

**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: April 8, 2011  
(Date of earliest event reported)

**NOVELOS THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction  
of incorporation)

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**333-119366**

(Commission  
File Number)

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**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.**  
**ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.**

*Merger Agreement*

On April 8, 2011, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Collectar, Inc. (“Collectar”) and Cell Acquisition Corp. (the “Merger Subsidiary”), a wholly owned subsidiary of Novelos, pursuant to which Collectar was merged into the Merger Subsidiary (the “Merger”). As a result of the Merger, the Merger Subsidiary, which has been renamed Collectar, Inc., owns all assets and operates the business previously owned and operated by Collectar. Prior to the Merger, Collectar was in the business of developing drugs for the treatment and diagnosis of cancer. We will continue to develop Collectar’s compounds following the Merger.

As consideration for the Merger, the former stockholders of Collectar have received aggregate consideration consisting of a number of shares of Novelos common stock constituting, after giving effect to the Merger but before giving effect to the concurrent private placement of our securities described below, approximately 85% of the outstanding shares of Novelos common stock. As further described below, prior to the Merger we amended and restated our certificate of incorporation and in connection therewith, among other things, effected a 1-for-153 reverse split of our common stock (the “Reverse Split”). Immediately following the effectiveness of the Reverse Split, there were approximately 2,959,914 shares of our common stock outstanding, and we issued 17,001,596 shares of our common stock to the former stockholders of Collectar upon the effectiveness of the Merger.

Rodman & Renshaw, LLC (“Rodman”), our financial advisor in connection with the Merger, received a cash fee of \$250,000 upon the completion of the Merger in consideration of their services. XMS Capital Partners, the financial advisor to Collectar in connection with the Merger, received a cash fee of \$200,000 upon the completion of the Merger in consideration of their services.

*Securities Purchase Agreement*

Concurrently with the execution of the Merger Agreement, we entered into a Securities Purchase Agreement with certain accredited investors under which we sold an aggregate of 6,846,537 units, each unit consisting of one share of our common stock and a warrant to purchase one share of our common stock, at a price of \$0.75 per unit. The warrants have an exercise price of \$0.75 and expire on March 31, 2016. The warrant exercise price and/or the common stock issuable pursuant to such warrant 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.

The Securities Purchase Agreement includes a requirement that we file with the Securities and Exchange Commission (“SEC”) no later than October 5, 2011, a registration statement covering the resale of the shares of common stock, and the shares of common stock underlying the warrants, issued pursuant to the Securities Purchase Agreement. We are also required to use our commercially reasonable efforts to have the registration statement declared effective by December 4, 2011, and to keep the registration statement continuously effective under the Securities Act of 1933, as amended (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 Securities Purchase Agreement, or if we fail to obtain effectiveness of this registration on or prior to the December 4, 2011 (if there is no review by the SEC) or by January 3, 2012 (if there is review by the SEC) with respect to the maximum number of shares we are permitted to register by the SEC, we will be required to pay to the purchasers 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 units purchased until the registration statement is filed or declared effective, as applicable. We will be allowed to suspend the use of the registration statement for not more than 30 consecutive days, on not more than two occasions, in any 12 month period. We have also granted piggy-back registration rights with respect to any shares of common stock that we are required to exclude from the registration statement as a condition of its effectiveness, and we have also agreed to file further registration statements with respect to any such shares six months after the effective date of the initial registration statement.

### *Advisor Fees*

We paid to Rodman, the placement agent for the financing, a cash fee equal to \$200,000 and warrants to purchase 192,931 shares of our common stock in consideration for their advisory services with respect to the financing pursuant to our placement agency agreement with them. Rodman is entitled to registration rights with respect to the shares of common stock issuable upon exercise of these warrants. The warrants have the same terms as those issued to the investors in the private placement.

The above descriptions of the Merger Agreement and the Purchase Agreement are brief summaries of their significant provisions. This summary is not complete and is qualified in its entirety by reference to the copy of the Merger Agreement and Purchase Agreement attached as Exhibit 2.1 and Exhibit 10.1, respectively, to this Current Report on Form 8-K and incorporated by reference herein.

### **ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES**

As described in Item 1.01 above, on April 8, 2011 we sold units consisting of an aggregate of 6,846,537 shares of our common stock and warrants to purchase an aggregate 6,846,537 shares of our common stock for gross proceeds of \$5,134,903. We also issued a warrant to purchase 192,931 shares of our common stock to the placement agent in the financing. The sale of the units, and the issuance of the placement agent warrant, were exempt from registration under Section 4(2) of the Securities Act as transactions not involving any public offering.

Also as described in Item 1.01 above, we issued an aggregate of 17,001,596 shares of our common stock as merger consideration to the former shareholders of Collectar. This transaction was exempt from registration under Section 4(2) of the Securities Act as a transaction not involving any public offering.

### **ITEM 5.01 CHANGES IN CONTROL OF REGISTRANT.**

As described in Item 1.01 above, on April 8, 2011, the Merger was completed. Following the Merger, but before giving effect to the private placement that followed pursuant to the Securities Purchase Agreement, the former stockholders of Collectar held approximately 85% of the outstanding common stock of Novelos. In addition, as described below, three members of our board of directors resigned and five new directors were appointed. Three of the new directors, Jamey P. Weichert, Thomas Rockwell Mackie and John Neis, previously served on the board of directors of Collectar.

### **ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

Effective April 8, 2011, Michael J. Doyle, Sim Fass and David B. McWilliams resigned from our board of directors and their respective committee appointments.

Effective April 8, 2011, as a condition to the completion of the Merger, Jamey P. Weichert, Thomas Rockwell Mackie, John Neis, John E. Niederhuber and Michael F. Tweedle were appointed to our board of directors. Committee assignments have not yet been determined. Jamey P. Weichert, Thomas Rockwell Mackie and John Neis, previously served on the board of directors of Collectar.

Biographical information regarding the new directors follows.

**Jamey P. Weichert.** Dr. Weichert, 55, the primary founder of Collectar and Collectar's Chairman and Chief Scientific Officer since 2002, has also been appointed as the Chief Scientific Officer of Novelos. Dr. Weichert is an Associate Professor of the Departments of Radiology, Medical Physics, Pharmaceutics and member of the Comprehensive Cancer Center at the University of Wisconsin, Madison. He has a bachelors degree in chemistry from the University of Minnesota and a doctorate in medicinal chemistry from the University of Michigan. His research interests include the design, synthesis and evaluation of biomimetic CT and MRI imaging agents and therapeutic radiopharmaceuticals. He has been involved in molecularly targeted imaging agent development his entire professional career and has developed or co-developed several imaging agents nearing clinical trial status. Dr. Weichert serves or has served on the editorial boards of numerous scientific journals and has authored more than 40 peer reviewed publications and 150 abstracts. He also has 20 issued or pending patents related to drug delivery, imaging and contrast agent development. Dr. Weichert's experience founding and managing the development of Collectar's product candidates and his knowledge of radiation technology are strong qualifications to serve on our board of directors.

**Thomas Rockwell Mackie.** Dr. Mackie, 56, served as a director of Collectar beginning in December 2006. In 1997, he co-founded TomoTherapy Incorporated, a maker of advanced radiation therapy solutions for the treatment of cancer and other diseases and has served as Chairman of its Board of Directors since 1999. Dr. Mackie also served as President of TomoTherapy Inc. from 1997 until 1999 and as Treasurer from 1997 until 2000. Since 1987, Dr. Mackie has been a professor in the departments of Medical Physics and Human Oncology at the University of Wisconsin, where he established the TomoTherapy research program. Dr. Mackie also co-founded Geometrics Corporation (now merged with ADAC Corp.), which developed a radiotherapy treatment planning system. Dr. Mackie currently serves as a director of Shine Medical Technologies and Bioionix Inc. and served on the management committee of Wisconsin Investment Partners from 2006 to 2009. Dr. Mackie has a BSc in Physics from the University of Saskatchewan and a PhD in Physics from the University of Alberta in Edmonton. Dr. Mackie's qualifications to serve on our board of directors include his extensive senior management experience with radiation technology companies.

**John Neis.** Mr. Neis, 55, served as director of Collectar beginning in February 2008. Mr. Neis is a Managing Director of Venture Investors LLC and heads the firm's Healthcare practice. He has over 23 years in the venture capital industry and serves on the Board of Directors of companies from formation through initial public offering or sale. Mr. Neis also currently serves on the boards of directors of Virent Energy Systems, Deltanoid Pharmaceuticals, Inviragen, Inc. and Mithridon, Inc. He is a former member of the Boards of Directors of several firms including TomoTherapy, Third Wave Technologies (acquired by Hologic) and NimbleGen Systems (acquired by Roche). Mr. Neis was appointed to the Board of the Wisconsin Technology Council and he also serves on the advisory boards for the Weinert Applied Ventures Program, the University of Wisconsin-Madison Business School and Tandem Press. Mr. Neis has a B.S. in Finance from the University of Utah, and a M.S. in Marketing and Finance from the University of Wisconsin-Madison. He is a Chartered Financial Analyst. Mr. Neis' extensive experience leading emerging companies make him a highly qualified member of our board of directors.

**John E. Niederhuber.** Dr. Niederhuber, 72, has served as Executive Vice President and Chief Executive Officer of the Institute for Translational Medicine of Inova Health System since September 2010. Dr. Niederhuber served as Director of the National Cancer Institute (NCI) from 2005 to 2010. He has also served as NCI's Chief Operating Officer and Deputy Director for Translational and Clinical Sciences. Dr. Niederhuber served as Chair of the National Cancer Advisory Board (NCAB) from 2002-2004. In addition to his management and advisory roles, Dr. Niederhuber has remained involved in research, through his laboratory on the National Institutes of Health (NIH) campus. Under his leadership, the Tumor and Stem Cell Biology Section, which is a part of the Cell and Cancer Biology Branch of NCI's Center for Cancer Research, is studying tissue stem cells as the cell-of-origin for cancer. Dr. Niederhuber also holds a clinical appointment on the NIH Clinical Center Medical Staff. As a surgeon, Dr. Niederhuber's clinical emphasis is on gastrointestinal cancer, hepatobiliary (liver, bile duct, and gall bladder) cancer, and breast cancer. He is recognized for his pioneering work in hepatic artery infusion chemotherapy and was the first to demonstrate the feasibility of totally implantable vascular access devices. Dr. Niederhuber is a graduate of Bethany College in West Virginia and the Ohio State University School of Medicine. He was an NIH Academic Trainee in Surgery at the University of Michigan from 1969 to 1970 and was a Visiting Fellow in the Division of Immunology at The Karolinska Institute in Stockholm, Sweden from 1970 to 1971. He completed his training in surgery at the University of Michigan in 1973 and was a member of the faculty of the University of Michigan from 1973 to 1987, being promoted to Professor of Microbiology/Immunology and Professor of Surgery in 1980. During 1986 and 1987, he was Visiting Professor in the Department of Molecular Biology and Genetics at The Johns Hopkins University School of Medicine in Baltimore, MD. Dr. Niederhuber's qualifications to serve on our board of directors include his extensive experience with cancer research.

**Michael F. Tweedle.** Dr. Tweedle, 59, is currently Professor and Stefanie Spielman Chair in Cancer Imaging in Radiology and the James Comprehensive Cancer Center of Ohio State University, Director of the Wright Center Molecular Imaging (MI) Agents Laboratory of Ohio State University, and has an adjunct appointment in the Chemistry Department of Ohio State University. Prior to joining Ohio State, his academic appointments included Adjunct Associate Professor at University of Pennsylvania and the Science Advisory Board of New York University. Dr. Tweedle was the President of Bracco Research USA from 1995-2009 where he was the lead scientist and chief executive for creation of new molecular imaging pharmaceuticals. His industrial experience in drug discovery research also includes appointments at Diagnostics Drug Discovery Division at Bristol-Myers Squibb, New England Nuclear, DuPont Pharmaceuticals, and The Squibb Institute for Medical research. He has invented and led translational development of diagnostic imaging pharmaceuticals for nuclear medicine, one of the first Gd-based MRI agents (ProHance™), X ray, Optical and US agents, and a radiotheranostic. In 2005 he won the Harry Fisher Medal. Dr. Tweedle holds a B.A from Knox College, B.A. 1973, a Ph.D. from Rice University and is a Stanford University NRS Fellow. Dr. Tweedle's qualifications to serve on our board of directors include his extensive experience with radiation and cancer research and drug discovery.

As noted above, Jamey P. Weichert has been appointed the Chief Scientific Officer of Novelos. The executive officers of Novelos as of prior to the Merger, including Harry S. Palmin as Chief Executive Officer and Joanne M. Protano as Chief Financial Officer, will continue in their respective capacities.

#### **ITEM 5.03 AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS**

Effective April 7, 2011 our certificate of incorporation was amended to eliminate the Certificate to Set Forth Designations, Voting Powers, Preferences, Restrictions and Relative Rights of Series C 8% Cumulative Convertible Preferred Stock. There had not been any shares of Series C preferred stock outstanding since December 2010.

Effective April 7, 2011 our certificate of incorporation was amended to eliminate the Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock. There had not been any shares of Series E preferred stock outstanding since December 2010.

Prior to the closing of the Merger on April 8, 2011, we amended and restated our certificate of incorporation in order (a) to effect the Reverse Split; (b) to reduce the number of shares of our authorized common stock from 750,000,000 to 150,000,000; (c) to eliminate the right of the stockholders to act by written consent; and (d) to classify our board of directors into three classes. Class I directors will stand for re-election at our next annual meeting of stockholders, Class II directors will stand for re-election at our 2012 annual meeting of stockholders, and Class III directors will stand for re-election at our 2013 annual meeting of stockholders. Thomas Rockwell Mackie, James S. Manuso and John Niederhuber serve as Class I directors, Michael F. Tweedle and John Neis serve as Class II directors, and Harry S. Palmin, Jamey P. Weichert and Howard M. Schneider serve as Class III directors.

#### **ITEM 7.01 REGULATION FD DISCLOSURE**

A copy of the press release issued by us on April 11, 2011 announcing the completion of the Merger and the financing is furnished as Exhibit 99.2 and is incorporated by reference in this Item.

#### **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

##### **a) Financial Statements of Businesses Acquired**

The audited financial statements of the business acquired (Celleckar, Inc.) as of December 31, 2009 and December 31, 2010 and for the years then ended will be filed by amendment within 71 calendar days after the required filing date of this report on Form 8-K.

##### **b) Pro Forma Financial Information**

Unaudited pro forma condensed combined balance sheet as of March 31, 2011 and the related unaudited pro forma condensed combined statements of operations for the three-month period ended March 31, 2011 and the year ended December 31, 2010, all giving pro forma effect to the Merger, will be filed by amendment within 71 calendar days after the required filing date of this report on Form 8-K.

