

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

FORM 8-K

CURRENT REPORT

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

Date of Report: March 26, 2008
(Date of earliest event reported)

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

Delaware

(State or other jurisdiction
of incorporation)

333-119366

(Commission
File Number)

04-3321804

(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))
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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Securities Purchase Agreement

On March 26, 2008, we entered into a securities purchase agreement (the “Purchase Agreement”) with accredited investors whereby we agreed to sell 100 shares of a newly created series of our preferred stock, designated “Series D Convertible Preferred Stock”, par value \$0.00001 per share (the “Series D Preferred Stock”) and agreed to issue warrants to purchase 3,846,151 shares of our common stock for an aggregate purchase price of \$5,000,000 (the “Series D Financing”). Pursuant to the Purchase Agreement, from and after the closing, Xmark Opportunity Fund, L.P. and Xmark Opportunity Fund, Ltd. (collectively, the “Xmark Entities”), will have the right to designate one member to our Board of Directors. This right shall last until such time as the Xmark Entities no longer hold at least one-third of the Series D Preferred Stock issued to them at closing. In addition, the Xmark Entities, Caduceus Master Fund Limited, Caduceus Capital II, L.P. and Summer Street Life Sciences Hedge Fund Investors, LLC (collectively, the “Lead Investors”) will have the right to designate one observer to attend all meetings of our Board of Directors, committees thereof and access to all information made available to members of the Board. This right shall last until such time as the Lead Investors no longer hold at least one-third of the Series D Preferred Stock issued to them at closing.

Upon the closing of the Series D Financing, the holders of our existing Series B convertible preferred stock (the “Series B Preferred Stock”), will exchange their shares of Series B Preferred Stock for shares of Series D Preferred Stock. The rights and preferences of the Series D Preferred Stock are substantially the same as the Series B Preferred Stock, however the conversion price of the Series D Preferred Stock is \$0.65. In addition, upon closing of the Series D Financing, the holders of Series B Preferred Stock have agreed to waive liquidated damages that have accrued from September 7, 2007 through the closing date as a result of our failure to register for resale 100% of the shares of common stock underlying the Series B Preferred Stock and warrants.

Series D Preferred Stock

The shares of Series D Preferred Stock to be issued upon the closing of the Series D Financing will be convertible into shares of our common stock any time after issuance at the option of the holder at \$0.65 per share of common stock. If there is an effective registration statement covering the shares of common stock underlying the Series D Preferred Stock and the VWAP, as defined in the Series D Certificate of Designations, of our common stock exceeds \$2.00 for 20 consecutive trading days, then the outstanding Series D Preferred Stock will automatically convert into common stock at the conversion price then in effect. The conversion price will be subject to adjustment for stock dividends, stock splits or similar capital reorganizations.

The Series D Preferred Stock will have an annual dividend rate of 9%, payable semi-annually on June 30 and December 31. Such dividends may be paid in cash or in registered shares of our common stock at our option, subject to certain conditions.

For as long as any shares of Series D Preferred Stock remain outstanding, we will be prohibited from (i) paying dividends to our common stockholders, (ii) amending our certificate of incorporation, (iii) issuing any equity security or any security convertible into or exercisable for any equity security at a price of \$0.65 or less or with rights senior to the Series D Preferred Stock (except for certain exempted issuances), (iv) increasing the number of shares of Series D Preferred Stock or issuing any additional shares of Series D Preferred Stock, (v) selling or otherwise disposing of all or substantially all our assets or intellectual property or entering into a merger or consolidation with another company unless we are the surviving corporation, the Series D Preferred Stock remains outstanding and there are no changes to the rights and preferences of the Series D Preferred Stock, (vi) redeeming or repurchasing any capital stock other than Series D Preferred Stock, (vii) incurring any new debt for borrowed money in excess of \$500,000 and (viii) changing the number of our directors.

Common Stock Purchase Warrants

The common stock purchase warrants to be issued to the investors upon closing will be exercisable for an aggregate of 3,846,151 shares of our common stock at an exercise price of \$0.65. The warrants will expire five years from the date of issuance. If after the six-month anniversary of the date of issuance of the warrant there is no effective registration statement registering, or no current prospectus available for, the resale of the shares issuable upon the exercise of the warrants, the holder may conduct a cashless exercise whereby the holder may elect to pay the exercise price by having us withhold, upon exercise, shares having a fair market value equal to the applicable aggregate exercise price. In the event of a cashless exercise, we would receive no proceeds from the sale of our common stock in connection with such exercise.

The warrant exercise price and/or number of warrants will be subject to adjustment for stock dividends, stock splits or similar capital reorganizations so that the rights of the warrant holders after such event will be equivalent to the rights of warrant holders prior to such event.

If there is an effective registration statement covering the shares underlying the warrants and the VWAP, as defined in the warrant, of our common stock exceeds \$2.50 for 20 consecutive trading days, then on the 31st day following the end of such period any remaining warrants for which a notice of exercise was not delivered shall no longer be exercisable and shall be converted into a right to receive \$0.01 per share.

