored and disposed of any Hazardous Substances in compliance with applicable Environmental Laws, except for such non-compliances that would not be reasonably likely to have a Material Adverse Effect. The Company has obtained, or has applied for, and is in compliance with and in good standing under all permits required under Environmental Laws (except for such failures that would not be reasonably likely to have a Material Adverse Effect) and the Company has no knowledge of any proceedings to substantially modify or to revoke any such permit. There are no investigations, proceedings or litigation pending or, to the Company's knowledge, threatened against the Company or any of the Company's facilities relating to Environmental Laws or Hazardous Substances. "Environmental Laws" shall mean all federal, national, state, regional and local laws, statutes, ordinances and regulations, in each case as amended or supplemented from time to time, and any judicial or administrative interpretation thereof, including orders, consent decrees or judgments relating to the regulation and protection of human health, safety, the environment and natural resources.

20. Intellectual Property Rights and Licenses. The Company owns or has the right to use any and all information, know-how, trade secrets, patents,

copyrights, trademarks, trade names, software, formulae, methods, processes and other intangible properties that are of a such nature and significance to the business that the failure to own or have the right to use such items would have a Material Adverse Effect ("Intangible Rights"). The Company has not received any notice that it is in conflict with or infringing upon the asserted intellectual property rights of others in connection with the Intangible Rights, and, to the Company's knowledge, neither the use of the Intangible Rights nor the operation of the Company's businesses is infringing or has infringed upon any intellectual property rights of others. All payments have been duly made that are necessary to maintain the Intangible Rights in force. No claims have been made, and to the Company's knowledge, no claims are threatened, that challenge the validity or scope of any material Intangible Right of the Company. The Company has taken reasonable steps to obtain and maintain in force all licenses and other permissions under Intangible Rights of third parties necessary to conduct their businesses as heretofore conducted by them, and now being conducted by them, and as expected to be conducted, and the Company is not or has not been in material breach of any such license or other permission.



21. Labor, Employment and Benefit Matters.

(a) There are no existing, or to the best of the Company's knowledge, threatened strikes or other labor disputes against the Company that would be reasonably likely to have a Material Adverse Effect. Except as set forth in the SEC Reports, there is no organizing activity involving employees of the Company pending or, to the Company's or its subsidiaries' knowledge, threatened by any labor union or group of employees. There are no representation proceedings pending or, to the Company's knowledge, threatened with the National Labor Relations Board, and no labor organization or group of employees of the Company or its subsidiaries has made a pending demand for recognition.

(b) Except as set forth in the SEC Reports, the Company is not, or during the five years preceding the date of this Agreement was not, a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to employees of the Company.

(c) Each employee benefit plan is in compliance with all applicable law, except for such noncompliance that would not be reasonably likely to have a Material Adverse Effect.

(d) The Company does not have any liabilities, contingent or otherwise, including without limitation, liabilities for retiree health, retiree life, severance or retirement benefits, which are not fully reflected, to the extent required by GAAP, on the Balance Sheet or fully funded. The term "liabilities" used in the preceding sentence shall be calculated in accordance with reasonable actuarial assumptions.

(e) The Company has not (i) terminated any "employee pension benefit plan" as defined in Section 3(2) of ERISA (as defined below) under circumstances that present a material risk of the Company or any of its subsidiaries incurring any liability or obligation that would be reasonably likely to have a Material Adverse Effect, or (ii) incurred or expects to incur any outstanding liability under Title IV of the Employee Retirement Income Security Act of 1974, as amended and all rules and regulations promulgated thereunder ("ERISA").

22. Compliance with Law. The Company is in compliance in all material respects with all applicable laws, except for such noncompliance that would not reasonably be likely to have a Material Adverse Effect. The Company has not received any notice of, nor does the Company have any knowledge of, any violation (or of any investigation, inspection, audit or other proceeding by any governmental entity involving allegations of any violation) of any applicable law involving or related to the Company which has not been dismissed or otherwise disposed of that would be reasonably likely to have a Material Adverse Effect. The Company has not received notice or otherwise has any knowledge that the Company is charged with, threatened with or under investigation with respect to, any violation of any applicable law that would reasonably be likely to have a Material Adverse Effect. Neither the Company nor any of its subsidiaries nor any employee or agent of the Company or any subsidiary has made any contribution

or other payment to any official of, or candidate for, any federal, state or foreign office in violation of any law. The Company and its directors, officers, employees and agents



have complied in all material respects with the Foreign Corrupt Practices Act of 1977, as amended, and any related rules and regulations.

23. Ownership of Property. Except as set forth in the Company's financial statements included in the SEC Reports, the Company has (i) good and marketable fee simple title to its owned real property, if any, free and clear of all liens, except for liens which do not individually or in the aggregate have a Material Adverse Effect; (ii) a valid leasehold interest in all leased real property, and each of such leases is valid and enforceable in accordance with its terms (subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy) and is in full force and effect, and (iii) good title to, or valid leasehold interests in, all of its other properties and assets free and clear of all liens, except for liens disclosed in the SEC Reports or which otherwise do not individually or in the aggregate have a Material Adverse Effect.

24. No Integrated Offering. Assuming the accuracy of each Purchaser's representations and warranties set forth in Section B hereof, neither the Company, nor any of its affiliates or other person acting on the Company's behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security under circumstances that would cause the Offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act, when integration would cause the Offering not to be exempt from the requirements of Section 5 of the Securities Act.

25. General Solicitation. Neither the Company nor, to its knowledge, any person acting on behalf of the Company, has offered or sold any of the Securities by any form of "general solicitation" within the meaning of Rule 502 under the Securities Act. To the knowledge of the Company, no person acting on its behalf has offered the Securities for sale other than to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

26. No Manipulation of Stock. The Company has not taken and will not, in violation of applicable law, take, 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 Securities.

27. No Registration. Assuming the accuracy of the representations and warranties made by, and compliance with the covenants of, the Purchasers in Section B hereof, no registration of the Securities under the Securities Act is required in connection with the offer and sale of the Securities by the Company to the Purchasers as contemplated by this Agreement.

28. Form D. The Company agrees to file one or more Forms D with respect to the Securities on a timely basis as required under Regulation D under the Securities Act to claim the exemption provided by Rule 506 of Regulation D and to provide a copy thereof to the Purchasers and their counsel promptly after such filing.

29. Certain Future Financings and Related Actions. The Company will not sell, offer to sell, solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the



Securities Act) that is or could be integrated with the sale of the Securities

in a manner that would require the registration of the Securities under the Securities Act.

30. Use of Proceeds. The Company intends that the net proceeds from the Offering will be used to fund the continued development of its product candidates (including, without limitation, expenses relating to conducting clinical trials and milestones payments that may be triggered under the license agreements relating to such product candidates), for working capital and for other general corporate purposes.

31. Disclosure. The Company understands and confirms that each of the Purchasers will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided by the Company to the Purchasers regarding the Company, its business and the transactions contemplated hereby furnished by or on the behalf of the Company are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. To the Company's knowledge, no material event or circumstance has occurred or information exists with respect to the Company or its business, properties, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

32. Special Protocol Assessment. The Company will seek to finalize the pivotal Phase 3 study design under a Special Protocol Assessment during the first half of 2006. The primary endpoint of the pivotal study will be overall survival.

D. UNDERSTANDINGS.

Each of the Purchasers understands, acknowledges and agrees with the Company as follows:

1. The execution of this Agreement by the Purchaser or solicitation of the investment contemplated hereby shall create no obligation on the part of the Company or the Placement Agent to accept any subscription or complete the Offering. If the Company accepts a subscription for Securities made by a Purchaser, it shall countersign this Agreement.

2. No federal or state agency or authority has made any finding or determination as to the accuracy or adequacy of the Offering Documents or as to the fairness of the terms of the Offering nor any recommendation or endorsement of the Securities. Any representation to the contrary is a criminal offense. In making an investment decision, Purchasers must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved.

3. The Offering is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act and the provisions of Rule 506 of Regulation D thereunder, which is in part dependent upon the truth, completeness and accuracy of the statements made by the Purchaser herein and in the Purchaser Questionnaire.



4. Notwithstanding the registration obligations provided herein, there can be no assurance that the Purchaser will be able to sell or dispose of the Securities. It is understood that in order not to jeopardize the Offering's exempt status under Section 4(2) of the Securities Act and Regulation D, any transferee may, at a minimum, be required to fulfill the investor suitability requirements thereunder.

5. The Purchaser acknowledges that the Offering is confidential and non-public and agrees that all information about the Offering shall be kept in confidence by the Purchaser until the public announcement of the Offering by the Company. The Purchaser acknowledges that the foregoing restrictions on the Purchaser's use and disclosure of any such confidential, non-public information contained in the above-described documents restricts the Purchaser from trading in the Company's securities to the extent such trading is on the basis of

material, non-public information of which the Purchaser is aware. Except for the terms of the transaction documents and the fact that the Company is considering consummating the transactions contemplated therein, the Company confirms that neither the Company nor, to its knowledge, any other person acting on its behalf, has provided any of the Purchasers or their agents or counsel with any information that constitutes material, non-public information.