**c) Exhibits**

| Number | Title                                                                                                                                                              |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1    | Agreement and Plan of Merger by and among Novelos Therapeutics, Inc., Cell Acquisition Corp. and Cellectar, Inc. dated April 8, 2011.                              |
| 3.1    | Second Amended and Restated Certificate of Incorporation of Novelos Therapeutics, Inc.                                                                             |
| 4.1    | Certificate of Elimination of Series C 8% Cumulative Convertible Preferred Stock of Novelos Therapeutics, Inc.                                                     |
| 4.2    | Certificate of Elimination of Series E Convertible Preferred Stock of Novelos Therapeutics, Inc.                                                                   |
| 4.3    | Form of Common Stock Purchase Warrant                                                                                                                              |
| 10.1   | Securities Purchase Agreement dated April 8, 2011                                                                                                                  |
| 99.1   | Placement Agency Agreement dated April 1, 2011                                                                                                                     |
| 99.2   | Press Release dated April 11, 2011 entitled "Novelos Therapeutics Completes Acquisition and \$5.1 Million Financing to Develop 3 Novel Cancer-Targeted Compounds." |

**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: April 11, 2011

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin

Harry S. Palmin

President and Chief Executive

Officer

## EXHIBIT INDEX

| Number | Title                                                                                                                                                              |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1    | Agreement and Plan of Merger by and among Novelos Therapeutics, Inc., Cell Acquisition Corp. and Collectar, Inc. dated April 8, 2011.                              |
| 3.1    | Second Amended and Restated Certificate of Incorporation of Novelos Therapeutics, Inc.                                                                             |
| 4.1    | Certificate of Elimination of Series C 8% Cumulative Convertible Preferred Stock of Novelos Therapeutics, Inc.                                                     |
| 4.2    | Certificate of Elimination of Series E Convertible Preferred Stock of Novelos Therapeutics, Inc.                                                                   |
| 4.3    | Form of Common Stock Purchase Warrant                                                                                                                              |
| 10.1   | Securities Purchase Agreement dated April 8, 2011                                                                                                                  |
| 99.1   | Placement Agency Agreement dated April 1, 2011                                                                                                                     |
| 99.2   | Press Release dated April 11, 2011 entitled "Novelos Therapeutics Completes Acquisition and \$5.1 Million Financing to Develop 3 Novel Cancer-Targeted Compounds." |

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**AGREEMENT AND PLAN OF MERGER**

**DATED AS OF**

**April 8, 2011**

**BY AND AMONG**

**NOVELOS THERAPEUTICS, INC.,**

**CELL ACQUISITION CORP.,**

**AND**

**CELLECTAR, INC.**

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## AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this “Agreement”), dated as of April 8, 2011, is entered into by and among Novelos Therapeutics, Inc., a Delaware corporation (“Parent”), Cell Acquisition Corp., a Wisconsin corporation and a wholly owned subsidiary of Parent (“Merger Subsidiary”), and Collectar, Inc., a Wisconsin corporation (the “Company”).

WITNESSETH:

WHEREAS, Parent, Merger Subsidiary and the Company intend to effect a merger (the “Merger”) of the Company with and into Merger Subsidiary in accordance with this Agreement and the Wisconsin Business Corporation Law (the “WBCL”), with Merger Subsidiary to be the surviving corporation of the Merger.

WHEREAS, the Board of Directors of the Company has unanimously (i) approved and adopted the Plan of Merger set forth in this Agreement and the transactions contemplated hereby (including the Merger), and (ii) recommended that the Company Shareholders approve this Agreement and the transactions contemplated hereby (including the Merger).

WHEREAS, (i) the Board of Directors of Parent has unanimously determined that it is in the best interests of Parent to consummate the Merger in accordance with the terms of this Agreement and approved this Agreement and the transactions contemplated hereby (including the Merger) and (ii) (a) the Board of Directors of Merger Subsidiary has approved and adopted the Plan of Merger set forth in this Agreement and the transactions contemplated hereby (including the Merger), and (b) Parent, the sole shareholder of Merger Subsidiary, has approved the Plan of Merger set forth in this Agreement and the transactions contemplated hereby (including the Merger).

WHEREAS, the Boards of Directors of Parent and Merger Subsidiary have determined that it is in the best interests of their respective corporations and shareholders to consummate the Merger in accordance with the terms of this Agreement.

WHEREAS, concurrently with, and contingent upon the completion of the Merger, Parent is entering into Securities Purchase Agreement with certain investors (the “Securities Purchase Agreement”) which provides for an equity financing involving the issuance and sale of shares of its common stock, par value \$0.00001 per share (the “Parent Common Stock”), to accredited investors in a transaction exempt from the registration requirements of the Securities Act, as amended (the “Financing”).

WHEREAS, in anticipation of the Merger and the Financing, Parent has effected a 153-for-1 reverse split of the Parent Common Stock (the “Reverse Split”).

WHEREAS, for United States federal income tax purposes, it is intended that the Merger shall qualify as a reorganization described in Section 368(a)(1)(A) of the Code (as defined herein).

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NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Definitions. When used in this Agreement, the following terms shall have the respective meanings set forth below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Action” means any litigation, suit, arbitration, proceeding or investigation by or before any Governmental Authority.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with, such Person. For the purposes of this definition, “control” (including, with correlative meaning, the terms “controlling,” “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person through the ownership of the voting securities, by contract or otherwise. Beneficial Ownership of 50% or more in voting power of the outstanding voting securities of a Person shall constitute “control” for purposes hereof.

“Affiliated Group” means any consolidated, affiliated, combined or unitary group of corporations for federal, state, local or foreign Tax purposes with respect to which the Company is or has been a member.

“Aggregate Exercise Price” means the aggregate amount of the exercise prices with respect to all Company Options outstanding immediately prior to the Effective Time.

“Balance Sheet Date” means December 31, 2010.

“Beneficially Own” or “Beneficially Owning” shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

“Business Day” means any day that is not a Saturday, Sunday or other day on which banks are required or authorized to be closed in the Commonwealth of Massachusetts.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company Balance Sheet” means the unaudited consolidated balance sheet of the Company, dated as of December 31, 2010, a copy of which is set forth in Section 3.5(a) of the Company Disclosure Letter.

“Company Common Stock” means the common stock, \$0.01 par value per share, of the Company.

“Company Fully Diluted Shares” means the sum of (i) the number of outstanding shares of Company Common Stock, and (ii) the number of shares of Company Common Stock issuable, directly or indirectly, upon conversion, exercise or exchange of securities of the Company that are by their terms convertible into, or exercisable or exchangeable for, Company Common Stock.

“Company Option Plans” means the Collectar, Inc. 2008 Stock Option Plan adopted on July 9, 2008 and the Collectar, LLC Amended and Restated 2006 Unit Option Plan adopted on January 31, 2006 and amended and restated on December 18, 2006.

“Company Options” means all options to purchase Common Stock granted under the Company Option Plans that are outstanding immediately prior to the Effective Time.

“Company Shareholder” means a holder of Shares.

“Company Transaction Expenses” means all out-of-pocket costs, fees and expenses payable by the Company in connection with this Agreement and the consummation of the transactions contemplated hereby, including without limitation, to (i) XMS Capital Partners and (ii) outside counsel, accountants and other advisors retained by the Company.

“Contract” means any written agreement, deed, mortgage, license, lease, note or other contract, including any written amendment, extension, renewal or guarantee with respect thereto.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“FINRA” means the Financial Industry Regulatory Authority.

“GAAP” means United States generally accepted accounting principles consistently applied.

“Governmental Authority” means any federal, state, local or foreign governmental or regulatory authority, agency, instrumentality, department, commission or administration or any court, tribunal or judicial or arbitrary body.

“Indebtedness” means with respect to any Person, all obligations contingent or otherwise, in respect of: (a) borrowed money; (b) indebtedness evidenced by notes, debentures or similar instruments; (c) capitalized lease obligations; (d) the deferred purchase price of assets, services or securities (other than ordinary course trade accounts payable); (e) conditional sale or other title retention agreements; (f) reimbursement obligations, whether contingent or matured, with respect to letters of credit (whether drawn or undrawn), bankers’ acceptances and surety bonds (without duplication of other indebtedness supported or guaranteed thereby); (g) interest, premium, penalties and other amounts owing in respect of the items described in the foregoing clauses (a) through (g); and (h) the guaranty of the Indebtedness of any other Person.

“IRS” means the Internal Revenue Service of the United States.

“knowledge of the Company” or words of similar import means the actual knowledge, after due inquiry, of Jamey Weichert or Chris Blakley.

“knowledge of Parent” or words of similar import means the actual knowledge, after due inquiry, of the executive officers of Parent set forth in Exhibit A.

“Law” means any law (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees and rulings thereunder), ordinance, writ, statute or treaty.

“Leases” of any Person means all leases or subleases, including all amendments, extensions and renewals with respect thereto, pursuant to which such Person uses any leased real property.

“Lien” means any mortgage, pledge, lien, security interest, charge, claim, equitable interest, encumbrance, restriction on transfer, conditional sale or other title retention device or arrangement (including a capital lease), transfer for the purpose of subjection to the payment of any Indebtedness, or restriction on the creation of any of the foregoing, whether relating to any property or right or the income or profits therefrom.

“Material Adverse Effect” on a Person means a material adverse effect on (a) the business, assets financial condition, operations or results of operations of such Person and its Subsidiaries, taken as a whole, or (b) the ability of such Person to perform its obligations pursuant to this Agreement and to consummate the Merger in a timely manner, other than any effect relating to (i) the economy in general in the United States or any state or locality in which such Person or any of its Subsidiaries conducts, or proposes to conduct, business, *provided* that such effect does not affect such Person or its Subsidiaries in a disproportionate manner compared to other Persons operating in the industries or markets in which such first Person operates; (ii) United States or global financial or securities markets or conditions or any act of terrorism, similar calamity or war; (iii) the health services industry generally or the disease management industry generally, provided that such effect does not affect such Person and its Subsidiaries in a disproportionate manner compared to other Persons operating in such industries; (iv) changes in applicable Law or regulations or in GAAP or regulatory accounting principles; (v) any action taken by the Company or the Parent with the other’s written consent or any action taken by any party hereto in compliance with the terms of this Agreement; (vi) the execution and delivery of this Agreement or announcement of the transactions contemplated hereby or the identity, business or operations of Parent or its Subsidiaries; (vii) with respect to Parent, any failure by Parent to meet any internal or public projections or forecasts or estimates of revenues or earnings for any period ending on or after the date of this Agreement, provided that the exception in this clause shall not prevent or otherwise affect a determination that any change, effect, circumstance or development underlying such failure has resulted in, or contributed to, a Material Adverse Effect on Parent; or (viii) with respect to Parent, a decline in the price of the Parent Common Stock on the Over-the-Counter Bulletin Board of the FINRA or other principal stock exchange or quotation system on which the Parent Common Stock is then listed or quoted.

“Merger Consideration” means the aggregate number of shares of Parent Common Stock issuable pursuant to Section 2.2(a).

“Merger Subsidiary Common Stock” means the common stock, \$0.001 par value per share, of Merger Subsidiary.

“Orders” means all decisions, injunctions, writs, guidelines, orders, arbitrations, awards, judgments, subpoenas, verdicts or decrees entered, issued, made or rendered by any Governmental Authority.

“Parent Balance Sheet” means the unaudited consolidated balance sheet of Parent, dated as of September 30, 2010, included with Parent’s quarterly report on Form 10-Q for the period ended September 30, 2010.

“Parent Common Stock” means the common stock, \$.00001 par value per share, of the Parent.

“Parent Options” means all options and warrants to purchase Parent Common Stock that are outstanding immediately prior to the Effective Time.

“Permits” means all licenses, registrations, franchises, permits, certificates and approvals granted by or obtained from any Governmental Authority and used by a Person in connection with the conduct of its business.

“Permitted Liens” means (i) Liens for current Taxes not yet due, (ii) Liens of any materialmen, mechanics, workmen, repairmen, contractors, warehousemen, carriers, suppliers, vendors or equivalent Liens if payment is not yet due on the underlying obligation and (iii) any other Liens on an asset that do not, individually or in the aggregate, materially affect the value of such asset in the ordinary course of business.

“Person” means and includes an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an association and any other entity or “group” (as such term is defined in Rule 13d-5(b)(1) of the Exchange Act).

“Post-Closing Tax Period” means any taxable period (and any portion of a Straddle Period) beginning after the Closing Date.

“Pre-Closing Tax Period” means any taxable period (and any portion of a Straddle Period) ending on or before the Closing Date.

“Representatives” means, with respect to any Person, its officers, directors, employees, financial advisors, attorneys, accountants, actuaries, consultants and other agents, advisors and representatives.

“Requisite Shareholder Approval” means the approval and adoption of the Agreement and the Merger by the affirmative vote of holders of at least a majority of the then outstanding shares of Company Common Stock.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Shares” means the shares of the Company’s capital stock.

“Stock Exchange Ratio” means 0.8435.

“Straddle Period” means any taxable period beginning on or prior to and ending after the Closing Date.

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company or other Person of which (or in which), directly or indirectly, more than 50% of (i) the issued and outstanding capital stock (or other shares of beneficial interest) having ordinary voting power to elect a majority of the board of directors of such corporation or (ii) the interest in the capital or profits of such partnership, joint venture, limited liability company or other Person, is at the time owned by such first Person, or by such first Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

“Tax Claim” means a notice of Tax deficiency, proposed Tax adjustment, Tax assessment, Tax audit, Tax examination or other administrative or court proceeding, suit, dispute or other claim with respect to Taxes.

“Tax Return” means any return, report or similar statement supplied to or required to be supplied to any Taxing Authority, including, any information return, claim for refund, amended return or declaration of estimated Tax.

“Taxes” means any and all federal, state, local, foreign or other taxes of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Taxing Authority, including taxes, fees, duties, customs, tariffs or assessments with respect to income, franchises, premiums or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation or unemployment compensation, and taxes or other similar charges of any kind in the nature of excise, withholding, ad valorem or value added.

“Taxing Authority” means the IRS and any other domestic or foreign Governmental Authority responsible for the administration or collection of any Taxes.

“Treasury Regulations” means the regulations promulgated by the U.S. Department of Treasury under the Code, as amended.

## ARTICLE II

### THE MERGER

#### Section 2.1 The Merger; Closing.

(a) Upon the terms and subject to the conditions set forth in this Agreement, as soon as reasonably practicable on the Closing Date, the Company and Merger Subsidiary shall cause the Merger to be consummated by filing the Articles of Merger with the Wisconsin Department of Financial Institutions, in such form as is required by, and executed in accordance with, the relevant provisions of the WBCL (the “Articles of Merger”) (the date and time of such filing of the Articles of Merger, or such later date or time as may be agreed by each of the parties hereto and specified in the Articles of Merger, being the “Effective Date” and “Effective Time”, respectively).

