

**NOVELOS THERAPEUTICS, INC.**

**COMPENSATION COMMITTEE CHARTER**

**AS APPROVED BY THE BOARD OF DIRECTORS ON MARCH 21, 2006**

**I. Statement of Purpose.** The Compensation Committee (the “Committee”) is a standing committee of the Board of Directors. The purpose of the Committee is to assist the Board of Directors in discharging its responsibilities relating to compensation of the Company’s directors and executive officers and related matters, to determine or make recommendations to the Board regarding the compensation of the chief executive officer and other executive officers of the Company, and to review and make recommendations to the Board regarding employee compensation and benefit plans and programs generally, and to administer the Company’s stock incentive plans and employee stock purchase plans.

**II. Organization.**

**A. Charter.** At least annually, the Committee shall review this charter and any proposed changes shall be submitted to the Board of Directors for approval.

**B. Members.** Each member of the Committee shall be appointed by the Board of Directors and shall meet:

1. the independence requirements of Nasdaq Marketplace Rule 4200(a)(15);
2. the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended; and
3. the requirements of a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The Committee shall consist of at least two members.

**C. Meetings.** The Committee shall meet at least once a year and at such other times as the Committee may determine. The Committee shall meet periodically in executive session, as it deems appropriate. The Company’s chief executive officer may not be present during voting or deliberations of the Committee related to his or her compensation.

**D. Quorum; Action by Committee.** A quorum of any Committee meeting shall be a majority of its members then in office. All determinations of the Committee shall be made by a majority of those members present at a meeting duly called and held. The Committee may also act by unanimous consent given in writing or by electronic transmission.

**E. Minutes and Reports.** Minutes for all meetings of the Committee and records of all actions taken by written consent or electronic transmission, shall be prepared to

document the Committee's actions. The Committee shall make reports to the Board of Directors upon request.

### **III. Principal Responsibilities of the Committee.**

- Administers the Company's stock option plans and employee stock purchase plans, including the grant of stock options to all eligible employees under the Company's existing stock option plans.
- Determines or makes recommendations to the Board of Directors concerning salaries, bonuses and other matters relating to compensation of the Chief Executive Officer and the executive officers of the Company.
- Determines or makes recommendations to the Board of Directors concerning severance arrangements with executive officers of the Company.
- Reviews and makes recommendations from time to time on the status of Board of Directors compensation in relation to other comparable companies.
- Reviews and makes recommendations to the Board of Directors with respect to stockholder proposals related to compensation matters.
- Reviews and makes recommendations to the Board of Directors regarding employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs.
- Prepares the report of the Committee required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- Carries out such other duties as may be delegated to it by the Board of Directors from time to time.

### **IV. Other.**

A. **Access to Records, Personnel and Others.** The Committee shall have full access to any relevant records and personnel of the Company. The Committee shall have the authority to retain, at Company expense, independent advisers (including legal counsel, accountants and consultants) as it determines necessary to carry out its duties.

B. **Delegation.** The Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee.

C. **Performance Evaluation.** The Committee shall evaluate its performance on an annual basis.