6. The Purchaser agrees that beginning on the date hereof until the Offering is publicly announced by the Company (which the Company has agreed to undertake in accordance with the provisions of Section F.3. hereof), the Purchaser will not enter into any Short Sales. For purposes of the foregoing sentence, a "Short Sale" by a Purchaser means a sale of Common Stock that is marked as a short sale and that is executed at a time when such Purchaser has no equivalent offsetting long position in the Common Stock, exclusive of the Shares. For purposes of determining whether a Purchaser has an equivalent offsetting long position in the Common Stock, all Common Stock that would be issuable upon exercise in full of all options then held by such Purchaser (assuming that such options were then fully exercisable, notwithstanding any provisions to the contrary, and giving effect to any exercise price adjustments scheduled to take effect in the future) shall be deemed to be held long by such Purchaser.

E. REGISTRATION RIGHTS.

1. Certain Definitions. For purposes of this Section E, the following terms shall have the meanings ascribed to them below.

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

(b) "Registrable Securities" shall mean any Shares and Warrant Shares (including Shares of Common Stock issued or issuable upon exercise of the Placement Agent Warrant) issued or issuable pursuant to the Offering Documents together with any securities



issued or issuable upon any stock split, dividend or other distribution, adjustment, recapitalization or similar event with respect to the foregoing.

(c) "Registration Statement" means the registration statement required to be filed under this Section E, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

2. Registration.

(a) The Company shall use its best efforts to cause to prepare and file with the SEC a Registration Statement covering the resale of all Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act by the later of (i) 30 days after the Closing or (ii) five (5) business days after it files its Form 10-KSB for the year ended December 31, 2005 with the SEC (but no later than March 31, 2006) (such date of actual filing, the "Filing Date"). The Registration Statement shall be on Form SB-2 and shall contain (except if otherwise directed by the Purchasers) a "Plan of Distribution" substantially in the form attached hereto as Exhibit E. Each Purchaser will furnish to the Company, within five days of the Closing, a completed questionnaire in the form set forth as Exhibit D hereto. Each Purchaser agrees to promptly update such questionnaire in order to make the information previously furnished to the Company by such Purchaser not

materially misleading. The Registration Statement shall register the Registrable Securities for resale by the holders thereof.

(b) The Company shall use its best efforts to cause the Registration Statement to be declared effective by the SEC on or prior to the 120th day following the Closing, and shall use its best efforts to keep the Registration Statement continuously effective under the Securities Act until the earliest of (i) the second anniversary of the Closing or (ii) the date when all Registrable Securities covered by such Registration Statement have been sold (the "Effectiveness Period").

(c) The Company shall request effectiveness of the Registration Statement (and any post-effective amendments thereto) within five (5) business days following the Company's receipt of notice from the SEC that the Registration Statement will not be reviewed by the SEC or that the SEC has completed its review of such Registration Statement and has no further comments. The Company shall request effectiveness of the Registration Statement (and any post-effective amendments thereto) at 5:00 p.m., Eastern time, on the effective date and deliver the Prospectus (or any supplements thereto), which delivery may be made electronically, by 8:00 a.m. Eastern time on the business day after such effective date to the Placement Agent.

(d) Upon the occurrence of any Event (as defined below), as partial relief for the damages suffered therefrom by the Purchasers (which remedy shall not be exclusive of any other remedies which are available at law or in equity; and provided further that the Purchasers shall be entitled to pursue an action for specific performance of the Company's obligations under Paragraph (2)(b) above and any such actions at law, in equity, for specific performance or otherwise shall not require the Purchaser to post a bond), the Company shall pay to each Purchaser, as liquidated damages and not as a penalty (it being agreed that it would not be



feasible to ascertain the extent of such damages with precision), such amounts and at such times as shall be determined pursuant to this Paragraph (2)(d). For such purposes, each of the following shall constitute an "Event":

(i) the Filing Date does not occur on the date contemplated by Paragraph (2)(a) above (such date is defined herein as the "Filing Default Date"), in which case the Company shall pay to each Purchaser an amount in cash equal to: (A) one percent (1%) of the aggregate purchase price of the Shares paid by such Purchaser, on a pro-rata basis over a 30-day period; and (B) for each successive 30-day period thereafter or any portion thereof until the Filing Date, one percent (1%) of the aggregate purchase price of the Shares paid by such Purchaser, on a pro-rata basis over a 30-day period, to be paid at the end of each 30-day period; or

(ii) the Registration Statement is not declared effective on or prior to the date that is 120 days after the Closing Date (the "Required Effectiveness Date"), in which case the Company shall pay to each Purchaser an amount in cash equal to: (A) for the first 30 days after such 120th day, one percent (1%) of the aggregate purchase price of the Shares paid by such Purchaser, on a pro-rata basis over a 30-day period; and (B) for each successive 30-day period thereafter until the Registration Statement is deemed effective, one percent (1%) of the aggregate purchase price of the Shares paid by such Purchaser, on a pro rata basis over a 30-day period, at the end of each 30-day period.

The payment obligations of the Company under this Section E(2)(d) shall be cumulative; provided that in no event shall the Company pay more than ten percent (10%) of the aggregate purchase price of the Shares.

3. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall:

(a) Use its best efforts to (i) prepare and file with the SEC such amendments, including post-effective amendments, to the Registration Statement as may be necessary to keep the Registration Statement continuously effective as to the Registrable Securities for the Effectiveness Period; (ii) cause the

related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; and (iii) respond as promptly as reasonably possible, and in any event within ten (10) trading days, to any comments received from the SEC with respect to the Registration Statement or any amendment thereto and as promptly as reasonably possible provide the Placement Agent true and complete copies of all written correspondence from and to the SEC relating to the Registration Statement.

(b) Notify the Placement Agent and the Purchasers as promptly as reasonably possible, and (if requested by the Placement Agent) confirm such notice in writing no later than two (2) trading days thereafter, of any of the following events: (i) the SEC notifies the Company whether there will be a "review" of the Registration Statement; (ii) the SEC comments in writing on the Registration Statement (in which case the Company shall deliver to the Placement Agent a copy of such comments and of all written responses thereto); (iii) the SEC or any other Federal or state governmental authority in writing requests any amendment or supplement to the



Registration Statement or Prospectus or requests additional information related thereto; (iv) if the SEC issues any stop order suspending the effectiveness of the Registration Statement or initiates any action, claim, suit, investigation or proceeding (a "Proceeding") for that purpose; (v) the Company receives notice in writing of any suspension of the qualification or exemption from qualification of any Registrable Securities for sale in any jurisdiction, or the initiation or threat of any Proceeding for such purpose; or (vi) the financial statements included in the Registration Statement become ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference is untrue in any material respect or any revision to the Registration Statement, Prospectus or other document is required so that it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, the Company shall not include any material non-public information in any notice provided to any Purchaser under this Section E(3)(b).

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

(d) The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Purchasers in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(e) [INTENTIONALLY LEFT BLANK]

(f) Use its best efforts to register or qualify or cooperate with the selling Purchasers in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or "blue sky" laws of New York, Wisconsin and any other such jurisdictions within the United States as any Purchaser requests in writing, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; provided, however, that the Company shall not be required for any such purpose to (i) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not be otherwise required to qualify but for the requirements of this Paragraph (3)(f), or (ii) subject itself to taxation.

(g) Upon the occurrence of any event described in Paragraph (3)(b)(vi) above, as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed

to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the



Company may suspend sales pursuant to the Registration Statement for a period of up to thirty (30) days (unless the holders of at least a majority of the then-eligible Registrable Securities consisting of outstanding shares of Common Stock consent in writing to a longer delay of up to an additional thirty (30) days) no more than twice in any twelve-month period if the Company furnishes to the holders of the Registrable Securities a certificate signed by the Company's Chief Executive Officer stating that in the good faith judgment of the Company's Board of Directors, (i) the offering could reasonably be expected to interfere in any material respect with any acquisition, corporate reorganization or other material transaction under consideration by the Company or (ii) there is some other material development relating to the operations or condition (financial or other) of the Company that has not been disclosed to the general public and as to which it is in the Company's best interests not to disclose such development; provided further, however, that the Company may not so suspend sales more than twice in any calendar year without the written consent of the holders of at least a majority of the then-eligible Registrable Securities consisting of outstanding shares of Common Stock. Each violation of the Company's obligation not to suspend sales pursuant to the Registration Statement longer than permitted pursuant to the proviso of this Paragraph 3(g) shall be deemed an "Event" and for each such default, Purchaser shall be entitled to the payment provisions set forth in Paragraph 2(d)(i).

(h) Comply with all applicable rules and regulations of the SEC in all material respects.

4. Registration Expenses. The Company shall pay (or reimburse the Purchasers for) all fees and expenses incident to the performance of or compliance with this Agreement by the Company, including without limitation (a) all registration and filing fees and expenses, including without limitation those related to filings with the SEC, Nasdaq and in connection with applicable state securities or "Blue Sky" laws, (b) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing copies of Prospectuses reasonably requested by the Purchasers), (c) messenger, telephone and delivery expenses, (d) fees and disbursements of counsel for the Company and fees and disbursements, up to an aggregate of $10,000, of a single counsel for all the Purchasers, and (e) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing, each Purchaser shall pay any and all costs, fees, discounts or commissions attributable to the sale of its respective Registrable Securities.

5. Successors and Assigns. The Purchaser may assign and or all of its rights under Section E of this Agreement to any person to whom such Purchaser assigns or transfers any Securities, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions hereof.

6. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Purchaser, the Placement Agent and each of their officers and directors, partners, members, agents, brokers and employees of each of them, each Person who controls any such Purchaser (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners,

members, agents and employees of each such controlling Person, and each underwriter of Registrable Securities, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, settlement costs and expenses, including without limitation costs of preparation and reasonable attorneys' fees (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or form of prospectus or in any amendment or supplement thereto, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based upon information regarding such Purchaser furnished in writing to the Company by such Purchaser expressly for use therein, or to the extent that such information related to such Purchaser or such Purchaser's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Purchaser expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (which shall, however, be deemed to include disclosure substantially in accordance with the "Plan of Distribution" attached hereto), or (ii) in the case of an occurrence of an event of the type specified in Paragraph (3)(b) above, the use by such Purchaser of an outdated or defective Prospectus after the Company has duly notified such Purchaser in writing that the Prospectus is outdated or defective and prior to the receipt by such Purchaser of the Advice contemplated in Paragraph (6) below. The Company shall notify the Placement Agent and the Purchasers promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Purchasers. Each Purchaser shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses (as determined by a court of competent jurisdiction in a final judgment not subject to appeal or review) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus or in any amendment or supplement thereto, or arising out of or based upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such Purchaser to the Company specifically for inclusion in such Registration Statement or Prospectus or to the extent that (i) such untrue statements or omissions are based upon information regarding such Purchaser furnished in writing to the Company by such Purchaser expressly for use therein, or to the extent that such information related to such Purchaser or such Purchaser's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Purchaser expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (which shall, however, be deemed to include disclosure substantially in accordance with the "Plan of Distribution" attached hereto), or (ii) in the case of an occurrence of an event of the type specified in Paragraph (3)(b) above, the use by such Purchaser of an outdated or defective Prospectus after the Company has notified such Purchaser



in writing that the Prospectus is outdated or defective and prior to the receipt by such Purchaser of the Advice contemplated in Paragraph (6) below. In no event shall the liability of any selling Purchaser hereunder be greater in amount than the dollar amount of the net proceeds received by such Purchaser upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the

Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof, provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have prejudiced the Indemnifying Party. An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (i) the Indemnifying Party has agreed in writing to pay such fees and expenses; or (ii) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (iii) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party; provided, however, that in the event that the Indemnifying Party shall be required to pay the fees and expenses of separate counsel, the Indemnifying Party shall only be required to pay the fees and expenses of one separate counsel for such Indemnified Party or Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding affected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding. All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten trading days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Paragraph (5)(a) or (b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the



amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or related to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Paragraph (5)(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Paragraph 5(d) was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if

contribution pursuant to this Paragraph (5)(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provision of this Paragraph (5)(d), no Purchaser shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Purchaser from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7. Dispositions. Each Purchaser agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement. Each Purchaser further agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Paragraphs (3)(b), such Purchaser will discontinue disposition of such Registrable Securities under the Registration Statement until such Purchaser's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement contemplated by Paragraph (3)(g), or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

8. The Purchaser agrees that it will not effect any disposition of the Registrable Securities or its right to purchase the Registrable Securities that would constitute a sale within the meaning of the Securities Act, except as contemplated in the Registration Statement or in accordance with the Securities Act, and that it will promptly notify the Company of any changes in the information set forth in the Registration Statement or the Selling Stockholder Questionnaire regarding the Purchaser or its Plan of Distribution. The Company shall not be required to include any Securities held by the Purchaser in the Registration Statement if the



Purchaser fails to complete, or update as needed, the Selling Stockholder Questionnaire or provide the information in such Selling Stockholder Questionnaire in accordance with this Section E(8).

9. No Piggy-Back on Registrations. Except as set forth on Schedule E(8), neither the Company nor any of its security holders (other than the Purchasers and the Placement Agent, with respect to the shares of Common Stock issuable upon the exercise of the Placement Agent Warrant, in such capacities pursuant hereto) may include securities of the Company in the Registration Statement other than the Registrable Securities, and the Company shall not after the date hereof enter into any agreement providing any such right with respect to the Registration Statement to any of its security holders.

10. Piggy-Back Registrations. If at any time during the Effectiveness Period, other than any suspension period referred to in Paragraph (3)(g), there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Purchaser written notice of such determination and if, within fifteen (15) days after receipt of such notice, any such Purchaser shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities not already covered by an effective Registration Statement such Purchaser requests to be registered.

11. Rule 144. For a period of two years following the date hereof, the Company agrees with each holder of Registrable Securities to:

(a) comply with the requirements of Rule 144(c) under the Securities Act with respect to current public information about the Company;

(b) use its best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time it is subject to such reporting requirements); and

(c) furnish to any holder of Registrable Securities upon request (i) a written statement by the Company as to its compliance with the requirements of said Rule 144(c) and the reporting requirements of the Securities Act and the Exchange Act (at any time it is subject to such reporting requirements), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as such holder may reasonably request to avail itself of any similar rule or regulation of the SEC allowing it to sell any such securities without registration.

F. COVENANTS OF THE COMPANY.

1. Until the later of (i) one hundred eighty (180) days following the Closing or (ii) forty-five (45) days following effectiveness of the Registration Statement, the Company shall not



cause any registration statement to become effective, other than the Registration Statement contemplated hereby, any registration statement related to securities issued or to be issued pursuant to any option or other plan for the benefit of the Company's employees, officers, directors or consultants, or any registration statement filed on Form S-4 relating to securities issued in connection with a merger or other acquisition; provided, however, that nothing herein shall prohibit the Company from maintaining the effectiveness of any currently outstanding registration statement filed by the Company under the Securities Act, including, without limitation, the filing of post-effective amendments to such registration statements.

2. Not later than 8:30 a.m. Eastern time on the business day following the date this Agreement is entered into, the Company shall make a public announcement of the execution of this Agreement by filing with the SEC a Current Report on Form 8-K and issuing a press release.

3. Not later than 8:30 a.m. Eastern time on the business day following the Closing, the Company shall make a public announcement of the Closing of the Offering by filing with the SEC a Current Report on Form 8-K and issuing a press release.

4. The Company shall use its best efforts to obtain listing of its shares of Common Stock on the American Stock Exchange or quoted on the automated quotation system of a national securities association. However, no assurance can be made that any such listing or quotation shall be obtained.

G. MISCELLANEOUS.

1. All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, singular or plural, as identity of the person or persons may require.

2. Any notice or other document required or permitted to be given or delivered to the Purchasers shall be in writing and sent (a) by fax or (b) by an internationally recognized overnight delivery service (with charges prepaid):

if to the Company, at

Novelos Therapeutics, Inc.
One Gateway Center, Suite 504
Newton, MA 02458
Fax No.: (617) 964-6331

Attention: Harry S. Palmin, President and Chief Executive Officer

or such other address as it shall have specified to the Purchaser in writing, with a copy (which shall not constitute notice) to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210
Fax No.: (617) 832-7000
Attention: Paul Bork, Esq.



if to the Purchaser, at its address set forth on the signature page to this Agreement, or such other address as it shall have specified to the Company in writing.

3. Except as otherwise provided herein, this Agreement may be amended, and compliance with any provision of this Agreement may be omitted or waived, only by the written agreement of the Company and the Purchasers (or their permitted transferees) holding at least a majority of the number of outstanding Shares in the aggregate sold to the Purchasers in this Offering.

4. Failure of the Company to exercise any right or remedy under this Agreement or any other agreement between the Company and the Purchaser, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof. No waiver by the Company will be effective unless and until it is in writing and signed by the Company.

5. This Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of New York, as such laws are applied by the New York courts to agreements entered into and to be performed in New York by and between residents of New York, and shall be binding upon the Purchaser, the Purchaser's heirs, estate, legal representatives, successors and assigns and shall inure to the benefit of the Company, its successors and assigns.

6. If any provision of this Agreement is held to be invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provisions hereof.

7. The parties understand and agree that, unless provided otherwise herein, money damages would not be a sufficient remedy for any breach of the Agreement by the Company or the Purchaser and that the party against which such breach is committed shall be entitled to equitable relief, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not, unless provided otherwise herein, be deemed to be the exclusive remedies for a breach by either party of the Agreement but shall be in addition to all other remedies available at law or equity to the party against which such breach is committed.

8. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder, except as may result from the actions of any such Purchaser other than through the execution hereof. Nothing contained herein solely by virtue of being contained herein shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any similar entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby.

9. This Agreement, together with the agreements and documents executed and delivered in connection with this Agreement, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. Nothing in this Agreement shall create or be

deemed to create any rights in any person or entity not a party to this Agreement, except for the Placement Agent and the holders of Registrable Securities.

10. This Agreement may be executed in any number of counterparts, each such counterpart shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement. Facsimile transmission of execution copies or signature pages for this Agreement shall be legal, valid and binding execution and delivery for all purposes.

H. SIGNATURE.

The signature page of this Agreement is contained as part of the applicable subscription package, entitled "Signature Page."

* * * * * * *



SIGNATURE PAGE

The Purchaser hereby subscribes for such number of Shares as shall equal the Subscription Amount as set forth below, divided by the Offering Price, and shall also receive a Warrant to purchase such number of shares of Common Stock calculated as set forth in this Agreement, and agrees to be bound by the terms and conditions of this Agreement.