Registration Rights Agreement

At the closing, we will enter into and execute a registration rights agreement with the investors which will require us to file with the Securities and Exchange Commission no later than 5 business days following the six-month anniversary of the closing of the Series D Financing, a registration statement covering the resale of (i) a number of shares of common stock equal to 100% of the shares issuable upon conversion of the Series D Preferred Stock (excluding 12,000,000 shares of common stock issuable upon conversion of the Series D Preferred Stock that were included on a prior registration statement), (ii) a number of shares of common stock equal to 100% of the shares issuable upon exercise of the warrants issued in the Series D Financing and (iii) 7,500,000 shares of common stock issuable upon exercise of warrants dated May 2, 2007 held by the investors. We will be required to use our best efforts to have the registration statement declared effective and 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 we fail to file the registration statement within the timeframe specified by the Registration Rights Agreement, we will be required to pay to the investors liquidated damages equal to 1.5% per month (pro-rated on a daily basis for any period of less than a full month) of the aggregate purchase price of the Series D Preferred Stock and warrants until we file the delinquent registration statement. We will be allowed to suspend the use of the registration statement for not more than 15 consecutive days or for a total of not more than 30 days in any 12 month period.

Placement Agent Fee

Upon the closing of the preferred stock and warrant financing we are obligated to pay Rodman & Renshaw LLC ("Rodman") a cash fee equal to 2% of the gross proceeds from the financing.

Amendments to Prior Warrants and Registration Rights Agreement

At the closing, we will enter into an amendment to the registration rights agreement dated May 2, 2007 with the holders of our Series B Preferred Stock to revise the definition of registrable securities under the agreement to only include the 12,000,000 shares of common stock that were included on a prior registration statement and to extend our registration obligations under the agreement by one year. In addition, upon closing, we will amend the warrants to purchase common stock issued in connection with the sale of Series B Preferred Stock to conform the terms of those warrants to the terms of the warrants issued in the Series D Financing.

ITEM 7.01 REGULATION FD DISCLOSURE

A copy of the press release issued by us on March 27, 2008 announcing the signing of the Securities Purchase Agreement is filed as Exhibit 99.1 and is incorporated by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Number	Title
99.1	Press Release dated March 27, 2008 entitled “Novelos Therapeutics Announces \$5 Million Private Placement”

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.

NOVELOS THERAPEUTICS, INC.

Date: March 28, 2008

By: /s/ Harry S. Palmin

Harry S. Palmin
President and Chief Executive Officer

EXHIBIT INDEX

Number	Title
99.1	Press Release dated March 27, 2008 entitled “Novelos Therapeutics Announces \$5 Million Private Placement”

NOVELOS THERAPEUTICS ANNOUNCES \$5 MILLION PRIVATE PLACEMENT

NEWTON, Mass., March 27, 2008 - **Novelos Therapeutics, Inc. (OTCBB: NVLT)**, a biopharmaceutical company focused on the development of therapeutics to treat cancer and hepatitis, today announced that it has entered into a definitive agreement with existing institutional investors to raise \$5 million in gross proceeds through the sale of shares of a new series of its convertible preferred stock and warrants to purchase its common stock. Novelos has agreed to sell 100 shares of Series D convertible preferred stock, having a stated value equal to \$50,000 per share, a cumulative annual dividend of 9% of stated value and a conversion price of \$0.65 per share of common stock. The investors will also receive warrants, callable in certain circumstances, expiring in five years to purchase an aggregate of 3,846,151 shares of common stock at an exercise price of \$0.65 per share. The transaction is expected to close within two weeks, subject to the satisfaction of certain closing conditions.

The institutional investors are Xmark Opportunity Funds, OrbiMed Advisors, Knoll Capital and Hunt BioVentures. Rodman & Renshaw, LLC, a subsidiary of Rodman and Renshaw Capital Group, Inc. (NASDAQ: RODM) is serving as an exclusive placement agent, and will receive a cash fee at the closing of the transaction. The preferred stock and warrants will be issued in a private placement transaction under Regulation D of the Securities Act of 1933 and have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission (the "SEC") or an applicable exemption from the registration requirements. Novelos has agreed to file a registration statement with the SEC covering resales of the common stock issuable upon conversion of the newly issued shares of preferred stock and upon exercise of the warrants. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

"We are very pleased to have these excellent institutional investors continue to support Novelos, providing funds for our current development programs into late-2008," said Harry Palmin, President and CEO of Novelos. "Additional monies may come later this year from our ex-US partnering initiative or warrant exercises. Fundamentally, we expect data from the Phase 2 ovarian cancer trial next week and the Phase 2 breast cancer trial next quarter, and conclusion of our pivotal Phase 3 lung cancer trial in mid-2009."

About Novelos Therapeutics, Inc.

Novelos Therapeutics, Inc. is a biopharmaceutical 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 under a SPA and Fast Track, acts together with chemotherapy as a chemoprotectant and an immunomodulator. NOV-002 is also in Phase 2 development for chemotherapy-resistant ovarian cancer and early-stage breast cancer. NOV-205 acts as a hepatoprotective agent with immunomodulating and anti-inflammatory properties. NOV-205 is in Phase 1b development for chronic hepatitis C non-responders. Both compounds have completed clinical trials in humans and have been approved for use in the Russian Federation where they were originally developed. For additional information about Novelos please visit www.novelos.com

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COMPANY

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INVESTOR RELATIONS

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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.