(b) Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time, the Company shall be merged with and into Merger Subsidiary in accordance with the requirements of the WBCL, whereupon the separate legal existence of the Company shall cease. Merger Subsidiary shall be the surviving corporation in the Merger (the "Surviving Corporation").

(c) At the Effective Time, the effect of the Merger shall be as provided in this Agreement, the Articles of Merger and the applicable provisions of the WBCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all of the property, rights, privileges, powers and franchises of the Company and Merger Subsidiary shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, disabilities and duties of each of the Company and Merger Subsidiary shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation.

(d) The closing of the transactions contemplated hereby (the "Closing") shall take place at 10:00 a.m. local time, as soon as reasonably practicable, but in any event not later than five (5) Business Days after the satisfaction or, to the extent permitted hereby, waiver of all of the conditions to the Merger, other than those conditions that by their nature are to be fulfilled at Closing, but subject to the satisfaction or waiver of such conditions, unless this Agreement shall have been terminated pursuant to its terms or another time or date is agreed to in writing by the parties hereto (the actual time and date of the Closing being referred to herein as the "Closing Date"). The Closing shall be held at the offices of Foley Hoag LLP, Seaport West, 155 Seaport Boulevard, Boston, Massachusetts, or at such other time and place as may be mutually agreed to by the Parties, including, but not limited to, Closing via e-mail or facsimile.

#### Section 2.2 Effect of the Merger on Capital Stock of the Company and Merger Subsidiary.

At the Effective Time, by virtue of the Merger and without any action on the part of Merger Subsidiary, the Company or any Company Shareholder, the capital stock of each of the Company and Merger Subsidiary shall be converted or canceled, as the case may be, as provided in this Section 2.2, in accordance with, and not in addition to, the Articles of Incorporation of the Company (in the event of a conflict with respect to distributions to the Company Shareholders between this Section 2.2 and the Company's Articles of Incorporation, the Company's Articles of Incorporation shall control):

(a) Subject to the provisions of Section 2.6 and Article VI, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Company Common Stock to be canceled pursuant to Section 2.2(b)) shall be canceled and shall be converted automatically into the right to receive such number of fully paid and nonassessable shares of Parent Common Stock equal to the Stock Exchange Ratio.

(b) Each share of capital stock of the Company held in the treasury of the Company immediately prior to the Effective Time shall be canceled without any conversion thereof and no payment or distribution shall be made with respect thereto.

(c) Each share of Merger Subsidiary Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one validly issued, fully paid and nonassessable share of common stock, par value \$0.001 per share, of the Surviving Corporation.

Section 2.3 Effect of the Merger on Company Options. All Company Stock Options which are not vested as of the date hereof shall be accelerated and vested prior to the Effective Time. If such Company Stock Options remain unexercised at the Effective Time, such Company Stock Options shall no longer be outstanding and shall automatically be canceled and retired and the holder of such Company Stock Option shall cease to have any rights with respect thereto.

Section 2.4 Exchange.

( a ) Exchange Agent. Prior to the Effective Time, Parent shall enter into an agreement with such bank or trust company as may be designated by Parent and reasonably acceptable to the Company (the "Exchange Agent"), which shall provide for the issuance of Merger Consideration in accordance with the terms of this Section 2.4. Parent shall, or shall take all steps necessary to enable and cause the Surviving Corporation to, deposit with the Exchange Agent as of the Effective Time, for the benefit of the holders of Shares, for delivery by the Exchange Agent in accordance with this Article II, the Merger Consideration into which the Shares shall have been converted, which shares of Parent Common Stock shall not be used for any other purpose.

( b ) Exchange Procedures. As soon as reasonably practicable after the Effective Time but in any event not later than three (3) business days thereafter, the Exchange Agent shall mail to each holder of record of Shares, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the certificate or certificates evidencing the Shares held by such holder (the "Certificates") shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in surrendering the Certificates in exchange for the Merger Consideration. Each holder of record of Shares shall be entitled to receive the Merger Consideration upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent. Upon issuance of the Merger Consideration pursuant to the provisions of this Article II, each Certificate so surrendered or transferred shall forthwith be canceled. Notwithstanding the foregoing, in the event of a transfer of ownership of Shares that is not registered in the transfer records of the Company, issuance of Merger Consideration may be made to a Person other than the Person in whose name the Certificate so surrendered is registered if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such issuance shall pay any transfer or other Taxes required by reason of the issuance of Merger Consideration to a Person other than the registered holder of such Certificate or establish to the satisfaction of Parent that such Tax has been paid or is not applicable.

( c ) No Further Rights. Each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon surrender in accordance with this Section 2.4 the Merger Consideration into which the Shares evidenced thereby shall have been converted pursuant to Section 2.2. No interest shall be paid or shall accrue on any cash payable to holders of Certificates pursuant to the provisions of this Article II.

Section 2.5 No Fractional Shares.

Notwithstanding any other provision of this Agreement to the contrary, each Company Shareholder entitled to receive shares of Parent Common Stock pursuant to Section 2.2 that would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all Certificates delivered by such Company Shareholder and the aggregate number of Shares represented thereby) shall, upon surrender of such Company Shareholder's Certificates, receive, in lieu of such fraction of a share, an amount of cash (without interest and after giving effect to any required withholdings) equal to the product of (i) such fractional part of a share of Parent Common Stock multiplied by (ii) \$0.75.

Section 2.6 Adjustment to Exchange Ratio.

In the event that, subsequent to the date of this Agreement but prior to the Effective Time, the number of outstanding shares of Parent Common Stock or outstanding Shares shall have been changed into a different number of shares or a different class as a result of a stock split, reverse stock split, stock dividend, subdivision, reclassification, split, combination, exchange, recapitalization or other similar transaction, the Exchange Ratio shall be proportionately adjusted.

Section 2.7 Allocation Certificate.

At or prior to the Closing, the Company shall deliver to Parent a certificate (the "Allocation Certificate ") of the Company signed by the acting chief executive officer of the Company certifying as of the Effective Time, as to (A) the identity and address of each record holder of shares of each class and series of capital stock of the Company and the number of shares of each such class and series held by such holder, and (B) the amount set forth in Section 2.2 which shall be deemed the definitive allocation of the Merger Consideration payable to the Company Shareholders in connection with the Merger hereunder.

Section 2.8 Withholding Rights.

Notwithstanding anything to the contrary contained in this Agreement, each of the Company, the Surviving Corporation (or any successor thereto), and Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign Tax Law, including any withholding from any payment that is treated as wages or compensation for the performance of services. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.9 Lost Certificates.

If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming the Certificate to be lost, stolen or destroyed and, if reasonably required by Parent or the Surviving Corporation (or any successor thereto), the delivery of an agreement of indemnification in form reasonably satisfactory to Parent, as indemnity against any claim that may be made against it with respect to such Certificate, Parent shall issue in exchange for such lost, stolen or destroyed Certificate the portion of the Merger Consideration to be paid in respect of the Shares represented by such Certificate as contemplated by this Article II.

Section 2.10 Certificate Legends.

The shares of Parent Common Stock to be issued pursuant to this Article II shall not have been registered and shall be characterized as “restricted securities” under the federal securities laws, and under such laws such shares may be resold without registration under the Securities Act only in certain limited circumstances. Each certificate evidencing shares of Parent Common Stock to be issued pursuant to this Article II shall bear the following legends:

- “THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “ACT”) OR ANY STATE LAW AND HAVE BEEN ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE ACT APPLIES. SUCH SHARES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED IN COMPLIANCE WITH RULE 145 OR PURSUANT TO A REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION UNDER THE ACT.”
- any legends required by state securities laws.

Section 2.11 Dissenting Shares.

(a) Notwithstanding any provision of this Agreement to the contrary, the Shares of any Company Shareholder who has demanded and perfected dissenters’ rights, or who still has the right to demand and perfect dissenters’ rights, for such Shares in accordance with the WBCL and who has not effectively withdrawn or lost such appraisal rights in accordance with the WBCL (collectively, the “Dissenting Shares” and each holder of Dissenting Shares, a “Dissenting Shareholder”) shall not be converted into, or represent the right to receive, a portion of the Merger Consideration, but the holder thereof shall only be entitled to such rights as are granted by the WBCL. Notwithstanding the foregoing sentence, if any Company Shareholder who demands appraisal of such Shares under the WBCL (and who has not voted or consented in writing in favor of the adoption of this Agreement) shall effectively withdraw or forfeit the right to appraisal, then, as of the later of the Effective Time and the occurrence of such withdrawal or forfeiture, such Company Shareholder’s Shares shall thereupon automatically be converted into and represent only the right to receive, a portion of the Merger Consideration in the manner provided in this Article II, without interest, upon surrender of the Certificate(s) representing all such Shares and compliance with the other requirements set forth in this Article II.

(b) The Company or the Surviving Corporation (or any successor thereto), as the case may be, shall provide Parent with prompt notice after receipt by the Company or the Surviving Corporation (or any successor thereto) of any demands under Section 180.1301 et seq. of the WBCL, withdrawals of such demands, and any other instruments served pursuant to the WBCL and received by the Company or the Surviving Corporation (or any successor thereto), and the Company and Parent shall cooperate with respect to all negotiations and proceedings with respect to demands under Section 180.1301 et seq. of the WBCL. The Company shall not, except with the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned), make any payments with respect to any demands under Section 180.1301 et seq. of the WBCL or offer to settle or settle any such demands.

Section 2.12 Articles of Incorporation; Bylaws.

(a) At the Effective Time, the Articles of Incorporation of the Merger Subsidiary in effect immediately prior to the Effective Time shall be amended and restated in its entirety as set forth in the Articles of Merger, and, as so amended and restated, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended as provided by Law and such Articles of Incorporation, provided that Parent will maintain the provisions relating to the indemnification of directors, officers and employees contained therein consistent with Section 5.8.

(b) At the Effective Time, the Bylaws of Merger Subsidiary immediately prior to the Effective Time shall be amended to change all references to the name of the Merger Subsidiary to “Collectar, Inc.”, and, as so amended, shall be the Bylaws of the Surviving Corporation until thereafter amended as provided by Law, the Articles of Incorporation of the Surviving Corporation and such Bylaws, provided that Parent will maintain the provisions relating to the indemnification of directors, officers and employees contained therein consistent with Section 5.8.

Section 2.13 Directors and Officers. Except as otherwise determined by Parent, the directors of Parent effective immediately following the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation, and the officers of the Merger Subsidiary immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified or until the earlier of their death, resignation or removal.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the written disclosure letter delivered by the Company to Parent and Merger Subsidiary in connection with the execution and delivery of this Agreement (the “Company Disclosure Letter”), it being acknowledged and agreed by Parent and Merger Subsidiary that any matter set forth in any section or subsection of the Company Disclosure Letter shall be deemed to be a disclosure for all purposes of this Agreement and all other sections or subsections of the Company Disclosure Letter to the extent it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such other sections or subsections, but shall expressly not be deemed to constitute an admission by the Company, or otherwise imply, that any such matter rises to the level of a Material Adverse Effect on the Company, or is otherwise material for purposes of this Agreement or the Company Disclosure Letter, the Company represents and warrants to Parent and Merger Subsidiary as follows:

#### Section 3.1 Organization and Qualification; Charter Documents.

(a) The Company is duly organized and validly existing under the laws of the State of Wisconsin and has the requisite corporate power and authority, and all Permits from Governmental Authorities that are necessary, to own, operate and lease the properties that it owns, operates and leases and to carry on its business as now being conducted. The Company is duly qualified to transact business as a foreign entity and is in good standing (with respect to jurisdictions that recognize such concept), in each jurisdiction in which it carries on its business or owns, leases or subleases property, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect on the Company. The Company has no Subsidiaries. To the knowledge of the Company, each of the Company Permits is valid, subsisting and in full force and effect and will continue in full force and effect after the Closing.

(b) The Company does not own any capital stock of, or any equity interest of any nature in, any other Person. The Company has not agreed and is not obligated to make, and is not bound by any written or oral agreement, contract, lease, instrument, note, option, warranty, purchase order, license, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, as in effect as of the date hereof or as may hereinafter be in effect, under which it may become obligated to make any future investment in or capital contribution to any other entity. The Company has not, at any time, been a general partner of any general partnership, limited partnership or other entity.

(c) The Company has made available to Parent prior to the execution of this Agreement complete and correct copies of the Articles of Incorporation of the Company, as amended and currently in effect, and the Bylaws of the Company, as amended and currently in effect (collectively, the “Company Organizational Documents”). Section 3.1(c) of the Company Disclosure Letter lists the directors and officers of the Company as of the date hereof.

Section 3.2 Corporate Authorization; Enforceability; Board and Shareholder Action.

(a) The Company has the requisite corporate power and authority to enter into this Agreement and, subject to obtaining the Requisite Shareholder Approval, to consummate the transactions and perform the obligations contemplated hereby (including the Merger). The execution and delivery of this Agreement, the performance by the Company of its obligations hereunder and, subject to obtaining the Requisite Shareholder Approval, the consummation of the Merger and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and, except as set forth in Section 3.2(a) of the Company Disclosure Letter and for the receipt of the Requisite Shareholder Approval, no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger and the other transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company, and assuming due authorization, execution and delivery of this Agreement by each of Parent and Merger Subsidiary, constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

(b) The Board of Directors of the Company, at a meeting duly called and held, unanimously (i) approved and adopted the Plan of Merger set forth in this Agreement and approved the transactions contemplated hereby (including the Merger), and (ii) recommended that the Company Shareholders vote for the approval of the Plan of Merger set forth in this Agreement and the transactions contemplated hereby (including the Merger).

Section 3.3 Consents and Approvals; No Violations.

(a) Except as set forth in Section 3.3(a) of the Company Disclosure Letter, the execution and delivery of this Agreement does not, and the consummation of the Merger and the other transactions contemplated by this Agreement, and performance of this Agreement will not, (i) conflict with or result in any violation or breach of the Company Organizational Documents, (ii) assuming compliance with the matters referred to in Section 3.3(b), materially conflict with or result in any material violation or material breach of, or constitute (with or without notice or lapse of time, or both) a material default (or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any material benefit) under, require a consent or waiver under, require the payment of a material penalty under or result in the imposition of any material Lien on any of the assets of the Company under, any of the terms, conditions or provisions of any Company Material Contract or under any Company Employee Plan or from any participant in any Company Employee Plan or (iii) assuming compliance with the matters referred to in Section 3.3(b), conflict with or violate in any material respect any Permit of the Company or any Law applicable to the Company or any of the properties or assets of the Company.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby (including the Merger) require no material consent, approval, license, Permit, order or authorization of, or registration, declaration, notice or filing with, any Governmental Authority other than (i) the filing of the Articles of Merger in accordance with the WBCL, and (ii) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”).