PURCHASER

1. Dated: March 2, 2006

2. Total Subscription Amount: $_____

_____ _____
Signature of Subscriber (and title, if applicable) | Signature of Joint Purchaser (if any)

_____ _____
Taxpayer Identification or Social Security Number | Taxpayer Identification or Social Security Number of Joint Purchaser (if any)

_____
Name (please print as name will appear on stock certificate)

_____
Number and Street

_____
City, State Zip Code

ACCEPTED BY:

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry Palmin
---
Name: Harry Palmin
Title: President and Chief Executive Officer

Dated: March 2, 2006

EXHIBIT 99.3

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUED UPON ITS EXERCISE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN SECTION 5 OF THIS WARRANT

Warrant No. [ ] Number of Shares: [ ]
(subject to adjustment)
Date of Issuance: March , 2006

Original Issue Date (as defined in subsection 2(a)): March , 2006

NOVELOS THERAPEUTICS, INC.

COMMON STOCK PURCHASE WARRANT

(VOID AFTER MARCH , 2011)

Novelos Therapeutics, Inc., a Delaware corporation (the "Company"), for value received, hereby certifies that [ ], or its registered assigns (the "Registered Holder"), is entitled, subject to the terms and conditions set forth below, to purchase from the Company, at any time or from time to time on or after date that is 6 months after date of issuance and on or before 5:00 p.m. (Eastern time) on March , 2011 (the "Exercise Period"), [ ] shares of Common Stock, $0.00001 par value per share, of the Company ("Common Stock"), at a purchase price of $2.50 per share. The shares purchasable upon exercise of this Warrant, and the purchase price per share, each as adjusted from time to time pursuant to the provisions of this Warrant, are hereinafter referred to as the "Warrant Shares" and the "Purchase Price," respectively. This Warrant is one of a series of Warrants issued by the Company in connection with a private placement of Common Stock and of like tenor, except as to the number of shares of Common Stock subject thereto (collectively, the "Company Warrants").

1. Issuance of Warrant. This Warrant has been issued pursuant to that certain Securities Purchase Agreement between the Company and the Registered Holder dated as of March 2, 2006 (the "Purchase Agreement").

2. Exercise.

(a) Exercise for Cash. The Registered Holder may, at its option, elect to exercise this Warrant, in whole or in part and at any time or from time to time during the Exercise Period, by surrendering this Warrant, with the purchase form appended hereto as Exhibit I duly executed by or on behalf of the Registered Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, accompanied by payment in full, in lawful money of the United States, of the Purchase Price payable in respect of the number of Warrant Shares purchased upon such exercise. A facsimile signature of the

Registered Holder on the purchase form shall be sufficient for purposes of exercising this Warrant.

(b) Cashless Exercise.

(i) At any time during the Exercise Period when the resale of the Warrant Shares by the Registered Holder is not registered pursuant to an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), the Registered Holder may, at its option, elect to exercise this Warrant, in whole or in part, on a cashless basis, by surrendering this Warrant, with the purchase form appended hereto as Exhibit I duly executed by or on behalf of the Registered Holder, at the principal office of the Company, or at such other office or agency as the Company may designate, by canceling a portion of this Warrant in payment of the Purchase Price payable in respect of the number of Warrant Shares purchased upon such exercise. In the event of an exercise pursuant to this subsection 2(b), the number of Warrant Shares issued to the Registered

Holder shall be determined according to the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where: X = the number of Warrant Shares that shall be issued to the Registered Holder;

Y = the number of Warrant Shares for which this Warrant is being exercised (which shall include both the number of Warrant Shares issued to the Registered Holder and the number of Warrant Shares subject to the portion of the Warrant being cancelled in payment of the Purchase Price);

A = the Fair Market Value (as defined below) of one share of Common Stock; and

B = the Purchase Price then in effect.

(ii) The Fair Market Value per share of Common Stock shall be determined as follows:

(1) If the Common Stock is listed on a national securities exchange, the Nasdaq National Market, the Nasdaq SmallCap Market or another nationally recognized trading system as of the Exercise Date, the Fair Market Value per share of Common Stock shall be deemed to be the average of the high and low reported sale prices per share of Common Stock thereon on the trading day immediately preceding the Exercise Date (provided that if no such price is reported on such day, the Fair Market Value per share of Common Stock shall be determined pursuant to clause (2) below).

(2) If the Common Stock is not listed on a national securities exchange, the Nasdaq National Market, the Nasdaq SmallCap Market or another nationally recognized trading system as of the Exercise Date, the Fair Market Value per share of Common Stock shall be deemed to be the amount most recently determined in good faith by the Board of Directors of the Company (the "Board") to represent the fair market value per share of the Common Stock (including without limitation a determination for purposes of granting Common Stock options or issuing Common Stock under any plan, agreement or arrangement with employees of the Company); and, upon request of the Registered Holder, the Board (or a representative thereof) shall, as promptly as reasonably practicable but in any event not later than 10 days after such request, notify the Registered Holder of the Fair Market Value per share of Common Stock and furnish the Registered Holder with reasonable documentation of the Board's determination of such Fair Market Value. Notwithstanding the foregoing, if the Board has not made such a determination within the three-month period prior to the Exercise Date, then (A) the Board shall make, and shall provide or cause to be provided to the Registered Holder notice of, a determination of the Fair Market Value per share of the Common Stock within 15 days of a request by the Registered Holder that it do so, and (B) the exercise of this Warrant pursuant to this subsection 2(b) shall be delayed until such determination is made and notice thereof is provided to the Registered Holder.

(c) Exercise Date. Each exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the day on which this Warrant shall have been surrendered to the Company as provided in subsection 2(a) or 2(b) above (the "Exercise Date"). At such time, the person or persons in whose name or names any certificates for Warrant Shares shall be issuable upon such exercise as provided in subsection 2(d) below shall be deemed to have become the holder or holders of record of the Warrant Shares represented by such certificates.

(d) Issuance of Certificates. As soon as practicable after the exercise of this Warrant in whole or in part, and in any event within 3 trading days thereafter, the Company, at its expense, will cause to be issued in the

name of, and delivered to, the Registered Holder, or as the Registered Holder (upon payment by the Registered Holder of any applicable transfer taxes) may direct:

(i) a certificate or certificates for the number of full Warrant Shares to which the Registered Holder shall be entitled upon such exercise plus, in lieu of any fractional share to which the Registered Holder would otherwise be entitled, cash in an amount determined pursuant to Section 4 hereof; and

(ii) in case such exercise is in part only, a new warrant or warrants (dated the date hereof) of like tenor, calling in the aggregate on the face or faces thereof for the number of Warrant Shares equal (without giving effect to any adjustment therein) to the number of such shares called for on the face of this Warrant minus the number of Warrant Shares for which this Warrant was so exercised (which, in the case of an exercise pursuant to subsection 2(b), shall include both the number of Warrant Shares issued to the Registered Holder pursuant to such partial exercise and the number of

Warrant Shares subject to the portion of the Warrant being cancelled in payment of the Purchase Price).

(e) Limitation on Exercise.

(i) Notwithstanding anything to the contrary contained herein, the number of Warrant Shares that may be acquired by the Registered Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Registered Holder and its affiliates (as defined in Rule 144 of the Securities Act) and any other persons whose beneficial ownership of Common Stock would be aggregated with the Registered Holder's for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), does not exceed 4.9% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which a Registered Holder may receive or beneficially own in order to determine the amount of securities or other consideration that such Registered Holder may receive in the event of a reclassification, reorganization, merger or similar transaction as contemplated in Section 3 of this Warrant. By written notice to the Company, the Registered Holder may waive the provisions of this Section 2(e)(i) as to itself but any such waiver will not be effective until the 61st day after delivery thereof and such waiver shall have no effect on any other holder of Warrants.

(ii) Notwithstanding anything to the contrary contained herein, the number of Warrant Shares that may be acquired by the Registered Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Registered Holder and its affiliates (as defined in Rule 144 of the Securities Act) and any other persons whose beneficial ownership of Common Stock would be aggregated with the Registered Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 9.9% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which a Registered Holder may receive or beneficially own in order to determine the amount of securities or other consideration that such Holder may receive in the event of a reclassification, reorganization, merger or similar transaction as contemplated in Section 3 of this Warrant. This restriction may not be waived.

3. Adjustments.

(a) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date on which this Warrant was first issued (or, if this Warrant was issued upon partial exercise of, or in replacement of, another warrant of like tenor, then the date on which such original warrant was first issued) (the "Original Issue Date") effect a subdivision of the outstanding Common Stock, the Purchase Price then in effect immediately before that subdivision shall be proportionately decreased and the number of Warrant Shares shall be proportionately increased. If the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Purchase Price then in effect immediately before the combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Adjustment for Certain Dividends and Distributions. In the event the Company at any time, or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Purchase Price then in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Purchase Price then in effect by a fraction:

(i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Purchase Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Purchase Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions.

(c) Adjustments for Other Dividends and Distributions. In the event the Company at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company (other than shares of Common Stock) or in cash or other property (other than regular cash dividends paid out of earnings or earned surplus, determined in accordance with generally accepted accounting principles), then and in each such event provision shall be made so that the Registered Holder shall receive upon exercise hereof, in addition to the number of shares of Common Stock issuable hereunder, the kind and amount of securities of the Company, cash or other property

which the Registered Holder would have been entitled to receive had this Warrant been exercised on the date of such event and had the Registered Holder thereafter, during the period from the date of such event to and including the Exercise Date, retained any such securities receivable during such period, giving application to all adjustments called for during such period under this Section 3 with respect to the rights of the Registered Holder.

