

NOVELOS THERAPEUTICS, INC.

CODE OF ETHICS

As Adopted by the Board of Directors on March 21, 2006

Introduction

This Code of Ethics applies to the employees, officers and directors of Novelos Therapeutics, Inc., referred to as the Company. It covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees of the Company. It is intended to promote honest and ethical conduct at all levels of the Company. All of our employees should conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

If a law conflicts with a policy in this Code, you should comply with the law; however, if a local custom or policy conflicts with this Code, you should comply with the Code. Any variances between local customs or policies and this Code should be brought to the attention of senior management. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action. *If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 13 of this Code.*

COMPLIANCE WITH LAW

1. Compliance with Laws, Rules and Regulations

Obedying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All employees should respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

The Company will from time to time hold information and training sessions to promote compliance with laws, rules and regulations, including insider trading laws.

2. Discrimination and Harassment

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment or any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

3. Health and Safety

The Company strives to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work, whether at the Company or third-party facility where business of the Company is being conducted, in condition to perform their duties, free from the influence of illegal drugs or alcohol abuse. The use of illegal drugs or alcohol abuse in the workplace will not be tolerated.

FAIR AND HONEST DEALINGS WITH THE COMPANY

4. Conflicts of Interest

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Company’s Audit Committee and Board of Directors. Conflicts of interest may not always be clear cut, so if you have a question, you should consult with your supervisor or senior management or, if you are a director or other member of senior management, the Company’s Audit Committee or outside legal counsel. Appendix 1 to this Code of Ethics contains contact information that you are encouraged to use whenever appropriate. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, senior manager or other appropriate personnel or consult the procedures described in Section 13 of this Code.

5. Corporate Opportunities

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No employee may use corporate property, information, or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

6. Protection and Proper Use of Company Assets

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of employees to protect the Company's assets extends to its proprietary information. Proprietary information includes intellectual property such as customer data or information, trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

FAIR AND HONEST DEALINGS WITH COMPETITORS AND OTHERS

7. Competition and Fair Dealing

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

To maintain the Company's valuable reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services reflect our ethical obligations. All operations must be conducted in accordance with all applicable regulations. Compliance with all regulations and laws of governing or regulatory agencies should be given priority over the opportunity to profit or gain competitive advantage.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with suppliers and customers. No gift or entertainment should ever be offered, given, provided or accepted by any Company employee, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value under the circumstances, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts that you are not certain are appropriate.

8. Payments to Government Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or

retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's senior management or outside legal counsel can provide guidance to you in this area.

9. Confidentiality

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers and customers, except when disclosure is explicitly authorized or required by laws or regulations or approved by senior management. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

FAIR AND HONEST DISCLOSURE TO THE PUBLIC

10. Insider Trading

Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of the Company's business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision to buy or sell Novelos Therapeutics, Inc. stock on the basis of this information is not only unethical but also illegal and subject to possible civil and criminal penalties. If you have any questions concerning this, please consult senior management or, if you are a director or other member of senior management, the Company's outside legal counsel. Appendix 1 and Appendix 2 to this Code of Ethics contain contact information that you should know about.

11. Record Keeping

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or the Chief Financial Officer. Rules and guidelines are available from the Accounting Department.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports.

Records should always be retained or destroyed according to the Company's record retention policies. The space available for the storage of Company documents, both on paper and in electronic form, is limited and expensive. Therefore, periodic discarding of documents is necessary. On the other hand, there are legal requirements that certain records be retained for specific periods of time. Employees who are unsure about the need to keep particular documents should consult with senior management or, if you are a director or other member of senior management, the Company's outside legal counsel, so that a judgment can be made as to the likelihood that the documents will be needed.

Whenever it becomes apparent that documents of any type may be required in connection with a lawsuit or government investigation, all possibly relevant documents should be preserved, and ordinary disposal or alteration of documents pertaining to the subjects of the litigation or investigation should be immediately suspended. If you are uncertain whether documents under your control should be preserved because they might relate to a lawsuit or investigation, you should contact senior management or, if you are a director or other member of senior management, the Company's outside legal counsel. Appendix 1 and Appendix 2 to this Code of Ethics contain contact information that you should know about.