Section 3.4 Capitalization.

(a) The authorized capital stock of the Company consists of 17,000,000 shares of Company Common Stock.

(b) As of the date hereof and as of immediately prior to the Closing, the issued and outstanding capital stock of the Company consists of 15,198,699.04 shares of Company Common Stock. All such issued and outstanding shares of capital stock are validly issued, fully paid and nonassessable shares of capital stock of the Company. As of the date hereof and as of immediately prior to the Closing, there are outstanding Company Options to purchase up to an aggregate of 1,038,300 shares of Company Common Stock. No shares of capital stock of the Company are held in the treasury of the Company.

(c) None of the issued and outstanding shares of capital stock of the Company were or, upon issuance in connection with Company Options, will be, issued in violation of any preemptive rights. Except for the Company Options and except as set forth in Section 3.4(c) of the Company Disclosure Letter, there is no outstanding warrant, right, option, conversion privilege, stock purchase plan, put, call or other contractual obligation relating to the offer, sale, issuance, purchase or redemption, exchange, conversion, voting or transfer of any shares of the capital stock of the Company or other securities convertible into or exchangeable for capital stock of the Company or that provides for any stock appreciation, phantom stock or similar right (the “Company Convertible Securities”). Except as set forth in Section 3.4(c) of the Company Disclosure Letter, there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of its capital stock or other securities convertible into or exchangeable for capital stock of the Company or that provides for any stock appreciation, phantom stock, or similar right. The Shares described in Sections 3.4(b) constitute all of the issued and outstanding capital stock of the Company. Section 3.4(c) of the Company Disclosure Letter sets forth a true and complete list of holders of the Company’s capital stock, showing the number of shares of each class and series of the Company’s capital stock held by each such holder. Except as set forth in Section 3.4(c) of the Company Disclosure Letter and except for this Agreement, there are no voting trusts, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the capital stock of the Company. There are no agreements to register any securities of the Company or sales or resales thereof under the federal or state securities laws. Section 3.4(c) of the Company Disclosure Letter sets forth a complete and accurate list of all outstanding Company Options, the number and class and series of shares of capital stock of the Company issuable in connection therewith, the applicable exercise or conversion price with respect thereto and the holders thereof. The Company has not waived, delayed or deferred any payment of any exercise price of any Company Option that has been exercised or converted, as the case may be. As of immediately prior to the Effective Time, the Company Convertible Securities (other than the Company Options) shall have been converted into shares of Company Common Stock in the amounts set forth in Section 3.4(c) of the Company Disclosure Letter, and no Company Convertible Securities shall be outstanding.

Section 3.5 Financial Information.

(a) True and complete copies of (i) the audited balance sheets of the Company at December 31, 2009, December 31, 2008 and December 31, 2007, and the related audited statements of income, shareholders' equity and cash flows of the Company for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007, together with all related notes and schedules thereto, accompanied by the reports thereon of the Company's accountants (the "Company Audited Financial Statements") and (ii) the Company Balance Sheet and the related consolidated statements of income and cash flows of the Company for the twelve months ended December 31, 2010 (collectively referred to herein as the "Company Unaudited Financial Statements") are set forth in Section 3.5(a) of the Company Disclosure Letter.

(b) Except as set forth in Section 3.5(b) of the Company Disclosure Letter, the Company Audited Financial Statements and the Company Unaudited Financial Statements (i) present fairly in all material respects the consolidated financial condition and results of operations of the Company as of the dates thereof or for the periods covered thereby and (ii) have been prepared in accordance with GAAP applied on a basis consistent with the past practices of the Company and accurately reflect, in all material respects, the Company's books and records (except for adjustments required by the Company's auditor in connection with such auditor's audit of the Financial Statements) except, with respect to clauses (i) and (ii) above, in the case of the Company Unaudited Financial Statements, for normal and recurring year-end adjustments which will not be material in amount and for the absence of footnote disclosure.

(c) The Company is in compliance with any and all requirements of the Sarbanes-Oxley Act of 2002 that are applicable to the Company and any and all rules and regulations promulgated by the Commission thereunder that are applicable to the Company. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (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 the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Section 3.6 Absence of Certain Changes.

Except for the matters contemplated by this Agreement or as set forth in Section 3.6 of the Company Disclosure Letter, since the Balance Sheet Date the Company has conducted its business in the ordinary course of business and there has not occurred:

(i) any event that has had or that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company;

(ii) any acquisition by the Company (a) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof, or (b) of any assets that are material, individually or in the aggregate, to the Company, considered as a whole, except purchases of inventory in the ordinary course of business;

(iii) any sale, lease, license, pledge or other disposition of any material asset of the Company, other than in the ordinary course of business, in excess of \$50,000;

(iv) any amendment to any Company Organizational Documents;

(v) (a) any declaration or payment of any dividend or other distribution in respect of any capital stock or securities of the Company, (b) any split, combination or reclassification of any of the capital stock or securities of the Company or issuance or authorization for the issuance of any other securities in respect of, in lieu of, or in substitution for shares of the capital stock of the Company or any of their other securities, or the grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares of capital stock of the Company or any of their other securities, or (c) any purchase, redemption or other acquisition of any shares of the capital stock of the Company or any other of their securities or any rights, warrants or options to acquire any such shares or other securities;

(vi) (a) any incurrence of any Indebtedness of the Company (other than in the ordinary course of business), (b) any issuance, sale or amendment of any debt securities or options, warrants or other rights to acquire any debt securities of the Company, any guarantee of any debt securities of another Person, any “keep well” or other agreement to maintain any financial statement condition of another Person or any arrangement having the economic effect of any of the foregoing, (c) any loans, advances (other than routine advances of business expenses to employees of the Company in the ordinary course of business) or capital contributions to, or investment in, any other Person, except for investments in the ordinary course of business in debt securities maturing not more than ninety (90) days after the date of investment, or (d) any hedging agreement or other financial agreement or arrangement designed to protect the Company against fluctuations in commodities prices or exchange rates;

(vii) any amendment, modification, rescission, termination, waiver or release of any Company Material Contract;

(viii) any Lien placed on any of the assets or properties of the Company other than a Permitted Lien;

(ix) any resignation, termination or removal of any officer of the Company or change in the terms and conditions (including salary, bonus, severance and benefit terms) of the employment of any officers of the Company or the establishment of any new employee benefit plan or program or the amendment of any existing employee benefit plan or program (including, in each case, deferred compensation and bonus plans);

(x) any transaction with any Affiliate; or

(xi) any agreement or understanding to take any of the actions specified in subsections (i)–(x) above.

Section 3.7 Undisclosed Liabilities.

Except as set forth in Section 3.7 of the Company Disclosure Letter, since the Balance Sheet Date through the date of this Agreement, the Company has not incurred any liabilities of any nature, whether accrued, absolute, contingent, liquidated or unliquidated, matured or unmatured, or otherwise that would be required by GAAP, applied on a basis consistent with the Company Reference Balance Sheet, to be set forth on a consolidated balance sheet or notes thereto of the Company, except for liabilities incurred (a) in the ordinary course of business, (b) that, individually or in the aggregate, would not reasonably be likely to be material to the Company, or (c) pursuant to this Agreement or the transactions contemplated hereby.

Section 3.8 Litigation.

(a) Except as set forth in Section 3.8(a) of the Company Disclosure Letter, there is no material litigation, investigation, action, suit or other proceeding at law or in equity (each, a “Litigation”) pending or, to the knowledge of the Company, threatened in writing (i) by or against the Company; or (ii) that challenges the Merger or the other transactions contemplated by this Agreement.

(b) Except as set forth in Section 3.8(b) of the Company Disclosure Letter, there are no material judgments, injunctions, writs, orders or decrees binding on the Company or any of its properties or assets.

Section 3.9 Compliance with Laws.

Except as set forth in Section 3.9 of the Company Disclosure Letter, none of the Company or its assets or business are the subject of or bound by any Order. To the Company’s knowledge, the Company is in compliance in all material respects with all applicable Laws and Orders. To the Company’s knowledge, no event has occurred or circumstance exists that is reasonably likely to constitute or result in a material violation of or material failure to comply with any term or requirement of any Laws or Orders.

Section 3.10 Employee Benefit Plans.

(a) Section 3.10(a) of the Company Disclosure Letter contains a true and complete list of each incentive compensation, equity compensation plan, “welfare” plan, fund or program (within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)); deferred compensation or “pension” plan, fund or program (within the meaning of Section 3(2) of ERISA); each employment, termination or severance agreement under which the Company may have outstanding obligations; and each other employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by the Company or by any trade or business, whether or not incorporated, that together with the Company would be deemed a “single employer” within the meaning of Section 4001(b) of ERISA (a “Company ERISA Affiliate”), or to which the Company or any Company ERISA Affiliate is a party, for the benefit of any current or former employee or director of the Company (collectively, the “Company Employee Plans”). The Company does not sponsor and has not sponsored any Company Employee Plan that provides for any post-employment or post-retirement health or medical or life insurance benefits for retired, former or current employees or directors of the Company, except as required by Section 4980B of the Code. To the knowledge of the Company, no written or oral communication has been made that would prevent the Company from amending or terminating any Company Employee Plan providing health or medical or life insurance benefits in respect of any retired, former or current employee or director of the Company. Neither the Company nor any Company ERISA Affiliate has in the past six years maintained or contributed to any Company Employee Plan or any plan that would be considered to be a Company Employee Plan if in existence as of the date hereof that is subject to Title IV of ERISA or is a Multiemployer Plan as defined in Section 3(37) of ERISA.

(b) No liability under Title IV or Section 302 of ERISA has been incurred by the Company or any Company ERISA Affiliate that has not been satisfied in full, and none of the Company or any Company ERISA Affiliate made, or was required to make, contributions to any Title IV Plan during the five (5) year period ending on the last day of the most recent Title IV Plan year ending prior to the Closing Date.

(c) Each Company Employee Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in all material respects in accordance with its terms and complies in form and in operation in all material respects with applicable Law, including ERISA and the Code.

(d) Each Company Employee Plan intended to be “qualified” within the meaning of Section 401(a) of the Code is the subject of a letter from the Internal Revenue Service stating that it is so qualified and the trusts maintained thereunder are exempt from taxation under Section 501(a) of the Code, and the Company is not aware of any facts or circumstances that could adversely affect the qualified status of any such Company Employee Plan.

(e) There are no pending or, to the knowledge of the Company, threatened material claims by or on behalf of any Company Employee Plan, by any Person or beneficiary covered under any such Company Employee Plan, or otherwise involving any such Company Employee Plan (other than routine claims for benefits).

(f) The Company does not maintain any deferred compensation plan that is subject to Section 409A of the Code.

### Section 3.11 Taxes.

(a) Except as set forth in Section 3.11(a) of the Company Disclosure Letter: (i) all Tax Returns required to be filed by or on behalf of the Company have been timely and properly filed, and all such filed Tax Returns are true, complete and accurate in all material respects; (ii) all material Taxes due and owing by the Company have been paid, or adequately reserved for on the Company Balance Sheet, whether or not shown on any Tax Return, other than Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP and appear on the Company Balance Sheet; (iii) the Company has never received written notice of any Tax Claim from any Governmental Authority (other than routine audits undertaken in the ordinary course and which have been resolved on or prior to the date hereof); (iv) no Governmental Authority is now asserting or, to the knowledge of the Company, threatening in writing to assert against the Company any Tax Claim; (v) the Company has complied in all material respects with all Laws, rules and regulations relating to the payment and withholding of Taxes; (vi) the Company has not been a member of an affiliated group (or similar state, local or foreign filing group) filing a consolidated income Tax Return (other than the group the common parent of which is the Company) and does not have any liability for the Taxes of any Person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise; and (vii) the Company is not a party to any Tax sharing agreement, Tax allocation agreement, Tax indemnity obligation or, to the Company's knowledge, any similar material written or unwritten agreement or arrangement with respect to Taxes to which the Company is a party or by which the Company is bound that will not be terminated on the Closing Date.

(b) Except as set forth in Section 3.11(b) of the Company Disclosure Letter, the Company has not (i) entered into a closing agreement or other similar agreement with a Taxing Authority relating to Taxes of the Company with respect to a taxable period for which the statute of limitations is still open or (ii) granted any consent to extend any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax, in either case, that is still outstanding. Except as set forth in Section 3.11(b) of the Company Disclosure Letter, there are no Liens relating to Taxes upon the assets of the Company other than Liens relating to current Taxes not yet due and payable or Liens for Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP and appear on the Company Balance Sheet.

(c) Except as set forth in Section 3.11(c) of the Company Disclosure Letter, no Tax Claim has been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by such jurisdiction and no power of attorney has been granted with respect to any matter relating to Taxes that is currently still in effect.

(d) The Company was not, at any time during the applicable period set forth in Section 897(c)(1) of the Code, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code. Except as set forth in Section 3.11(d) of the Company Disclosure Letter, the Company has not been required to recognize income as a result of any adjustment pursuant to Section 481 of the Code by reason of a change in accounting method initiated by the Company, and the IRS has not initiated or proposed any such adjustment or change in accounting method. The Tax year of the Company for federal and state income Tax purposes is the fiscal year ended December 31.

(e) The Company has made available to Parent (i) correct and complete copies of all U.S. federal income and all other material income Tax Returns of the Company for all taxable periods ended on or after December 31, 2007 and for any other taxable periods that remain open for audit by a Governmental Authority; (ii) copies of all examination reports and statements of deficiencies filed by, assessed against, or agreed to by the Company since inception; and (iii) copies of all private letter rulings, determination letters, closing agreements and other correspondence issued by or received from any Governmental Authority since inception with respect to Tax matters.

(f) The Company will not be required to include any item of income in, or exclude any item of deduction from taxable income, for any taxable period (or portion thereof) ending after the Closing Date as a result of (i) any installment sale or open transaction disposition made on or prior to the Closing Date, (ii) any prepaid amount received on or prior to the Closing Date, or (iii) any “closing agreement” as described in Section 7121 of the Code (or any analogous provision of state, local or foreign Law) or (iv) any intercompany transaction within the meaning of Treasury Regulations Section 1.1502-13(b) (or any analogous provision of state, local or foreign Law).

(g) The Company is not a party to any contract, agreement, plan or arrangement covering any employee or former employee thereof, that, individually or collectively, would reasonably be expected to give rise to the payment of any amount that would not be deductible by the Parent or the Company pursuant to Section 280G of the Code (or any analogous provision of state, local or foreign Law).

(h) The Company has not constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution which could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(i) The Company has not entered into (i) a “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(2) or, (ii) a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b).