(d) Adjustment for Reorganization. If there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Company in which the Common Stock is converted into or exchanged for securities, cash or other property (collectively, a "Reorganization"), then, following such Reorganization, the Registered Holder shall receive upon exercise

hereof the kind and amount of securities, cash or other property which the Registered Holder would have been entitled to receive pursuant to such Reorganization if such exercise had taken place immediately prior to such Reorganization. Notwithstanding the foregoing sentence, if (x) there shall occur any Reorganization in which the Common Stock is converted into or exchanged for anything other than solely equity securities, and (y) the common stock of the acquiring or surviving company is publicly traded, then, as part of such Reorganization, (i) the Registered Holder shall have the right thereafter to receive upon the exercise hereof such number of shares of common stock of the acquiring or surviving company as is determined by multiplying (A) the number of shares of Common Stock subject to this Warrant immediately prior to such Reorganization by (B) a fraction, the numerator of which is the Fair Market Value (as defined in subsection 2(b)(ii) above) per share of Common Stock as of the effective date of such Reorganization, and the denominator of which is the fair market value per share of common stock of the acquiring or surviving company as of the effective date of such transaction, as determined in good faith by the Board (using the principles set forth in subsections 3(d)(i) and 3(d)(ii) to the extent applicable), and (ii) the exercise price per share of common stock of the acquiring or surviving company shall be the Purchase Price divided by the fraction referred to in clause (B) above. In any such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the Registered Holder, to the end that the provisions set forth in this Section 3 (including provisions with respect to changes in and other adjustments of the Purchase Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities, cash or other property thereafter deliverable upon the exercise of this Warrant.

(e) Adjustment of Number of Warrant Shares and Purchase Price Upon Issuance of Stock for Less than Purchase Price Per Share.

(i) Issuance of Shares of Common Stock. In case after the date hereof, the Company shall issue any shares of Common Stock, other than upon the exercise of any securities, options or warrants issued by the Company which are convertible into, or exchangeable or exercisable for, directly or indirectly, shares of Common Stock ("Convertible Securities"), at a price per share less than the Purchase Price (as then in effect), then in each such event the number of Warrant Shares shall be adjusted upward to that number of Warrant Shares determined by the following formula, and the Purchase Price shall be decreased in proportion to the increase in the number of Warrant Shares:

$$A = \frac{WSB \times TA}{\text{DISCOUNTED TA}}$$

where: A = the adjusted Number of Warrant Shares;

WSB = the Number of Warrant Shares in effect immediately prior to such event;

TA = the total number of shares of Common Stock outstanding on the applicable date, including all shares of Common Stock issuable upon exercise, conversion or exchange of Convertible Securities outstanding on such date, whether or not exercisable, convertible or exchangeable on such date ("Outstanding Common Equivalent Shares"), immediately following such event;

DISCOUNTED
TA = the total number of Outstanding Common Equivalent Shares immediately prior to such event plus the number of shares of Common Stock which the aggregate issuance price of the total number of shares of Common Stock issued in such event would purchase at the Purchase Price.

(ii) Issuance of Convertible Securities. In case after the date hereof, the Company shall issue any Convertible Securities and the minimum price per share for which shares of Common Stock are issuable pursuant to such Convertible Securities shall be less than the Purchase

Price in effect immediately prior to the issuance of such Convertible Securities, then the total maximum number of shares of Common Stock issuable upon the exercise or conversion of all of such Convertible Securities shall be deemed to be outstanding and to have been issued or sold for purposes of Section 3(e) hereof for the minimum price per share as so determined.

For purposes of the foregoing, the "the minimum price per share for which shares of Common Stock are issuable pursuant to such Convertible Securities" shall be determined by dividing (i) the total amount, if any, received or receivable by the Company as consideration for the issuance of such Convertible Securities, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise or conversion of such Convertible Securities, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise or conversion of all of such Convertible Securities.

Subject to the following, no further adjustment of the number of Warrant Shares or Purchase Price shall be made upon the actual issuance of shares of Common Stock so deemed to have been issued. Upon the expiration or termination of the exercise or conversion privileges of Convertible Securities for which any adjustment was made pursuant to Section 3(e)(i) and this Section 3(e)(ii), or if the price payable upon exercise or conversion or the rate of conversion of any such Convertible Securities shall change at any time, then the number of Warrant Shares and the Purchase Price shall be readjusted, and shall thereafter be such number and price as would have prevailed had the number of Warrant Shares and Purchase Price been originally adjusted (or had the original adjustment not been required, as the case may be) on the basis of (i) the shares of Common Stock, if any, actually issued upon the exercise or conversion of such Convertible Securities and (B) the consideration actually received by the Company upon such exercise or conversion plus the consideration, if any, actually received by the Company for the issuance of

Convertible Securities. No such readjustment shall have the effect of decreasing the number of Warrant Shares or increasing the Purchase Price by an amount in excess of the amount of the adjustment initially made for the issuance of such Convertible Securities.

(iii) Consideration Other Than Cash. In case the Company issues any shares of Common Stock or Convertible Securities for consideration part or all of which is in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company or, if the Registered Holder shall, in the exercise of its sole discretion, object to such determination, by an independent investment banking firm mutually selected by the Company and the Registered Holder (the cost of the engagement of such investment banking firm to be borne by the Company).

(iv) Exceptions. The adjustment provisions of Sections 3(e)(i) and (ii) shall not apply with respect to:

a. the conversion or exercise of Convertible Securities outstanding on the date hereof;

b. the issuance of Common Stock upon conversion or exercise of Convertible Securities for which an adjustment has already been made pursuant to this Section 3; and

c. the issuance of up to 5,000,000 shares of Common Stock (subject to adjustment for stock splits, combinations, stock dividends and the like) or the grant of options, warrants or other rights exercisable therefor, whether issued or issuable prior to or after the date hereof, to directors, officers, employees, consultants and others pursuant to any incentive or non-qualified stock option plan or agreement, stock purchase plan or agreement, stock issuance or restriction agreement, stock ownership plan (ESOP), consulting agreement, approved by a majority of the members

of the Board of Directors.

(f) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Purchase Price pursuant to this Section 3, the Company at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Registered Holder a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property for which this Warrant shall be exercisable and the Purchase Price) and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, as promptly as reasonably practicable after the written request at any time of the Registered Holder (but in any event not later than 10 days thereafter), furnish or cause to be furnished to the Registered Holder a certificate setting forth (i) the Purchase Price then in effect and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the exercise of this Warrant.

4. Fractional Shares. The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but shall pay the value thereof to the Registered Holder in cash on the basis of the Fair Market Value per share of Common Stock, as determined pursuant to subsection 3(d) above.

5. Transfers, etc.

(a) Notwithstanding anything to the contrary contained herein, this Warrant and the Warrant Shares shall not be sold or transferred unless either (i) they first shall have been registered under the Securities Act of 1933, as amended (the "Act"), or (ii) such sale or transfer shall be exempt from the registration requirements of the Act and the Company shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Company, to the effect that such sale or transfer is exempt from the registration requirements of the Act. Notwithstanding the foregoing, no registration or opinion of counsel shall be required for (i) a transfer by a Registered Holder which is an entity to a wholly owned subsidiary of such entity, a transfer by a Registered Holder which is a partnership to a partner of such partnership or a retired partner of such partnership or to the estate of any such partner or retired partner, or a transfer by a Registered Holder which is a limited liability company to a member of such limited liability company or a retired member or to the estate of any such member or retired member, provided that the transferee in each case agrees in writing to be subject to the terms of this Section 6, (ii) a transfer made in accordance with Rule 144 under the Act, or (iii) a transfer to an affiliate as defined in Rule 144 under the Securities Act that is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act.

(b) Each certificate representing Warrant Shares shall bear a legend substantially in the following form:

> "The securities represented hereby have not been registered under the Securities Act of 1933, as amended, or any state securities laws and neither the securities nor any interest therein may not be offered, sold, transferred, pledged or otherwise disposed of except pursuant to an effective registration under such act or an exemption from registration, which, in the opinion of counsel reasonably satisfactory to counsel for this corporation, is available."

The foregoing legend shall be removed from the certificates representing any Warrant Shares, at the request of the holder thereof, at such time as they become eligible for resale pursuant to Rule 144(k) under the Act or at such time as the Warrant Shares are sold or transferred in accordance with the requirements of a registration statement of the Company on Form S-3, or such other form as may then be in effect.

(c) The Company will maintain a register containing the name and address of the Registered Holder of this Warrant. The Registered Holder may change its address as shown on the warrant register by written notice to the Company requesting such change.

(d) Subject to the provisions of Section 6 hereof, this Warrant

and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant with a properly executed assignment (in the form of Exhibit II hereto) at the principal office of the Company (or,

if another office or agency has been designated by the Company for such purpose, then at such other office or agency).

6. No Impairment. The Company will not, by amendment of its charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Registered Holder against impairment.