12. Principal Executive, Financial and Accounting Officers

This Code of Ethics is intended and designed to promote full, fair, accurate, timely and understandable disclosure in the Company's SEC filings and other public communications. The Company's Principal Executive, Financial and Accounting Officers- consisting of the Chief Executive Officer and President and Chief Financial Officer - hold an especially important and elevated role in corporate governance. They are vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the Company's stakeholders, including shareholders, clients, employees, suppliers, and citizens of the communities in which business is conducted. The Principal Executive, Financial and Accounting Officers fulfill this responsibility by prescribing and enforcing the policies and procedures employed in the operation of the Company's financial organization, and by demonstrating the following:

The Principal Executive, Financial and Accounting Officers will exhibit and promote the highest standards of honest and ethical conduct through the establishment and operation of policies that:

- Encourage professional integrity in all aspects of the financial organization, by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal, or alienation from the financial organization or the enterprise itself.
- Reduce or eliminate the occurrence of conflicts between what is in the best interest of the enterprise and what could result in material personal gain for a

member of the financial organization, including the Principal Executive, Financial and Accounting Officers.

- Provide a mechanism for members of the finance organization to inform senior management of deviations in practice from policies and procedures governing honest and ethical behavior.

The Principal Executive, Financial and Accounting Officers will establish and manage the enterprise transaction and reporting systems and procedures to ensure that:

- Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles (GAAP) and established Company financial policy.
- The retention or proper disposal of Company records are in accordance with applicable legal and regulatory requirements.
- Periodic financial communications and reports are delivered in a manner that facilitates a high degree of clarity of content and meaning so that readers and users can determine their significance and consequence.

PROCEDURES FOR COMPLIANCE WITH THE CODE OF ETHICS

13. Compliance Procedures

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.

- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with senior management or, if you are a director or other member of senior management, the Company's outside legal counsel. Appendix 1 and Appendix 2 to this Code of Ethics contain contact information that you should know about.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance *before you act*.

14. Reporting Illegal or Unethical Behavior or Violations of this Code

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about any observed illegal or unethical behavior, any violations of this Code of Ethics, and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

15. Waivers of the Code of Ethics

While some of the policies contained in this Code must be strictly adhered to and no exceptions can be allowed, in other cases exceptions may be possible. Any employee who believes that an exception to any of these policies is appropriate should first contact his or her supervisor. If the supervisor agrees that an exception may be appropriate, the approval of the Audit Committee or the Board of Directors must be obtained. The Audit Committee will be primarily responsible for determining whether a waiver will be permitted and for communicating such decision to the requesting individual. The Chair of the Audit Committee will be responsible for maintaining a complete record of all requests for exceptions to any of these provisions and the disposition of such requests.

Any member of senior management and any director who seeks an exception to any of these policies should contact the Board of Directors. Any waiver of this Code of Ethics for such persons or any change to this Code that applies to them may be made only by the Board of Directors and will be promptly disclosed as required by law or stock exchange regulation.

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Appendix 1

HOW TO CONTACT THE AUDIT COMMITTEE, SENIOR MANAGEMENT, OR THE COMPANY'S OUTSIDE LEGAL COUNSEL

Audit Committee

Written information may be mailed in confidence (and anonymously, if you prefer) to the Audit Committee at the following address: Audit Committee, One Gateway Center, Suite 504, Newton, Massachusetts 02458.