#### Section 3.12 Contracts.

(a) Sections 3.12(a)(i) through (xiv) of the Company Disclosure Letter contains lists of each of the following respective types of Contracts to which the Company is a party or by which their respective assets or properties are bound as of the date hereof (with specific reference to the subsections below for which such disclosure relates) (such Contracts, “Company Material Contracts”):

(i) each Contract that involves, or that the Company reasonably anticipates may involve, in accordance with its express terms, aggregate payments by or to the Company of more than \$50,000 per year;

- (ii) each Contract for the lease of personal property by or from the Company that involves, or the Company reasonably anticipates may involve, in accordance with its express terms, payments in excess of \$50,000 per year;
- (iii) each Contract with independent distributors or sales agents that involves, or the Company reasonably anticipates may involve, in accordance with its express terms, aggregate payments by or to the Company of more than \$50,000 per year;
- (iv) each Contract that by its express terms limits the ability of the Company to engage in any line of business or compete with any Person or otherwise conduct its business in any geographic area or during any period of time;
- (v) all Contracts evidencing or relating to Indebtedness;
- (vi) all Leases;
- (vii) all Contracts under which any Person has directly or indirectly guaranteed the Indebtedness, liabilities or obligations of the Company or under which the Company has directly or indirectly guaranteed the Indebtedness, liabilities or obligations of any Person;
- (viii) all Contracts which are joint venture, partnership or limited liability company operating agreements or other Contracts which involves a sharing of revenues, profits, losses, costs or liabilities by the Company with any other Person;
- (ix) all Contracts granting or obtaining Intellectual Property Rights that are material to the Company, other than Contracts relating to “shrink wrap,” “off-the-shelf,” or otherwise readily commercially available computer software, systems or equipment;
- (x) all Contracts that require the payment of consideration by the Company upon, are terminable upon, or prohibit, a change of ownership or control of the Company;
- (xi) any employment, consulting, severance or termination Contract with any director, officer or other employee of the Company other than those that are terminable at will by the Company on no more than 30 days’ notice without liability or financial obligation on the part of the Company;
- (xii) all Contracts between the Company, on the one hand and the officers or directors of the Company, or any of their respective Affiliates, on the other hand;
- (xiii) all Contracts with any Governmental Authority; and
- (xiv) any other Contract that is material to the business of the Company, taken as a whole, as presently conducted.

(b) A true copy of each Company Material Contract has been made available to Parent. Except as set forth in Section 3.12(b) of the Company Disclosure Letter, each Company Material Contract is a legal, valid and binding obligation of the Company and, to the knowledge of the Company, the other parties thereto, and is in full force and effect and enforceable against each Person who is a party to such Company Material Contract in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity). Except as set forth in Section 3.12(b) of the Company Disclosure Letter, the Company is not in material breach of or material default under any Company Material Contract to which it is a party and, to the knowledge of the Company, no other party to any Company Material Contract is in material breach thereof or material default thereunder. Except as set forth in Section 3.12(b) of the Company Disclosure Letter, no event has occurred, is pending or, to the knowledge of the Company, threatened, which, after the giving of notice, lapse of time or otherwise, would constitute a material breach or material default by the Company under any Company Material Contract to which it is a party or, to the knowledge of the Company, any other party to any Company Material Contract. Except as set forth in Section 3.12(b) of the Company Disclosure Letter, all Company Material Contracts are in writing.

### Section 3.13 Intellectual Property.

(a) As used in this Agreement: (i) "Intellectual Property Rights" means all (A) registered and unregistered trademarks and service marks, trade names, trade dress, logos, packaging design, slogans, and Internet domain names, together with goodwill, registrations and applications related to the foregoing (collectively, "Marks"), (B) patents, pending patent applications and patent rights and inventions, discoveries and invention disclosures (whether or not patented) (collectively, "Patents"), (C) copyrights in both published and unpublished works, including without limitation all compilations, databases and computer programs, manuals and other documentation and all registrations and applications to register the same, and all derivatives, translations, adaptations and combinations of the above (collectively, "Copyrights"), (D) software, including source and object code (collectively "Software"); (E) trade secrets, know-how, customer lists, and other confidential or proprietary information, research in progress, algorithms, data, designs, processes, formulae, source and object code, drawings, schematics, blueprints, flow charts, models, strategies, prototypes, techniques, Beta testing procedures and Beta testing results (collectively, "Trade Secrets"); and (F) goodwill, franchises, licenses, permits, consents, approvals, and claims of infringement against third parties, and (ii) "Company Intellectual Property Rights" means the Intellectual Property Rights used in the conduct of the business of the Company anywhere in the world.

(b) Section 3.13(b) of the Company Disclosure Letter sets forth a complete and accurate list of all (i) issued Patents and pending Patent applications currently owned by or exclusively licensed to the Company ("Company Patents"), (ii) Marks that are the subject of current registrations or pending applications that are currently owned by or exclusively licensed to the Company ("Company Marks"), and (iii) Copyrights that are the subject of current registrations or pending applications and are currently owned by or exclusively licensed to the Company ("Company Copyrights"). To the knowledge of the Company, the foregoing registrations are in effect and subsisting. Section 3.13(b) of the Company Disclosure Letter also sets forth a complete and accurate list of all Patents, Marks and Copyrights that are licensed to the Company on a non-exclusive basis and that are material to the business of the Company, considered as a whole.

(c) Except as set forth in Section 3.13(c) of the Company Disclosure Letter (with specific reference to the subsections below for which such disclosure relates):

(i) with respect to the Company Intellectual Property Rights (A) purported to be owned by the Company, the Company exclusively owns such Company Intellectual Property Rights and (B) licensed to the Company by a third party (other than commercial off the shelf software which is made available for a total cost of less than \$5,000), such Company Intellectual Property Rights are provided to the Company pursuant to a written license, sublicense or other agreement; in the case of the foregoing clauses (A) and (B) above, free and clear of all Liens granted by the Company;

(ii) All Company Patents, Company Marks and Company Copyrights which are issued by or registered with, as applicable, the U.S. Patent and Trademark Office, the U.S. Copyright Office or in any similar office or agency anywhere in the world are currently in compliance with formal legal requirements (including without limitation, as applicable, payment of filing, examination and maintenance fees, proofs of working or use, timely post-registration filing of affidavits of use and incontestability and renewal applications) and, to the Company's knowledge, are valid and enforceable other than registrations for Patents, Marks or Copyrights, that the Company has determined, in the exercise of its reasonable business judgment, to allow to lapse or become abandoned or canceled. Any Company Patents, Company Marks or Company Copyrights that the Company has determined to allow to lapse or become abandoned or canceled are noted as such in Section 3.13(c)(ii) of the Company Disclosure Letter.

(iii) There are no pending, or, to the Company's knowledge, threatened claims against the Company or any of their respective employees alleging that (A) the using, making, having made, selling, offering for sale, importing, copying or distributing of any ideas, creations, inventions, discoveries, improvements, designs, methods, algorithms, computer programs, written works, research, data and information of any kind owned or exclusively licensed to the Company, or (B) the conduct of the business of the Company infringes or conflicts with any other Person's Intellectual Property Rights ("Third Party Rights").

(iv) To the Company's knowledge, neither the operation of the business of the Company as currently conducted, nor any activity of the Company, (A) infringes on or violates (or, following January 1, 2007, infringed on or violated) any Third Party Rights, or (B) constitutes a misappropriation of (or, following January 1, 2007, constituted a misappropriation of) any Third Party Rights or the subject matter of any Third Party Rights (in each of (A) and (B), other than the rights of any Person under any Patent), except for any such infringement, violation or misappropriation which, if found to have occurred, would not reasonably be likely to have a material effect on the Company. To the Company's knowledge, neither the operation of the business of the Company as currently conducted, nor any activity of the Company infringes on or violates (or, following January 1, 2007, infringed on or violated) the rights of any Person under any Patent.

(v) No current or former employee or consultant of the Company owns any rights in or to any of the material Company Intellectual Property Rights exclusively licensed to, or purported to be owned by the Company.

(vi) To the Company's knowledge, there is no violation or infringement by a third party of any of the Company Intellectual Property Rights owned by, or exclusively licensed to, the Company.

(vii) The Company has taken reasonable security measures to protect the secrecy, confidentiality and value of all Trade Secrets used in the business of the Company (the "Company Trade Secrets"). Each current and former employee and consultant of the Company and any other Person who has, or has had, access to material Company Trade Secrets has executed a confidentiality agreement in the form or forms provided to Parent, and, to the Company's knowledge, there has not been any breach by any party of such confidentiality agreements.

Section 3.14 FDA. As to each product subject to the jurisdiction of the U.S. Food and Drug Administration ("FDA") under the Federal Food, Drug and Cosmetic Act, as amended, and the regulations thereunder ("FDCA") (each such product, a "Pharmaceutical Product") that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by the Company (each such product, a "Company Pharmaceutical Product"), such Company Pharmaceutical Product is being manufactured, packaged, labeled, tested, distributed, sold and/or marketed by the Company in compliance with all applicable requirements under FDCA and similar laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports, except where the failure to be in compliance would not have a Material Adverse Effect on the Company. There is no pending, completed or, to the Company's knowledge, threatened, action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against the Company, and the Company has not received any notice, warning letter or other communication from the FDA or any other governmental entity, which (i) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any Company Pharmaceutical Product, (ii) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any Company Pharmaceutical Product, (iii) imposes a clinical hold on any clinical investigation by the Company, (iv) enjoins production at any facility of the Company, (v) enters or proposes to enter into a consent decree of permanent injunction with the Company, or (vi) otherwise alleges any violation of any laws, rules or regulations by the Company, and which, either individually or in the aggregate, would have a Material Adverse Effect on the Company. The properties, business and operations of the Company have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of the FDA. The Company has not been informed by the FDA that the FDA will prohibit the marketing, sale, license or use in the United States of any product proposed to be developed, produced or marketed by the Company nor has the FDA expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by the Company.

Section 3.15 Real Property; Leases. The Company does not own any real property. Section 3.15 of the Company Disclosure Letter lists all Leases. A true and correct copy of each Lease has been made available to Parent. Each Lease is a legal, valid and binding obligation of the Company and, to the knowledge of the Company, the other parties thereto, is in full force and effect and enforceable against each Person who is a party to such Lease in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity). Except as set forth in Section 3.15 of the Company Disclosure Letter, no action has been taken or omitted by the Company and, to the Company's knowledge, no other event has occurred or condition exists, that constitutes, or after notice or lapse of time or both would constitute, a material default under any Lease.

Section 3.16 Environmental Matters.

(a) Except as set forth in Section 3.16(a) of the Company Disclosure Letter, the Company is in material compliance with all applicable federal, state and local Laws relating to pollution, protection of the environment, or human health as it relates to exposure to hazardous materials or substances (collectively, "Environmental Laws"), and holds and is in material compliance with all material Permits required under all Environmental Laws in connection with the business of the Company.

(b) Except as set forth in Section 3.16(b) of the Company Disclosure Letter, there is no suit, proceeding, litigation, action, claim, investigation, demand, or notice of violation or potential responsibility pending, or, to the Company's knowledge, threatened against the Company relating to material noncompliance with, or potential material liability under, any Environmental Law.

(c) Except as set forth in Section 3.16(c) of the Company Disclosure Letter, the Company does not own or operate any underground storage tanks regulated under Environmental Laws.

(d) Except as set forth in Section 3.16(d) of the Company Disclosure Letter, to the Company's knowledge, the operations of the Company have not resulted in any release of hazardous materials or substances on any real property now or formerly operated or leased by the Company that would be reasonably likely to result in a material liability pursuant to applicable Environmental Laws.

Section 3.17 Insurance. Section 3.17 of the Company Disclosure Letter sets forth a list of all policies of insurance maintained, owned or held by or for the benefit of the Company on the date hereof. The Company has complied with each such insurance policy and has not failed to give any notice or present any claim thereunder in a due and timely manner. The Company shall keep or cause such insurance or comparable insurance to be kept in full force and effect through the Closing Date.

Section 3.18 Employee Matters.

(a) Except as set forth on Section 3.18(a) of the Company Disclosure Letter, as of the date of this Agreement, the Company does not directly retain any individuals as independent contractors or consultants who work at the Company.

(b) Except as set forth on Section 3.18(b) of the Company Disclosure Letter, (i) there is no, and during the three (3) year period prior to the date of this Agreement there has not been any, labor strike, picketing of any nature, slowdown or any other concerted interference with normal operations, stoppage or lockout pending or, to the Company's knowledge, threatened against or affecting the business of the Company; (ii) to the knowledge of the Company, the Company has no duty to bargain with any union or labor organization or other person purporting to act as exclusive bargaining representative ("Union") of any employee of the Company ("Company Employee") with respect to wages, hours or other terms and conditions of employment; and (iii) to the Company's knowledge, no Union claims or demands to represent any Company Employee, there are no organizational campaigns in progress with respect to any Company Employee and no question concerning representation of such individuals exists.

(c) Except as set forth on Section 3.18(c) of the Company Disclosure Letter, (i) the Company is not delinquent in any material payments to any Company Employee for any wages, salaries, commissions, bonuses, fees or other direct compensation due with respect to any services performed for it or amounts required to be reimbursed to such Company Employee; (ii) to the knowledge of the Company, there are no pending complaints of employment discrimination or retaliation; (iii) to the knowledge of the Company, none of the employment policies or practices of the Company is currently being audited or investigated or subject to imminent audit or investigation by any Governmental Authority; and (iv) neither the Company nor any of its officers or senior managers is subject to any order, decree, injunction or judgment by any Governmental Authority or, to the knowledge of the Company, private settlement contract which would limit the ability of such officers or senior managers to work for the Company.

Section 3.19 Finders' or Advisors' Fees. Except as set forth in Section 3.19 of the Company Disclosure Letter for XMS Capital Partners, which fees shall be paid at or prior to Closing, there are no investment bankers, brokers, advisors, finders or other intermediaries that have been retained by or are authorized to act on behalf of the Company who are entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 3.20 Transactions With Affiliates. Except as set forth in Section 3.20 of the Company Disclosure Letter, there are no Contracts, Leases or commitments between the Company, on the one hand, and any of the Company's Affiliates, or any (current or former) officer, director, employee of the Company, on the other hand, except for employment agreements as set forth in Section 3.12 of the Company Disclosure Letter, and there is no Indebtedness owing by any such aforementioned Person to or from the Company.

Section 3.21 No Illegal Payments. Neither the Company, nor any of its directors, officers, or, to the Company's knowledge, employees or agents, directly or indirectly, has (a) given or agreed to give any illegal gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other Person, or (b) made or agreed to make any illegal contribution, or reimbursed any illegal political gift or contribution made by any other Person, to any candidate for federal, state, local or foreign public office, in each case that might subject the Company to any damage or penalty in any civil, criminal or governmental litigation, claim, suit, action, or proceeding.