7. Notices of Record Date, etc. In the event:

(a) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time deliverable upon the exercise of this Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right; or

(b) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another corporation, or any transfer of all or substantially all of the assets of the Company; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will send or cause to be sent to the Registered Holder a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time deliverable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

8. Reservation of Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, such number of Warrant Shares and other securities, cash and/or property, as from time to time shall be issuable upon the exercise of this Warrant.

9. Exchange or Replacement of Warrants.

(a) Upon the surrender by the Registered Holder, properly endorsed, to the Company at the principal office of the Company, the Company will, subject to the provisions of Section 6 hereof, issue and deliver to or upon the order of the Registered Holder, at the Company's expense, a new Warrant or Warrants of like tenor, in the name of the Registered Holder or as the Registered Holder (upon payment by the Registered Holder of any applicable transfer taxes) may direct, calling in the aggregate on the face or faces thereof for the number of

shares of Common Stock (or other securities, cash and/or property) then issuable upon exercise of this Warrant.

(b) Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement

(with surety if reasonably required) in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

10. Notices. All notices and other communications from the Company to the Registered Holder in connection herewith shall be sent by facsimile, certified or registered mail, postage prepaid, or sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, to the address last furnished to the Company in writing by the Registered Holder. All notices and other communications from the Registered Holder to the Company in connection herewith shall be sent by facsimile, certified or registered mail, postage prepaid, or sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, to the Company at its principal office set forth below. If the Company should at any time change the location of its principal office to a place other than as set forth below, it shall give prompt written notice to the Registered Holder and thereafter all references in this Warrant to the location of its principal office at the particular time shall be as so specified in such notice. All such notices and communications shall be deemed delivered one business day after being sent via a reputable international overnight courier service guaranteeing next business day delivery.

11. No Rights as Stockholder. Until the exercise of this Warrant, the Registered Holder shall not have or exercise any rights by virtue hereof as a stockholder of the Company. Notwithstanding the foregoing, in the event (i) the Company effects a split of the Common Stock by means of a stock dividend and the Purchase Price of and the number of Warrant Shares are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), and (ii) the Registered Holder exercises this Warrant between the record date and the distribution date for such stock dividend, the Registered Holder shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

12. Amendment or Waiver. Any term of this Warrant may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the holders of Company Warrants representing at least two-thirds of the number of shares of Common Stock then subject to outstanding Company Warrants. Notwithstanding the foregoing, (a) this Warrant may be amended and the observance of any term hereunder may be waived without the written consent of the Registered Holder only in a manner which applies to all Company Warrants in the same fashion, (b) the number of Warrant Shares subject to this Warrant and the Purchase Price of this Warrant may not be amended, and the right to exercise this Warrant may not be waived, without the written consent of the Registered Holder (it being agreed that an amendment to or waiver under any of the provisions of Section 3 of this Warrant shall not be considered an amendment of the number of Warrant Shares or the Purchase Price), and (c) no Registered Holder shall be paid any consideration for agreeing to amend or

waive any term, condition or provision of this Warrant unless all Registered Holders receive the same consideration. The Company shall give prompt written notice to the Registered Holder of any amendment hereof or waiver hereunder that was effected without the Registered Holder's written consent. No waivers of any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

13. Section Headings. The section headings in this Warrant are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties.

14. Governing Law. This Warrant will be governed by and construed in accordance with the internal laws of the State of New York (without reference to the conflicts of law provisions thereof).

15. Facsimile Signatures. This Warrant may be executed by facsimile signature.

* * * * * * *

EXECUTED as of the Date of Issuance indicated above.

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry Palmin
---
Name: Harry Palmin
Title: President and Chief Executive Officer

ATTEST:

_____

EXHIBIT I

PURCHASE FORM

To: Novelos Therapeutics, Inc. Dated:_____

The undersigned, pursuant to the provisions set forth in the attached Warrant (No. ___), hereby elects to purchase (check applicable box):

- o ____ shares of the Common Stock of Novelos Therapeutics, Inc. covered by such Warrant; or

- o ____ the maximum number of shares of Common Stock covered by such Warrant pursuant to the cashless exercise procedure set forth in subsection 2(b).

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant. Such payment takes the form of (check applicable box or boxes):

- o $_____ in lawful money of the United States; and/or

- o the cancellation of such portion of the attached Warrant as is exercisable for a total of _____ Warrant Shares (using a Fair Market Value of $_____ per share for purposes of this calculation) ; and/or

- o the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(b), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(b).

Signature:_____

Address:_____

_____

EXHIBIT II

ASSIGNMENT FORM

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant (No. ____) with respect to the number of shares of Common Stock of Novelos Therapeutics, Inc. covered thereby set forth below, unto:

Name of Assignee Address No. of Shares

Dated:_____ Signature:_____

Signature Guaranteed:

By:_____

The signature should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended.

EXHIBIT 99.4

December 19, 2005

Harry S. Palmin
President and CEO
Novelos Therapeutics, Inc.
One Gateway Center, Ste 504
Newton, MA 02458

Dear Harry:

1. This letter agreement (the "Agreement") confirms our understanding that Novelos Therapeutics, Inc. ("Company") has engaged Oppenheimer & Co. Inc. ("Oppenheimer") to act as lead placement agent to the Company for a period of 60 days, commencing as of the date of your acceptance of this letter, for the sale by the Company of shares of common stock (the "Shares") of the Company, and warrants ("Warrants") to purchase shares of common stock of the Company (the "Warrant Shares"; the sale of the Shares and Warrants are collectively referred to as the "Proposed Financing"). The Company may instruct Oppenheimer to share up to 40% of the economics with one investment bank in connection with the Proposed Financing. In connection with the closing of the Proposed Financing, the Company agrees that it will file a registration statement registering the resale of the Shares and Warrant Shares within 30 days of the final closing of the Proposed Financing, use its best efforts to make such registration statement effective within 120 calendar days from the date of the final closing of the Proposed Financing and keep such registration statement effective for a period of two years; provided, however, that if the final closing of the Proposed Financing does not occur on or before January 15, 2006, the Company will not be obligated to file a registration statement registering the resale of the Shares and Warrant Shares until five (5) business days after it files its 10-KSB for the year ended December 31, 2005 with the SEC (but no later than March 31, 2006).

   The Proposed Financing will be made pursuant to the exemptions afforded by Section 4(2) of the Securities Act of 1933, as amended (the "Act"), and Regulation D promulgated thereunder and applicable state securities laws. Our undertaking herein shall be subject to, among other things, the terms and conditions set forth in this Agreement, our due diligence investigation of the Company, the continuance of the Company without material adverse change, the absence of unfavorable market conditions in general, approval of our commitment committee and our continued satisfaction with the results of our ongoing review of the Company's business and affairs. It is understood that execution of this Agreement does not assure the successful completion of the Proposed Financing.

2. Our services to the Company will include: (i) assistance in the preparation of the Company's Offering Materials described below; (ii) assistance in structuring the Proposed Financing and its terms; (iii) identifying and contacting selected qualified accredited investors to purchase the securities being offered in the Proposed Financing (the "Purchasers") and furnishing them, on behalf of the Company, with copies of the Offering Materials; and (iv) negotiating, under your guidance, the financial aspects of the Proposed Financing.

3. As compensation for the services to be provided by Oppenheimer hereunder, the Company agrees to pay to Oppenheimer a cash fee equal to 7.0% of the gross proceeds of the Proposed Financing payable to Oppenheimer at the closing of the Proposed Financing. In addition, Oppenheimer shall receive at the closing of the Proposed Financing a five year non-callable warrant to purchase shares of the Company's Common Stock equal to 6.0% of the number of Shares sold in the Proposed

   Financing. If the Proposed Financing is consummated by means of more than one closing, Oppenheimer shall be entitled to the fees and warrants provided herein with respect to each such closing.

In addition and regardless of whether the Proposed Financing is consummated, upon request by Oppenheimer from time to time, the Company shall reimburse Oppenheimer for all documented out-of-pocket expenses incurred by Oppenheimer in connection with the Proposed Financing, including reasonable fees and expenses of its counsel, which will be limited to $20,000, without prior written consent by the Company.

4. The Company acknowledges and agrees that Oppenheimer has been retained solely to provide the advice and services set forth in this Agreement. Oppenheimer shall act as an independent contractor, and any duties of Oppenheimer arising out of its engagement hereunder shall be owed solely to the Company. As Oppenheimer will be acting on your behalf in such capacity, it is our firm practice to be indemnified in connection with engagements of this type and the Company agrees to the indemnification agreement attached hereto as Exhibit A.

5. The Company has not taken, and will not take, any action, directly or indirectly, so as to cause the Proposed Financing to fail to be entitled to exemption under Section 4(2) of the Act or any other applicable securities laws. Any filings under federal or state securities laws shall be prepared by the Company's outside counsel.