You may also contact individual members of the Audit Committee using the following information:

<u>Name</u>	<u>E-Mail Address</u>	<u>Telephone Number</u>	<u>Mailing Address</u>
Howard M. Schneider	schneider159@att.net	(617) 244-1616	Novelos Therapeutics, Inc.
Michael Doyle	mikedoyle9@comcast.net	(617) 244-1616	One Gateway Center, Suite 504
Sim Fass	s.fass@att.net	(617) 244-1616	Newton, MA 02458

Senior Management

You may contact individual members of senior management using the following information:

<u>Name</u>	<u>E-Mail Address</u>	<u>Telephone Number</u>	<u>Mailing Address</u>
Harry Palmin, President and CEO	hpalmin@novelos.com	(617) 244-1616	Novelos Therapeutics, Inc. One Gateway Center, Suite 504
George Vaughn, CFO	gvaughn@novelos.com		Newton, MA 02458

Outside Legal Counsel

You may contact the Company's outside legal counsel using the following information:

<u>Name</u>	<u>E-Mail Address</u>	<u>Telephone Number</u>	<u>Mailing Address</u>
Paul Bork	pbork@foleyhoag.com	(617) 832-1113	Foley Hoag LLP
Amanda Kirouac	akirouac@foleyhoag.com	(617) 832-3091	155 Seaport Boulevard Boston, MA 02210

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Appendix 2

PROCEDURES REGARDING COMPLAINTS AND CONCERNS ABOUT ACCOUNTING, INTERNAL ACCOUNTING CONTROLS AND AUDITING MATTERS AND OTHER LEGAL AND REGULATORY MATTERS

The Sarbanes-Oxley Act of 2002 requires that audit committees establish procedures for:

- the Company's compliance with legal and regulatory requirements as described in the audit committee charter;
- the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- the confidential, anonymous submission by employees of the Company of concerns regarding such matters.

Accordingly, the Audit Committee of the Board of Directors of has adopted the procedures set forth below.

A. Receipt, Retention and Treatment of Complaints.

1. Receipt.

Any Officer, Director or other employee who receives a complaint, whether from an employee of the Company or any other person, regarding accounting, internal accounting controls or auditing matters or other legal or regulatory matters (a "Complaint") shall promptly advise any member of the Company's Audit Committee of the receipt and substance of the Complaint.

Promptly upon being advised of such a Complaint, the Audit Committee member shall inform the Chair of the Audit Committee of the substance of the Complaint and forward copies of any writing or other documentation from another person in connection with the Complaint to the other members of the Audit Committee.

2. Retention.

The Audit Committee shall retain all writing and other documentation received in connection with a Complaint, in an easily accessible area, for at least five (5) years from the receipt.

3. Treatment.

The Audit Committee shall include the matters raised by the Complaint on the agenda for discussion at its next meeting following receipt by the members of the written summary of the Complaint. If the Chair of the Audit Committee determines, in his or her reasonable judgment, that the matters raised in the Complaint should be addressed prior to the next regularly scheduled

meeting of the Audit Committee, the Chair shall call a special meeting of the Audit Committee to be held at a sooner time.

The Audit Committee may invite any board member or any employee, as well as representatives of the Company's independent auditors or its outside legal counsel, to attend all or a portion of the meeting at which a discussion of the Complaint is scheduled. In addition, the Audit Committee may engage independent counsel and other advisers, as it may deem necessary, in evaluating and responding to the Complaint. At the meeting, the Audit Committee shall discuss and evaluate the merits of the Complaint and authorize such responses and follow-up actions, if any, as it deems necessary and appropriate, to address the substance of the Complaint.

B. Employee Submissions.

Employees who have any concerns regarding questionable accounting, internal accounting controls or other auditing matters should contact any member of the Audit Committee. The names of and contact information for each of those persons are attached as Appendix 1 to this Code of Ethics.

An employee who wishes to raise concerns anonymously may do so by submitting such employee's concerns in writing to any of the persons or to the general post office box set forth in Appendix 1. Even if an employee submits concerns other than anonymously, the Company will endeavor to protect the privacy and confidentiality of that employee to the extent possible. In any event, no employee will be penalized for reporting a concern (unless that employee is found to have knowingly and willfully made a false report).

All concerns regarding questionable accounting, internal accounting controls or auditing matters will be treated in the same manner as Complaints received under Section A above (concerning receipt, retention and treatment of Complaints).

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These procedures shall be distributed to each employee as part of the Code of Ethics.