Section 3.22 Assets. The Company has good and valid title to or a valid leasehold interest in or a valid right to use, all of its assets and properties (whether tangible or intangible (the "Assets")) that are material to its business, except for such failures to have title or a leasehold interest or a right to use that, individually or in the aggregate, would not reasonably be likely to have a Material Adverse Effect on the Company. The Assets are in good repair in all material respects (except for ordinary wear and tear and the need for routine maintenance) and have been maintained in all material respects in accordance with reasonable industry practices.

Section 3.23 Disclosure. None of the information furnished or made available by the Company in this Agreement (including in the Company Disclosure Letter hereto) or in any certificate or document delivered pursuant hereto by the Company at or prior to the Closing Date, is false or misleading or contains any misstatement of a material fact, or omits to state any material fact required to be stated in order to make the statements herein or therein not misleading in light of the circumstances under which they were made.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBSIDIARY

Except as set forth in the written disclosure letter delivered by Parent and Merger Subsidiary to the Company in connection with the execution and delivery of this Agreement (the "Parent Disclosure Letter"), it being acknowledged and agreed by the Company that any matter set forth in any section or subsection of the Parent Disclosure Letter shall be deemed to be a disclosure for all purposes of this Agreement and all other sections or subsections of the Parent Disclosure Letter to the extent it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such other sections or subsections, but shall expressly not be deemed to constitute an admission by Parent or any of its Subsidiaries, or otherwise imply, that any such matter rises to the level of a Material Adverse Effect on Parent or is otherwise material for purposes of this Agreement or the Parent Disclosure Letter, Parent and Merger Subsidiary jointly and severally represent and warrant to Parent as follows:

#### Section 4.1 Organization and Qualification; Charter Documents.

(a) Parent is duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power, authority and all Permits from a Governmental Authority that are necessary to own its properties and to carry on its business as now being conducted. Merger Subsidiary is duly organized and validly existing under the laws of the State of Wisconsin. Parent is duly qualified to transact business as a foreign entity and is in good standing (with respect to jurisdictions that recognize such concept), in each jurisdiction in which it carries on its business or owns, leases or subleases property, except where the failure to be so qualified or in good standing would not have a Material Adverse Effect on Parent. Parent has no Subsidiaries other than Merger Subsidiary. To the knowledge of Parent, each of the Parent's Permits is valid, subsisting and in full force and effect and will continue in full force and effect after the Closing.

(b) Except for the capital stock of Merger Subsidiary, all of which is owned by Parent, neither Parent nor Merger Subsidiary owns any capital stock of, or any equity interest of any nature in, any other Person. Neither Parent nor Merger Subsidiary has agreed, and neither is obligated to make, and neither is bound by any written or oral agreement, contract, lease, instrument, note, option, warranty, purchase order, license, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, as in effect as of the date hereof or as may hereinafter be in effect, under which it may become obligated to make any future investment in or capital contribution to any other entity. Neither Parent nor Merger Subsidiary has, at any time, been a general partner of any general partnership, limited partnership or other entity.

(c) Parent and Merger Subsidiary have made available to Parent prior to the execution of this Agreement complete and correct copies of the Certificate of Incorporation and Articles of Incorporation, respectively, of Parent and Merger Subsidiary, as amended and currently in effect, and their respective Bylaws, as amended and currently in effect (collectively, the “Parent Organizational Documents”). Section 4.1(c) of the Parent Disclosure Letter lists the directors and officers of each of Parent and Merger Subsidiary as of the date hereof.

Section 4.2      Corporate Authorization; Enforceability; Board and Shareholder Action.

(a) Parent and Merger Subsidiary have the requisite corporate power and authority to enter into this Agreement and to consummate the transactions and perform the obligations contemplated hereby (including the Merger). The execution and delivery of this Agreement, the performance by Parent and Merger Subsidiary of its obligations hereunder and the consummation of the Merger and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Merger Subsidiary and no other corporate proceedings on the part of Parent or Merger Subsidiary are necessary to authorize the execution and delivery of this Agreement or to consummate the Merger and the other transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and Merger Subsidiary, and assuming due authorization, execution and delivery of this Agreement by the Company, constitutes the legal, valid and binding obligations of Parent and Merger Subsidiary enforceable against Parent and Merger Subsidiary in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

Section 4.3      Consents and Approvals; No Violations.

(a)            The execution and delivery of this Agreement does not, and the consummation of the Merger and the other transactions contemplated by this Agreement, and performance of this Agreement will not, (i) conflict with or result in any violation or breach of the Parent Organizational Documents, (ii) assuming compliance with the matters referred to in Section 4.3(b), materially conflict with or result in any material violation or material breach of, or constitute (with or without notice or lapse of time, or both) a material default (or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any material benefit) under, require a consent or waiver under, require the payment of a material penalty under or result in the imposition of any material Lien on any of the assets of Parent under, any of the terms, conditions or provisions of any Parent Material Contract or under any Parent Employee Plan or from any participant in any Parent Employee Plan or (iii) assuming compliance with the matters referred to in Section 4.3(b), conflict with or violate in any material respect any Permit of Parent or any Law applicable to Parent or any of the properties or assets of Parent.

(b)            The execution, delivery and performance by Parent of this Agreement and the consummation by Parent of the transactions contemplated hereby (including the Merger) require no material consent, approval, license, Permit, order or authorization of, or registration, declaration, notice or filing with, any Governmental Authority other than (i) the filing of the Articles of Merger in accordance with the WBCL, and (ii) compliance with any applicable requirements of the HSR Act.

Section 4.4      Capitalization.

(a)            The authorized capital stock of Parent consists of 150,000,000 shares of Parent Common Stock and 7,000 shares of Preferred Stock, par value \$.00001 per share.

(b)            As of the date hereof and as of immediately prior to the Closing, after giving effect to the Reverse Split, the issued and outstanding capital stock of Parent consists of 2,959,914 shares of Parent Common Stock, before taking into account the cashing out of fractional shares in connection with the Reverse Split. All such issued and outstanding shares of capital stock are validly issued, fully paid and nonassessable shares of capital stock of Parent. As of the date hereof and as of immediately prior to the Closing, after giving effect to the Reverse Split, there are outstanding Parent Options to purchase up to an aggregate of 364,399 shares of Parent Common Stock. No shares of capital stock of Parent are held in the treasury of Parent.

(c)            None of the issued and outstanding shares of capital stock of Parent was or, upon issuance in connection with Parent Options, will be, issued in violation of any preemptive rights. Except for Parent Options and except as set forth in Section 4.4(c) of the Parent Disclosure Letter, there is no outstanding warrant, right, option, conversion privilege, stock purchase plan, put, call or other contractual obligation relating to the offer, sale, issuance, purchase or redemption, exchange, conversion, voting or transfer of any shares of the capital stock of Parent or other securities convertible into or exchangeable for capital stock of Parent or that provides for any stock appreciation, phantom stock or similar right. Except as set forth in Section 4.4(c) of the Parent Disclosure Letter, there are no outstanding contractual obligations of Parent to repurchase, redeem or otherwise acquire any shares of its capital stock or other securities convertible into or exchangeable for capital stock of Parent or that provides for any stock appreciation, phantom stock, or similar right. The Shares described in Sections 4.4(b) constitute all of the issued and outstanding capital stock of Parent. Except as set forth in Section 4.4(c) of the Parent Disclosure Letter and except for this Agreement, there are no voting trusts, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the capital stock of Parent. There are no agreements to register any securities of Parent or sales or resales thereof under the federal or state securities laws. Section 4.4(c) of the Parent Disclosure Letter sets forth a complete and accurate list of all outstanding Parent Options, the number and class and series of shares of capital stock of Parent issuable in connection therewith, the applicable exercise or conversion price with respect thereto and the holders thereof. Parent has not waived, delayed or deferred any payment of any exercise price of any Parent Option that has been exercised or converted, as the case may be.

Section 4.5      Financial Information.

(a)          Parent has filed all reports, schedules, forms, statements and other documents required to be filed by Parent under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two (2) years preceding the date hereof (or such shorter period as Parent was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the “SEC Reports”) on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension.

(b)          The financial statements of Parent included in the SEC Reports (i) present fairly in all material respects the consolidated financial condition and results of operations of Parent as of the dates thereof or for the periods covered thereby and (ii) have been prepared in accordance with GAAP applied on a basis consistent with the past practices of Parent and accurately reflect, in all material respects, Parent's books and records (except for adjustments required by Parent's auditor in connection with such auditor's audit of the Financial Statements) except, with respect to clauses (i) and (ii) above, in the case of unaudited financial statements of Parent, for normal and recurring year-end adjustments which will not be material in amount and for the absence of footnote disclosure.

(c)          Parent is in compliance with any and all requirements of the Sarbanes-Oxley Act of 2002 that are applicable to Parent and any and all rules and regulations promulgated by the Commission thereunder that are applicable to Parent. Parent maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (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 the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Section 4.6 Absence of Certain Changes.

Except for the matters contemplated by this Agreement or as set forth in Section 4.6 of the Parent Disclosure Letter, since the Balance Sheet Date Parent has conducted its business in the ordinary course of business and there has not occurred:

- (i) any event that has had or that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Parent;
- (ii) any acquisition by Parent (a) by merging or consolidating with, or by purchasing all or a substantial portion of the assets or any stock of, or by any other manner, any business or any corporation, partnership, joint venture, limited liability company, association or other business organization or division thereof, or (b) of any assets that are material, individually or in the aggregate, to Parent, considered as a whole, except purchases of inventory in the ordinary course of business;
- (iii) any sale, lease, license, pledge or other disposition of any material asset of Parent, other than in the ordinary course of business, in excess of \$50,000;
- (iv) any amendment to any Company Organizational Documents;
- (v) (a) any declaration or payment of any dividend or other distribution in respect of any capital stock or securities of Parent, (b) any split, combination or reclassification of any of the capital stock or securities of Parent or issuance or authorization for the issuance of any other securities in respect of, in lieu of, or in substitution for shares of the capital stock of Parent or any of their other securities, or the grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares of capital stock of Parent or any of their other securities, or (c) any purchase, redemption or other acquisition of any shares of the capital stock of Parent or any other of their securities or any rights, warrants or options to acquire any such shares or other securities;
- (vi) (a) any incurrence of any Indebtedness of Parent (other than in the ordinary course of business), (b) any issuance, sale or amendment of any debt securities or options, warrants or other rights to acquire any debt securities of Parent, any guarantee of any debt securities of another Person, any “keep well” or other agreement to maintain any financial statement condition of another Person or any arrangement having the economic effect of any of the foregoing, (c) any loans, advances (other than routine advances of business expenses to employees of Parent in the ordinary course of business) or capital contributions to, or investment in, any other Person, except for investments in the ordinary course of business in debt securities maturing not more than ninety (90) days after the date of investment, or (d) any hedging agreement or other financial agreement or arrangement designed to protect Parent against fluctuations in commodities prices or exchange rates;
- (vii) any amendment, modification, rescission, termination, waiver or release of any Material Contract;
- (viii) any Lien placed on any of the assets or properties of Parent other than a Permitted Lien;

(ix) any resignation, termination or removal of any officer of Parent or change in the terms and conditions (including salary, bonus, severance and benefit terms) of the employment of any officers of Parent or the establishment of any new employee benefit plan or program or the amendment of any existing employee benefit plan or program (including, in each case, deferred compensation and bonus plans);

(x) any transaction with any Affiliate; or

(i) any agreement or understanding to take any of the actions specified in subsections (i)–(x) above.

Section 4.7 Undisclosed Liabilities.

Except as set forth in Section 4.7 of the Parent Disclosure Letter, since the Balance Sheet Date through the date of this Agreement, Parent has not incurred any liabilities of any nature, whether accrued, absolute, contingent, liquidated or unliquidated, matured or unmatured, or otherwise that would be required by GAAP, applied on a basis consistent with Parent Reference Balance Sheet, to be set forth on a consolidated balance sheet or notes thereto of Parent, except for liabilities incurred (a) in the ordinary course of business, (b) that, individually or in the aggregate, would not reasonably be likely to be material to Parent, or (c) pursuant to this Agreement or the transactions contemplated hereby.

Section 4.8 Litigation.

(a) Except as set forth in Section 4.8(a) of the Parent Disclosure Letter, there is no material Litigation pending or, to the knowledge of Parent, threatened in writing (i) by or against the Parent; or (ii) that challenges the Merger or the other transactions contemplated by this Agreement.

(b) Except as set forth in Section 4.8(b) of the Parent Disclosure Letter, there are no material judgments, injunctions, writs, orders or decrees binding on Parent or any of its properties or assets.

Section 4.9 Compliance with Laws.

Except as set forth in Section 4.9 of the Parent Disclosure Letter, none of Parent or its assets or business are the subject of or bound by any Order. To Parent's knowledge, the Parent is in compliance in all material respects with all applicable Laws and Orders. To Parent's knowledge, no event has occurred or circumstance exists that is reasonably likely to constitute or result in a material violation of or material failure to comply with any term or requirement of any Laws or Orders.

Section 4.10 Employee Benefit Plans.

(a) Section 4.10(a) of the Parent Disclosure Letter contains a true and complete list of each incentive compensation, equity compensation plan, “welfare” plan, fund or program (within the meaning of Section 3(1) of ERISA; deferred compensation or “pension” plan, fund or program (within the meaning of Section 3(2) of ERISA); each employment, termination or severance agreement under which Parent may have outstanding obligations; and each other employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by Parent or by any trade or business, whether or not incorporated, that together with Parent would be deemed a “single employer” within the meaning of Section 4001(b) of ERISA (a “Parent ERISA Affiliate”), or to which Parent or any Parent ERISA Affiliate is a party, for the benefit of any current or former employee or director of Parent (collectively, the “Parent Employee Plans”). Parent does not sponsor and has not sponsored any Parent Employee Plan that provides for any post-employment or post-retirement health or medical or life insurance benefits for retired, former or current employees or directors of Parent, except as required by Section 4980B of the Code. To the knowledge of Parent, no written or oral communication has been made that would prevent Parent from amending or terminating any Parent Employee Plan providing health or medical or life insurance benefits in respect of any retired, former or current employee or director of Parent. Neither Parent nor any Parent ERISA Affiliate has in the past six years maintained or contributed to any Parent Employee Plan or any plan that would be considered to be a Parent Employee Plan if in existence as of the date hereof that is subject to Title IV of ERISA or is a Multiemployer Plan as defined in Section 3(37) of ERISA.

(b) No liability under Title IV or Section 302 of ERISA has been incurred by Parent or any Parent ERISA Affiliate that has not been satisfied in full, and neither Parent nor any Parent ERISA Affiliate made, or was required to make, contributions to any Title IV Plan during the five (5) year period ending on the last day of the most recent Title IV Plan year ending prior to the Closing Date.