6. Oppenheimer will assist the Company in preparing and providing its publicly filed documents or other reasonably requested materials to the Purchasers ("Offering Materials") relating to the Proposed Financing. The Company authorizes Oppenheimer to transmit the Offering Materials to prospective Purchasers of the Proposed Financing, as may be identified to the Company, and represents and warrants that the information that it provides to be included in the Offering Materials, at all times through the closing, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. The Company shall not transmit the Offering Materials to prospective Purchasers without first advising Oppenheimer. The Proposed Financing shall be made pursuant to the terms of a purchase agreement or subscription agreement (each a "Purchase Agreement") in form satisfactory to Oppenheimer and the Company shall establish an escrow account (the "Escrow Account") with a suitable financial institution agreeable to the Company and Oppenheimer (the "Escrow Agent"), and shall enter into an Escrow Agreement (the "Escrow Agreement") with the Escrow Agent. Upon the closing of the Proposed Financing (or each such closing if there shall be more than one), the Escrow Agent shall deliver to the Company, by wire transfer of immediately available funds, the funds deposited in the Escrow Account in payment for the Securities, less (x) the amounts payable to the Escrow Agent pursuant to the terms of the Escrow Agreement, and (y) the amounts payable to Oppenheimer pursuant to Section 3 hereof. The receipt by Oppenheimer of the amounts to which it is entitled pursuant to Section 3 shall be a condition to any closing of the Proposed Financing. The Company will also cause to be furnished to Oppenheimer at the Closing, copies of such other agreements, opinions, certificates and other documents delivered at the Closing as Oppenheimer may reasonably request including, without limitation, an opinion of Company counsel to the effect that the placement of the Securities was exempt from registration under the Act.

7. The Company represents and warrants that: (i) the representations and warranties contained in each Purchase Agreement will be true and correct in all respects on the date such Purchase Agreement is



entered into and as of the closing date of the sale of the Shares to which such Purchase Agreement relates, and (ii) Oppenheimer shall be entitled to rely on such representations and warranties (and on the representations and warranties contained in any of the other Offering Materials) as if they were made directly to Oppenheimer. Oppenheimer shall also be entitled to rely upon any opinions of counsel delivered to any purchaser in the Proposed Financing, including, without limitation, any opinions relating to the registration statement. The Company will also cause to be furnished to Oppenheimer at the closing, copies of such other agreements, opinions,

certificates and other documents delivered at the closing as Oppenheimer may reasonably request including, without limitation, an opinion of Company counsel to the effect that the Proposed Financing was exempt from registration under the Act.

8. Oppenheimer represents and warrants that: (i) it is duly registered as a broker-dealer pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder and is a member in good standing of the NASD, (ii) during the course of the Proposed Financing, it will not make any untrue statement of a material fact, or omit to state a material fact required to be stated by it or necessary to make any statement made by it not misleading, concerning the Proposed Financing or any matters set forth in or contemplated by the Offering Materials (it being understood that the statements made in the Offering Materials are deemed to be made by the Company and not by Oppenheimer), (iii) Oppenheimer will not offer, offer to sell or sell any Shares or Warrants on the basis of any written communications or documents relating to the Company or its business other than the Offering Materials, (iv) Oppenheimer will not engage in any form of general solicitation or general advertising which is prohibited by Regulation D in connection with the Proposed Financing, (v) Oppenheimer will not offer to sell or sell the Shares or Warrants to any investor unless Oppenheimer believes and has reason to believe, based on such investigation believed. by it to be appropriate, that such investor is an "accredited investor" as defined in Regulation D, Rules 501, of the Act, and (vi) Oppenheimer will cooperate fully with the Company and its counsel with respect to compliance with all applicable federal, state and foreign securities and "blue sky" laws applicable to the Proposed Financing.

9. The Company will make available to Oppenheimer all financial and other information concerning the Company's business and operations and the Proposed Financing, which Oppenheimer reasonably requests and will provide access to the Company's officers, directors, employees, independent accountants and legal counsel. Oppenheimer shall be entitled to rely without investigation upon all information that is available from public sources as well as all other information supplied to it by or on behalf of the Company or the Company's other advisors and shall not in any respect be responsible for the accuracy or completeness of, or have any obligation to verify, the same or to conduct any appraisal of assets.

10. Oppenheimer agrees to treat all information provided to it by the Company in connection with the Proposed Financing as confidential; provided, however, that such obligation of confidentiality: (i) shall not apply to any information that is already or becomes public through no breach of this provision or that becomes available to Oppenheimer on a non-confidential basis from a third party that does not violate any obligation to the Company in making such disclosure; and (ii) shall not prohibit Oppenheimer from providing the Offering Materials to prospective investors approved by the Company.

11. Oppenheimer shall not be prevented from engaging in future transactions involving companies in a similar industry to the Company provided that no Confidential Information is used in connection



with such engagement.

12. Any written advice provided by Oppenheimer pursuant to this Agreement will be solely for the information and assistance of the Company in connection with the Proposed Financing and may not be quoted, nor will any such advice or the name of Oppenheimer be referred to in any report, document, release or other communication, whether written (including, without limitation, the Offering Materials) or oral, prepared, issued or transmitted by the Company or any affiliate, director, officer, employee, agent or representative of any thereof, without, in each instance, Oppenheimer 's prior written consent.

13. The Company grants Oppenheimer the right of first refusal for a period of nine 9 months from the date of the final closing of the Proposed Financing

to act as co-manager for a single offering of the Company (with Oppenheimer participating in a minimum of 25% of the economics provided to bankers in such transaction). The Company shall give Oppenheimer prior written notice of such offering and Oppenheimer shall have the right, within 20 business days of receiving such notice, to agree to provide or arrange for such financing or services. If Oppenheimer declines to provide or arrange for such financing or services within such 20 day period, the Company may engage another investment banker. If Oppenheimer provides any such additional services, the Company and Oppenheimer will enter into a separate agreement to be mutually agreed upon, including provision of additional fees.

14. This Agreement may be terminated by either the Company or Oppenheimer at any time upon written notice. Upon the expiration or termination of this Agreement, Oppenheimer will be entitled to prompt reimbursement of all its outstanding out-of-pocket expenses and fees as described above. If at any time prior to nine(9) months after the termination or expiration of this Agreement, the Company consummates a private financing transaction, including the Proposed Financing, with any party contacted regarding the Proposed Financing during the term of our engagement other than existing stockholders of the Company as set forth on Schedule A attached hereto, Oppenheimer will be entitled to payment in full of the compensation described in the third paragraph of this Agreement. Promptly following any termination or expiration of this Agreement, Oppenheimer will provide the Company with written notice of the parties contacted by Oppenheimer regarding the Proposed Financing during the term of our engagement. The indemnity provisions contained in Exhibit A will also remain operative and in full force and effect regardless of any expiration or termination of this Agreement.

15. This Agreement shall not give rise to any express or implied commitment by Oppenheimer to purchase or place any securities of the Company.

16. The indemnification obligations of the parties are set forth on Exhibit A attached hereto.

17. This Agreement and Exhibit A incorporates the entire understanding of the parties and supersedes all previous agreements relating to the subject matter hereof. The benefits of this Agreement shall inure to the parties hereto, their respective successors and assigns and the obligations and liabilities assumed in this Agreement shall be binding upon the parties hereto and their respective successors and assigns. Notwithstanding anything contained herein to the contrary, none of the parties hereto shall assign any of its obligations hereunder without the prior written consent of each of the other parties hereto.



18. All notices provided hereunder shall be given in writing and either delivered personally or by overnight courier service or sent by certified mail, return receipt requested, if to Oppenheimer, to Oppenheimer & Co. Inc., 125 Broad Street, 16th Floor, New York, New York 10004, Attention: Stuart Barich, with a copy to Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C., 666 Third Avenue, New York, New York 10017, Attention: Ivan K. Blumenthal, Esq. and if to the Company, to Novelos Therapeutics, Inc., One Gateway Center, Ste 504, Newton, MA 02458, Attention: Harry S. Palmin, with a copy to Foley Hoag LLP, 155 Seaport Boulevard, Boston, MA 02210, Attention: Paul Bork, Esq. Any notice delivered personally shall be deemed given upon receipt; any notice given by overnight courier shall be deemed given on the next business day after delivery to the overnight courier; and any notice given by certified mail shall be deemed given upon the second business day after certification thereof.

19. The failure or neglect of either of the parties hereto to insist, in any one or more instances, upon the strict performance of any of the terms or conditions of this Agreement, or its waiver of strict performance of any of the terms or conditions of this Agreement, shall not be construed as a waiver or relinquishment in the future of such term or condition by such party, but the same shall continue in full force and effect. Any waiver must be in writing.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be fully performed therein, without regard to conflicts of law principles. Each of the parties irrevocably submits to the exclusive jurisdiction of any court of the City of New York, State of New York or the United States District Court located in the City of New York, State of New York for the purpose of any suit, action or other proceeding arising out of this Agreement, or any of the agreements or transactions contemplated hereby, and agrees that service of process in connection with any such suit, action or proceeding may be made in accordance with Section 18 hereof. The parties hereby expressly waive all rights to trial by jury in any suit, action or proceeding arising under this Agreement.

21. This Agreement may not be modified or amended except in a writing duly executed by the parties hereto.

22. At any time after the consummation or other public announcement of the Proposed Financing, Oppenheimer may place an announcement in such newspapers and publications as it may choose, stating that Oppenheimer has acted as exclusive financial advisor and/or placement agent in connection with the Proposed Financing.

23. For the convenience of the parties, this Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument, but all of which taken together shall constitute one and the same agreement. Facsimile signatures shall be deemed to be original signatures for all purposes.

* * * * *



24. After reviewing this Agreement, please confirm that the foregoing is in accordance with your understanding by signing and returning the duplicate of this letter attached hereto, whereupon it shall be our binding Agreement.