(c) Each Parent Employee Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in all material respects in accordance with its terms and complies in form and in operation in all material respects with applicable Law, including ERISA and the Code.

(d) Each Parent Employee Plan intended to be “qualified” within the meaning of Section 401(a) of the Code is the subject of a letter from the Internal Revenue Service stating that it is so qualified and the trusts maintained thereunder are exempt from taxation under Section 501(a) of the Code, and Parent is not aware of any facts or circumstances that could adversely affect the qualified status of any such Parent Employee Plan.

(e) There are no pending or, to the knowledge of Parent, threatened material claims by or on behalf of any Parent Employee Plan, by any Person or beneficiary covered under any such Parent Employee Plan, or otherwise involving any such Parent Employee Plan (other than routine claims for benefits).

(f) Parent does not maintain any deferred compensation plan that is subject to Section 409A of the Code.

Section 4.11 Taxes.

(a) Except as set forth in Section 4.11(a) of the Parent Disclosure Letter: (i) all Tax Returns required to be filed by or on behalf of Parent have been timely and properly filed, and all such filed Tax Returns are true, complete and accurate in all material respects; (ii) all material Taxes due and owing by Parent have been paid, or adequately reserved for on the Parent Balance Sheet, whether or not shown on any Tax Return, other than Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP and appear on the Parent Balance Sheet; (iii) Parent has never received written notice of any Tax Claim from any Governmental Authority (other than routine audits undertaken in the ordinary course and which have been resolved on or prior to the date hereof); (iv) no Governmental Authority is now asserting or, to the knowledge of Parent, threatening in writing to assert against Parent any Tax Claim; (v) Parent has complied in all material respects with all Laws, rules and regulations relating to the payment and withholding of Taxes; (vi) Parent has not been a member of an affiliated group (or similar state, local or foreign filing group) filing a consolidated income Tax Return (other than the group the common parent of which is Parent) and does not have any liability for the Taxes of any Person (other than Parent) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise; and (vii) Parent is not a party to any Tax sharing agreement, Tax allocation agreement, Tax indemnity obligation or, to Parent's knowledge, any similar material written or unwritten agreement or arrangement with respect to Taxes to which Parent is a party or by which Parent is bound that will not be terminated on the Closing Date.

(b) Except as set forth in Section 4.11(b) of the Parent Disclosure Letter, Parent has not (i) entered into a closing agreement or other similar agreement with a Taxing Authority relating to Taxes of Parent with respect to a taxable period for which the statute of limitations is still open or (ii) granted any consent to extend any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax, in either case, that is still outstanding. Except as set forth in Section 4.11(b) of the Parent Disclosure Letter, there are no Liens relating to Taxes upon the assets of Parent other than Liens relating to current Taxes not yet due and payable or Liens for Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP and appear on the Parent Balance Sheet.

(c) Except as set forth in Section 4.11(c) of the Parent Disclosure Letter, no Tax Claim has been made by a Taxing Authority in a jurisdiction where Parent does not file Tax Returns that Parent is or may be subject to taxation by such jurisdiction and no power of attorney has been granted with respect to any matter relating to Taxes that is currently still in effect.

(d) Parent was not, at any time during the applicable period set forth in Section 897(c)(1) of the Code, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code. Except as set forth in Section 4.11(d) of the Parent Disclosure Letter, Parent has not been required to recognize income as a result of any adjustment pursuant to Section 481 of the Code by reason of a change in accounting method initiated by Parent, and the IRS has not initiated or proposed any such adjustment or change in accounting method. The Tax year of Parent for federal and state income Tax purposes is the fiscal year ended December 31.

(e) Parent has made available to the Company (i) correct and complete copies of all U.S. federal income and all other material income Tax Returns of Parent for all taxable periods ended on or after December 31, 2007 and for any other taxable periods that remain open for audit by a Governmental Authority; (ii) copies of all examination reports and statements of deficiencies filed by, assessed against, or agreed to by Parent since inception; and (iii) copies of all private letter rulings, determination letters, closing agreements and other correspondence issued by or received from any Governmental Authority since inception with respect to Tax matters.

(f) Parent will not be required to include any item of income in, or exclude any item of deduction from taxable income, for any taxable period (or portion thereof) ending after the Closing Date as a result of (i) any installment sale or open transaction disposition made on or prior to the Closing Date, (ii) any prepaid amount received on or prior to the Closing Date, or (iii) any “closing agreement” as described in Section 7121 of the Code (or any analogous provision of state, local or foreign Law) or (iv) any intercompany transaction within the meaning of Treasury Regulations Section 1.1502-13(b) (or any analogous provision of state, local or foreign Law).

(g) Parent is not a party to any contract, agreement, plan or arrangement covering any employee or former employee thereof, that, individually or collectively, would reasonably be expected to give rise to the payment of any amount that would not be deductible by the Parent or the Company pursuant to Section 280G of the Code (or any analogous provision of state, local or foreign Law).

(h) Parent has not constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution which could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

(i) Parent has not entered into (i) a “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(2) or, (ii) a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b).

#### Section 4.12 Contracts.

(a) Parent has filed with the SEC each Contract that was required to be filed as an exhibit to the SEC Filings pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K of the Securities Act (such Contracts, the “Parent Material Contracts”):

(b) Except as set forth in Section 4.12(b) of the Parent Disclosure Letter, each Parent Material Contract is a legal, valid and binding obligation of Parent and, to the knowledge of Parent, the other parties thereto, and is in full force and effect and enforceable against each Person who is a party to such Parent Material Contract in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity). Except as set forth in Section 4.12(b) of the Parent Disclosure Letter, Parent is not in material breach of or material default under any Parent Material Contract to which it is a party and, to the knowledge of Parent, no other party to any Parent Material Contract is in material breach thereof or material default thereunder. Except as set forth in Section 4.12(b) of the Parent Disclosure Letter, no event has occurred, is pending or, to the knowledge of Parent, threatened, which, after the giving of notice, lapse of time or otherwise, would constitute a material breach or material default by Parent under any Parent Material Contract to which it is a party or, to the knowledge of Parent, any other party to any Parent Material Contract. Except as set forth in Section 4.12(b) of Parent Disclosure Letter, all Parent Material Contracts are in writing.

Section 4.13 Intellectual Property.

(a) As used in this Agreement, “Parent Intellectual Property Rights” means the Intellectual Property Rights used in the conduct of the business of Parent anywhere in the world.

(b) Section 4.13(b) of the Parent Disclosure Letter sets forth a complete and accurate list of all (i) issued Patents and pending Patent applications currently owned by or exclusively licensed to Parent (“Parent Patents”), (ii) Marks that are the subject of current registrations or pending applications that are currently owned by or exclusively licensed to Parent (“Parent Marks”), and (iii) Copyrights that are the subject of current registrations or pending applications and are currently owned by or exclusively licensed to Parent (“Parent Copyrights”). To the knowledge of Parent, the foregoing registrations are in effect and subsisting. Section 4.13(b) of the Parent Disclosure Letter also sets forth a complete and accurate list of all Patents, Marks and Copyrights that are licensed to Parent on a non-exclusive basis and that are material to the business of Parent, considered as a whole.

(c) Except as set forth in Section 4.13(c) of the Parent Disclosure Letter (with specific reference to the subsections below for which such disclosure relates):

(i) with respect to the Parent Intellectual Property Rights (A) purported to be owned by Parent, Parent exclusively owns such Parent Intellectual Property Rights and (B) licensed to Parent by a third party (other than commercial off the shelf software which is made available for a total cost of less than \$5,000), such Parent Intellectual Property Rights are provided to Parent pursuant to a written license, sublicense or other agreement; in the case of the foregoing clauses (A) and (B) above, free and clear of all Liens granted by Parent;

(ii) All Parent Patents, Parent Marks and Parent Copyrights which are issued by or registered with, as applicable, the U.S. Patent and Trademark Office, the U.S. Copyright Office or in any similar office or agency anywhere in the world are currently in compliance with formal legal requirements (including without limitation, as applicable, payment of filing, examination and maintenance fees, proofs of working or use, timely post-registration filing of affidavits of use and incontestability and renewal applications) and, to Parent’s knowledge, are valid and enforceable other than registrations for Patents, Marks or Copyrights, that Parent has determined, in the exercise of its reasonable business judgment, to allow to lapse or become abandoned or canceled. Any Parent Patents, Parent Marks or Parent Copyrights that Parent has determined to allow to lapse or become abandoned or canceled are noted as such in Section 4.13(c)(ii) of the Parent Disclosure Letter.

(iii) There are no pending, or, to Parent's knowledge, threatened claims against Parent or any of their respective employees alleging that (A) the using, making, having made, selling, offering for sale, importing, copying or distributing of any ideas, creations, inventions, discoveries, improvements, designs, methods, algorithms, computer programs, written works, research, data and information of any kind owned or exclusively licensed to Parent, or (B) the conduct of the business of Parent infringes or conflicts with any Third Party Rights.

(iv) To the Parent's knowledge, neither the operation of the business of Parent as currently conducted, nor any activity of Parent, (A) infringes on or violates (or, following January 1, 2007, infringed on or violated) any Third Party Rights, or (B) constitutes a misappropriation of (or, following January 1, 2007, constituted a misappropriation of) any Third Party Rights or the subject matter of any Third Party Rights (in each of (A) and (B), other than the rights of any Person under any Patent), except for any such infringement, violation or misappropriation which, if found to have occurred, would not reasonably be likely to have a material effect on Parent. To Parent's knowledge, neither the operation of the business of Parent as currently conducted, nor any activity of Parent infringes on or violates (or, following January 1, 2007, infringed on or violated) the rights of any Person under any Patent.

(v) No current or former employee or consultant of Parent owns any rights in or to any of the material Company Intellectual Property Rights exclusively licensed to, or purported to be owned by Parent.

(vi) To Parent's knowledge, there is no violation or infringement by a third party of any of the Parent Intellectual Property Rights owned by, or exclusively licensed to, Parent.

(vii) Parent has taken reasonable security measures to protect the secrecy, confidentiality and value of all Trade Secrets used in the business of Parent (the "Parent Trade Secrets"). Each current and former employee and consultant of Parent and any other Person who has, or has had, access to material Parent Trade Secrets has executed a confidentiality agreement in the form or forms provided to Company, and, to Parent's knowledge, there has not been any breach by any party of such confidentiality agreements.

Section 4.14 FDA. As to each Pharmaceutical Product that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by Parent (each such product, a “Parent Pharmaceutical Product”), such Parent Pharmaceutical Product is being manufactured, packaged, labeled, tested, distributed, sold and/or marketed by Parent in compliance with all applicable requirements under FDCA and similar laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports, except where the failure to be in compliance would not have a Material Adverse Effect on Parent. There is no pending, completed or, to Parent's knowledge, threatened action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against Parent, and Parent has not received any notice, warning letter or other communication from the FDA or any other governmental entity, which (i) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any Parent Pharmaceutical Product, (ii) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any Parent Pharmaceutical Product, (iii) imposes a clinical hold on any clinical investigation by Parent, (iv) enjoins production at any facility of Parent, (v) enters or proposes to enter into a consent decree of permanent injunction with Parent, or (vi) otherwise alleges any violation of any laws, rules or regulations by Parent, and which, either individually or in the aggregate, would have a Material Adverse Effect on Parent. The properties, business and operations of Parent have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of the FDA. Parent has not been informed by the FDA that the FDA will prohibit the marketing, sale, license or use in the United States of any product proposed to be developed, produced or marketed by Parent nor has the FDA expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by Parent.

Section 4.15 Real Property; Leases. Parent does not own any real property. Section 4.15 of the Parent Disclosure Letter lists all Leases. A true and correct copy of each Lease has been made available to Parent. Each Lease is a legal, valid and binding obligation of Parent and, to the knowledge of Parent, the other parties thereto, is in full force and effect and enforceable against each Person who is a party to such Lease in accordance with its terms, except to the extent that such enforcement may be subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws, now or hereafter in effect, affecting creditors' rights generally and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity). Except as set forth in Section 4.15 of the Parent Disclosure Letter, no action has been taken or omitted by Parent and, to Parent's knowledge, no other event has occurred or condition exists, that constitutes, or after notice or lapse of time or both would constitute, a material default under any Lease.

Section 4.16 Environmental Matters.

(a) Except as set forth in Section 4.16(a) of the Parent Disclosure Letter, Parent is in material compliance with all applicable Environmental Laws and holds and is in material compliance with all material Permits required under all Environmental Laws in connection with the business of Parent.

(b) Except as set forth in Section 4.16(b) of the Parent Disclosure Letter, there is no suit, proceeding, litigation, action, claim, investigation, demand, or notice of violation or potential responsibility pending, or, to Parent's knowledge, threatened against Parent relating to material noncompliance with, or potential material liability under, any Environmental Law.

(c) Except as set forth in Section 4.16(c) of the Parent Disclosure Letter, Parent does not own or operate any underground storage tanks regulated under Environmental Laws.

(d) Except as set forth in Section 4.16(d) of the Parent Disclosure Letter, to the Parent's knowledge, the operations of Parent have not resulted in any release of hazardous materials or substances on any real property now or formerly operated or leased by Parent that would be reasonably likely to result in a material liability pursuant to applicable Environmental Laws.

Section 4.17 Insurance. Section 4.17 of the Parent Disclosure Letter sets forth a list of all policies of insurance maintained, owned or held by or for the benefit of Parent on the date hereof. Parent has complied with each such insurance policy and has not failed to give any notice or present any claim thereunder in a due and timely manner. Parent shall keep or cause such insurance or comparable insurance to be kept in full force and effect through the Closing Date.

Section 4.18 Employee Matters.

(a) As of the date of this Agreement, Parent does not directly retain any individuals as independent contractors or consultants who work at Parent.

(b) Except as set forth on Section 4.18(b) of the Parent Disclosure Letter, (i) there is no, and during the three (3) year period prior to the date of this Agreement there has not been any, labor strike, picketing of any nature, slowdown or any other concerted interference with normal operations, stoppage or lockout pending or, to Parent's knowledge, threatened against or affecting the business of Parent; (ii) to the knowledge of Parent, Parent has no duty to bargain with any Union of any employee of Parent ("Parent Employee") with respect to wages, hours or other terms and conditions of employment; and (iii) to Parent's knowledge, no Union claims or demands to represent any Employee, there are no organizational campaigns in progress with respect to any Employee and no question concerning representation of such individuals exists.