Very truly yours,

OPPENHEIMER & CO. INC.

By: /s/ Stuart Barich
---
Stuart Barich
Managing Director

Accepted and agreed to
this 19th day of December, 2005.

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin
---
Harry S. Palmin
President and CEO



EXHIBIT A

December 19, 2005

Oppenheimer & Co. Inc.
125 Broad Street
New York, New York 10004

Attention: Stuart Barich
Managing Director

Dear Mr. Barich:

In connection with our engagement of Oppenheimer & Co. Inc. ("Oppenheimer") as our placement agent, we hereby agree to indemnify and hold harmless Oppenheimer and its affiliates, and the respective controlling persons, directors, officers, shareholders, agents and employees of any of the foregoing (collectively the "Indemnified Persons"), from and against any and all claims, actions, suits, proceedings (including those of shareholders), damages, liabilities and expenses incurred by any of them (including the reasonable fees and expenses of counsel), (collectively a "Claim"), which are (A) related to or arise out of (i) any actions taken or omitted to be taken (including any untrue statements made or any statements omitted to be made) by the Company, or (ii) any actions taken or omitted to be taken by any Indemnified Person in connection with our engagement of Oppenheimer, or (B) otherwise relate to or arise out of Oppenheimer's activities on our behalf under Oppenheimer's engagement, unless such statement or omission was made in reliance upon and in conformity with (i) written information furnished to the Company with respect to Oppenheimer by or on behalf of Oppenheimer expressly for use in the Offering Materials or any amendment or supplement thereto or (ii) any other document or communication executed by or on behalf of Oppenheimer or based upon written information furnished by or on behalf of Oppenheimer filed in any jurisdiction in order to qualify the Proposed Financing under the securities laws thereof, with respect to Oppenheimer. We shall reimburse any Indemnified Person is a party. We will not, however, be responsible for any Claim, which is finally judicially determined to have resulted from the gross negligence or willful misconduct of any person seeking indemnification hereunder. We further agree that no Indemnified Person shall have any liability to us for or in connection with our engagement of Oppenheimer except for any Claim incurred by us as a result of any Indemnified Person's gross negligence or willful misconduct.

We further agree that we will not, without the prior written consent of Oppenheimer, settle, compromise or consent to the entry of any judgment in any pending or threatened Claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Person is an actual or potential party to such Claim), unless such settlement, compromise or consent includes an unconditional, irrevocable release of each Indemnified Person hereunder from any and all liability arising out of such Claim.

Promptly upon receipt by an Indemnified Person of notice of any complaint or the assertion or institution of any Claim with respect to which indemnification is being sought hereunder, such Indemnified Person shall notify us in writing of such complaint or of such assertion or institution but failure to so notify us shall not relieve us from any obligation we may have hereunder, unless and only to the extent such failure results in the forfeiture by us of substantial rights and defenses. If we so elect or are requested by such Indemnified Person, we will assume the defense of such Claim, including the employment of counsel reasonably satisfactory to such Indemnified Person and the payment of the fees and expenses of such counsel. In the event, however, that legal counsel to such Indemnified Person reasonably determines and provides written correspondence to us, that having common counsel would

present such counsel with a conflict of interest which is not waivable or if the defendant in, or target of, any such Claim, includes an Indemnified Person and us, and legal counsel to such Indemnified Person reasonably concludes that there may be legal defenses available to it or other Indemnified Persons different from or in addition to those available to us, then such Indemnified Person may employ its own separate counsel reasonably acceptable to us to represent or defend it in any such Claim and we shall pay the reasonable fees and expenses of such counsel. Notwithstanding anything herein to the contrary, if we fail timely or diligently to defend, contest, or otherwise protect against any Claim, the relevant Indemnified Party shall have the right, but not the obligation, to defend, contest, compromise, settle, assert crossclaims, or counterclaims or otherwise protect against the same, and shall be fully indemnified by us therefor, including without limitation, for the reasonable fees and expenses of its counsel and all amounts paid as a result of such Claim or the compromise or settlement thereof. In any Claim in which we assume the defense, the Indemnified

Person shall have the right to participate in such Claim and to retain its own counsel therefor at its own expense.

We agree that if any indemnity sought by an Indemnified Person hereunder is unavailable for any reason then (whether or not Oppenheimer is the Indemnified Person), we and Oppenheimer shall contribute to the Claim for which such indemnity is held unavailable in such proportion as is appropriate to reflect the relative benefits to us, on the one hand, and Oppenheimer on the other, in connection with Oppenheimer's engagement referred to above, subject to the limitation that in no event shall the amount of Oppenheimer's contribution to such Claim exceed the amount of fees actually received by Oppenheimer from us pursuant to Oppenheimer's engagement. We hereby agree that the relative benefits to us, on the one hand, and Oppenheimer on the other, with respect to Oppenheimer's engagement shall be deemed to be in the same proportion as (a) the total value paid or proposed to be paid or received by us or our stockholders as the case may be, pursuant to the transaction (whether or not consummated) for which you are engaged to render services bears to (b) the fee paid or proposed to be paid to Oppenheimer in connection with such engagement.

Our indemnity, reimbursement and contribution obligations under this Agreement shall be in addition to, and shall in no way limit or otherwise adversely affect any rights that any Indemnified Party may have at law or at equity.

The validity and interpretation of this agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be fully performed therein (excluding the conflicts of laws rules). Each of Oppenheimer and the Company hereby irrevocably submits to the jurisdiction of any court of the State of New York, County of New York or the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of this agreement or the transactions contemplated hereby, which is brought by or against Oppenheimer or the Company and in connection therewith, each of Oppenheimer and the Company (i) hereby irrevocably agrees that all claims in respect of any such suit, action or proceeding may be heard and determined in any such court, (ii) to the extent that it has acquired, or hereafter may acquire, any immunity from jurisdiction of any such court or from any legal process therein, it hereby waives, to the fullest extent permitted by law, such immunity and (iii) agrees not to commence any action, suit or proceeding relating to this agreement other than in any such court. Each of Oppenheimer and the Company hereby waives and agrees not to assert in any such action, suit or proceeding, to the fullest extent permitted by applicable law, any claim that (a) it is not personally subject to the jurisdiction of any such court, (b) it is immune from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to its property of (c) any suit, action or proceeding is brought in an inconvenient forum.



The provisions of this Agreement shall remain in full force and effect following the completion or termination of Oppenheimer's engagement.

Very truly yours,

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin
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Harry S. Palmin
President and CEO

Confirmed and agreed to:

OPPENHEIMER & CO. INC.

By: /s/ Stuart Barich

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Stuart Barich
Managing Director

Date: December 19, 2005
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[NOVELOS LOGO]

FOR IMMEDIATE RELEASE

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# NOVELOS THERAPEUTICS ANNOUNCES $15 MILLION PRIVATE PLACEMENT, SUPPLEMENTING TODAY'S EARLIER ANNOUNCEMENT

NEWTON, MASS., MARCH 2, 2006 - NOVELOS THERAPEUTICS, INC. (OTCBB: NVLT), a biotechnology company focused on the development of therapeutics to treat cancer and hepatitis, today announced that it has entered into definitive securities purchase agreements with institutional investors to raise $15.06 million (representing an increase of $2.2 million over the $12.86 million announced earlier today) in gross proceeds through the sale of shares of its common stock and warrants. Novelos has agreed to sell an aggregate of 11.15 million shares of common stock at a price of $1.35 per share. The investors will also receive warrants to purchase an aggregate of 8.37 million shares of common stock at an exercise price of $2.50 per share.

Oppenheimer & Co. and Rodman & Renshaw are serving as the placement agents. The shares and warrants will be issued in a private placement transaction under Regulation D of the Securities of Act of 1933. Novelos is required to file a registration statement covering the common stock purchased by the investors and the common stock underlying the warrants within 30 days of the closing and to use its best efforts to obtain effectiveness within 120 days of the closing.

"I am very pleased to have quality institutional investors participate in this financing, which will provide significant funding to vigorously proceed with the Phase 3 development of NOV-002 in lung cancer, in addition to our other clinical development programs, including chemotherapy-resistant ovarian cancer and chronic hepatitis C with NOV-205, our second compound. Meanwhile, we will continue to seek government procurement for `dirty bomb' treatment with NOV-002," said Harry Palmin, President and CEO of Novelos.

## ABOUT NOVELOS THERAPEUTICS, INC.

Novelos Therapeutics, Inc. (OTCBB: NVLT) is a biotechnology company commercializing oxidized glutathione-based compounds for the treatment of cancer and hepatitis. NOV-002, the lead compound currently in Phase 3 development for lung cancer, is designed to act as a chemoprotectant and an immunomodulator. NOV-002 is also being developed to treat chemotherapy-resistant ovarian cancer and acute radiation injury. NOV-205, a second compound, is designed to act as a hepatoprotective agent with immunomodulating and antiviral activity. Novelos plans to initiate a U.S.-based NOV-205 clinical study for chronic hepatitis C by mid-2006. Both compounds have completed clinical trials in humans and have been approved for use in the Russian Federation where they were developed. For additional information about Novelos please visit www.novelos.com

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COMPANY CONTACT
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the FDA review process and other government regulation, our pharmaceutical collaborators' ability to successfully develop and commercialize drug candidates, competition from other pharmaceutical companies, product pricing and third-party reimbursement.