(c) Except as set forth on Section 4.18(c) of the Parent Disclosure Letter, (i) Parent is not delinquent in any material payments to any Parent Employee for any wages, salaries, commissions, bonuses, fees or other direct compensation due with respect to any services performed for it or amounts required to be reimbursed to such Parent Employee; (ii) to the knowledge of Parent, there are no pending complaints of employment discrimination or retaliation; (iii) to the knowledge of Parent, none of the employment policies or practices of Parent is currently being audited or investigated or subject to imminent audit or investigation by any Governmental Authority; and (iv) neither Parent nor any of its officers or senior managers is subject to any order, decree, injunction or judgment by any Governmental Authority or, to the knowledge of Parent, private settlement contract which would limit the ability of such officers or senior managers to work for Parent.

Section 4.19 Finders' or Advisors' Fees. Except as set forth in Section 4.19 of the Parent Disclosure Letter, for Rodman and Renshaw, LLC, which fees shall be paid at or prior to Closing, there are no investment bankers, brokers, advisors, finders or other intermediaries that have been retained by or are authorized to act on behalf of Parent who are entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 4.20 Transactions With Affiliates. Except as set forth in Section 4.20 of the Parent Disclosure Letter, there are no Contracts, Leases or commitments between Parent, on the one hand, and any of Parent's Affiliates, or any (current or former) officer, director, employee of Parent, on the other hand, except for employment agreements as set forth in Section 4.12 of the Parent Disclosure Letter, and there is no Indebtedness owing by any such aforementioned Person to or from Parent.

Section 4.21 No Illegal Payments. Neither Parent, nor any of its directors, officers, or, to Parent's knowledge, employees or agents, directly or indirectly, has (a) given or agreed to give any illegal gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other Person, or (b) made or agreed to make any illegal contribution, or reimbursed any illegal political gift or contribution made by any other Person, to any candidate for federal, state, local or foreign public office, in each case that might subject Parent to any damage or penalty in any civil, criminal or governmental litigation, claim, suit, action, or proceeding.

Section 4.22 Assets. Parent has good and valid title to or a valid leasehold interest in or a valid right to use, all of its Assets that are material to its business, except for such failures to have title or a leasehold interest or a right to use that, individually or in the aggregate, would not reasonably be likely to have a Material Adverse Effect on Parent. The Assets are in good repair in all material respects (except for ordinary wear and tear and the need for routine maintenance) and have been maintained in all material respects in accordance with reasonable industry practices.

Section 4.23 Disclosure. None of the information furnished or made available by Parent in this Agreement (including in the Parent Disclosure Letter hereto) or in any certificate or document delivered pursuant hereto by Parent at or prior to the Closing Date, is false or misleading or contains any misstatement of a material fact, or omits to state any material fact required to be stated in order to make the statements herein or therein not misleading in light of the circumstances under which they were made.

## **ARTICLE V**

### **COVENANTS**

Section 5.1 Conduct of the Business Pending the Merger. From and after the date hereof and prior to the Effective Time or such earlier date as this Agreement may be terminated in accordance with its terms, the Company, Parent and Merger Subsidiary each covenant and agree that their respective businesses shall be conducted in the ordinary course of business. Each of the Company and Parent shall keep and maintain its assets in good operating condition and repair (ordinary wear and tear excepted) and use its reasonable best efforts consistent with good business practice to maintain its business organization intact and to preserve its relationships with customers, suppliers, licensors, business partners, employees and others having business relations with it.

Section 5.2 Requisite Shareholder Approval. The Company shall use its reasonable best efforts to obtain and deliver to Parent, concurrently with the execution and delivery of this Agreement, written consents of the Company Shareholders, in the form satisfactory to Parent, pursuant to the requirements of the WBCL, which contain the Requisite Shareholder Approval (the “Company Shareholder Written Consents”).

Section 5.3 Access to Information; Confidentiality.

(a) Subject to compliance with applicable Law and Section 5.3(b), the Company and Parent shall give each other and their Representatives reasonable access to their respective personnel, properties, books and records during normal business hours, furnish each other and their Representatives such financial and operating data and all other information as such Persons may reasonably request and shall instruct its Representatives to cooperate with each other in their investigation of each other's businesses. Each of the Company and Parent will, and will cause each of its Representatives to, use its reasonable best efforts to minimize any disruption to the businesses of each other that may result from requests for access, data and information hereunder.

(b) All information provided or obtained in connection with the transactions contemplated by this Agreement will be kept confidential by the Company and Parent in accordance with that certain Confidentiality Agreement, dated October 21, 2010, between Parent and the Company (the “Confidentiality Agreement”). In complying with the provisions of this Section 5.3(b), the Company and Parent agree to cooperate with each other to preserve any attorney-client privilege, work product doctrine or any other applicable privilege relating to any information provided to either Person; provided that nothing herein shall entitle either Person to fail to disclose to the other any information requested by such first Person in good faith.

Section 5.4 Regulatory Filings; Reasonable Best Efforts.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, as promptly as practicable, but in no event later than the End Date (as defined below), the Merger and the other transactions contemplated hereby in accordance with the terms of this Agreement, including (i) the obtaining of all necessary approvals under any applicable Laws required in connection with this Agreement, the Merger and the other transactions contemplated hereby, (ii) the obtaining of all necessary actions or nonactions, waivers, consents, approvals and authorizations from Governmental Authorities and the making of all necessary registrations and filings (including filings with Governmental Authorities) and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Authority, (iii) the obtaining of all necessary waivers, consents, approvals and authorizations from Third Parties and (iv) the execution and delivery of any additional instruments necessary to consummate the Merger and other transactions contemplated hereby in accordance with the terms of this Agreement and to fully carry out the purposes of this Agreement. Notwithstanding the foregoing, nothing herein shall require Parent, in order to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Authority, to agree to sell, divest or license any assets or business or agree to restrict any business conducted by or currently proposed to be conducted by Parent, the Company or any of its Subsidiaries, or to litigate or formally contest any proceedings relating to any regulatory approval process in connection with the Merger. The Company shall agree if, but solely if, requested by Parent in writing to divest, hold separate or otherwise take or commit to take any action with respect to the businesses, services, or assets of the Company in furtherance of this Section 5.4; provided, however, that any such action may be conditioned upon the consummation of the Merger and other transactions contemplated hereby. In addition, upon the terms and subject to the conditions herein provided and subject to the parties' obligations under applicable Law, none of the parties hereto shall knowingly take or cause to be taken any action that would reasonably be expected to materially delay or prevent the satisfaction by the End Date of the condition set forth in Section 6.1(a). Each of Parent and the Company undertakes and agrees to file as soon as practicable, but in no event later than ten (10) days after the date of this Agreement, a Notification and Report Form under the HSR Act with the FTC and the Antitrust Division and to make as soon as practicable such filings and apply as soon as practicable for such approvals and consents as are required under any other applicable Laws. Parent and Company shall seek early termination of the waiting period under the HSR Act.

Section 5.5     Public Announcements.

The initial press release with respect to the Merger shall be a joint press release, to be agreed upon by Parent and the Company. Thereafter, Parent and Merger Subsidiary, on the one hand, and the Company, on the other hand, shall, consult with each other and obtain the approval of the other (which approval shall not be unreasonably withheld or delayed) before issuing, any press release or other public statements with respect to the Merger and the other transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation and approval, except as may be required by applicable Law or court process.

Section 5.6     Further Assurances.

Parent and the Company, at the request of the other party, shall execute and deliver such other instruments and do and perform such other acts and things as may be reasonably necessary or desirable for effecting completely the consummation of this Agreement and the transactions contemplated hereby (including all action reasonably necessary to seek and obtain any and all approvals of any Governmental Authority or other Person required in connection with the Merger; provided, however, that neither Parent nor (unless approved and so directed by Parent in advance) the Company shall be obligated to agree to sell, divest or license any assets or business or agree to restrict in any respect any business conducted by or currently proposed to be conducted by Parent, the Company or any of its Subsidiaries). At and after the Effective Time, the officers and directors of the Surviving Corporation (or any successor thereto) shall be authorized to execute and deliver, in the name and on behalf of the Company or Merger Subsidiary, as the case may be, any documents or instruments, and to take any other actions and do any other things, in the name and on behalf of the Company or Merger Subsidiary, reasonably necessary to vest, perfect, confirm, record or otherwise in the Surviving Corporation (or any successor thereto) any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation (or any successor thereto) as a result of, or in connection with, the Merger and to otherwise accomplish the purpose and intent of this Agreement and the transactions contemplated hereby.

Section 5.7 Notice of Breach; Updates to Disclosure Letters. From the date hereof through the Closing, the Company and Parent shall give prompt written notice to each other of the occurrence, or failure to occur, after the date hereof, of any event which occurrence or failure to occur has caused or would be reasonably likely to cause any representation or warranty contained in this Agreement or in any section of the Company Disclosure Letter or Parent Disclosure Letter, respectively, to be untrue or inaccurate in any material respect and any failure of the Company, on the one hand, or Parent or Merger Subsidiary, on the other hand, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any such party hereunder. Such written notice shall not be deemed to have amended any section of the Company Disclosure Letter or Parent Disclosure Letter, as the case may be, or any certificate or document to be delivered hereunder, or modified any representation or warranty or any covenant condition or agreement.

Section 5.8 Indemnification; D&O Insurance.

(a) For a period of six (6) years after the Effective Time, Parent shall cause the Surviving Corporation (or any successor thereto) to indemnify, defend and hold harmless each person who is now, or has been at any time prior to the date hereof or who becomes prior to the Effective Time, a director or officer of the Company (the “Indemnified Parties”) from and against all losses, claims, damages, costs and expenses (including reasonable attorneys’ fees and expenses), liabilities, judgments and settlement amounts that are paid or incurred in connection with any pending, threatened or completed claim, action, suit, formal or informal proceeding or formal or informal investigation (whether civil, criminal, administrative or investigative and whether asserted or claimed prior to, at or after the Effective Time) that is (i) based on, or arises out of, actions or omissions occurring prior to the Effective Time in such capacity as a director or officer of the Company or (ii) based on, or arising out of, or pertaining to this Agreement or the transactions contemplated hereby, in each case under clause (i) or clause (ii) above, to the fullest extent a corporation is permitted under applicable Law to indemnify its own directors or officers, as the case may be (and Parent or the Surviving Corporation (or any successor thereto) shall also advance expenses as incurred to the fullest extent permitted under applicable Law, provided that if required by applicable Law, the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification); provided, however, that in the event any claim or claims are asserted or made within such six-year period, all rights to indemnification in respect of any such claim or claims shall continue until final disposition thereof.

(b) Subject to applicable Laws, Parent and Merger Subsidiary agree that all rights to indemnification or exculpation existing in favor of, and all limitations on the personal liability of, each present and former director, officer, employee, fiduciary and agent of the Company on or prior to the Effective Time provided for in the Company Organizational Documents or otherwise in effect as of the date hereof shall continue in full force and effect in all material respects for a period of six (6) years from the Effective Time; provided, however, that all rights to indemnification in respect of any claims asserted or made within such period shall continue until the disposition of such claim. Notwithstanding the foregoing, no right to indemnification or exculpation shall exist with respect to any liabilities of a shareholder of the Company solely in its capacity as a shareholder. The Company represents and warrants to Parent and Merger Subsidiary that, as of the date hereof, no claim for indemnification has been made by any director, officer, employee, fiduciary or agent of the Company.

(c) At or prior to the Effective Time, the Company shall purchase an extended reporting period endorsement with respect to the Company's existing directors' and officers' liability insurance coverage for the Company's directors and officers (the "Tail Policy"), in a form reasonably acceptable to Parent, which shall provide such directors and officers with coverage for six (6) years following the Effective Time of not less than the directors' and officers' liability insurance coverage presently maintained by the Company, and have other terms not materially less favorable to the insured persons than the directors' and officers' liability insurance coverage presently maintained by the Company.

(d) The provisions of this Section 5.8 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party and each party entitled to insurance coverage under Section 5.8(c), respectively, and his or her heirs and legal representatives, and shall be in addition to, and shall not impair, any other rights an Indemnified Party may have under the Company Organizational Documents, as applicable, or the comparable organization documents of the Surviving Corporation (or any successor thereto) or any of its Subsidiaries, under applicable Law or otherwise. Parent shall ensure that the Surviving Corporation (or any successor thereto) complies with all of its obligations under this Section 5.8.

(e) In the event that Parent or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all its properties and assets to any Person, then, and in each such case, Parent shall cause proper provisions to be made so that the successors and assigns of Parent or the Surviving Corporation, as the case may be, assume the obligations set forth in this Section 5.8. The obligations of Parent and the Surviving Corporation under this Section 5.8 shall not be terminated or modified in such a manner as to adversely affect any indemnitee to whom this Section 5.8 applies without the express written consent of such affected indemnitee (it being expressly agreed that the indemnitees to whom this Section 5.8 applies shall be third party beneficiaries of this Section 5.8).

Section 5.9 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement ("Transfer Taxes") shall be paid by Parent when due. All necessary Tax Returns and other documentation with respect to all such Transfer Taxes shall be prepared and filed when due by the party primarily responsible under applicable law for filing such Tax Returns, and, if required by applicable Law, the Parent, as applicable, will join in the execution of any such Tax Returns.

Section 5.10 Takeover Statutes. If any takeover statute is or becomes applicable to this Agreement, the Merger or the other transactions contemplated by this Agreement, each of Parent and the Company and their respective Boards of Directors shall (a) take all necessary action to ensure that such transactions may be consummated as promptly as practicable upon the terms and subject to the conditions set forth in this Agreement and (b) otherwise act to eliminate the effects of such takeover statute and any of the transactions contemplated hereby.

## ARTICLE VI

### CONDITIONS TO THE MERGER

#### Section 6.1 Conditions to Each Party's Obligation to Effect the Merger.

The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

( a ) Antitrust. Any waiting period (and any extension thereof) applicable to the Merger under the HSR Act or any other applicable competition, merger control, antitrust or similar Law shall have been terminated or shall have expired.

( b ) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or other statute or Law (collectively, "Restraints") shall be in effect preventing the consummation of the Merger, and there shall be no pending action or proceeding before any Governmental Authority seeking any such judgment, order or decree; provided, however, that prior to asserting this condition, each of the parties shall have used its reasonable best efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any such injunction or other order that may be entered.

(c) Requisite Shareholder Approval. The Requisite Shareholder Approval shall have been obtained.

(d) Financing. Parent shall have received irrevocable subscriptions, subject only to the consummation of the Merger, for an aggregate amount of not less than the minimum amount required to complete the Financing in accordance with the terms of the Securities Purchase Agreement.

#### Section 6.2 Conditions to Obligations of Parent and Merger Subsidiary.

The obligations of Parent and Merger Subsidiary to effect the Merger are further subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on the Closing Date, except (i) to the extent such representations and warranties expressly relate to an earlier date, in which case only as of such earlier date and (ii) to the extent such representations and warranties are qualified with regard to "materiality" or "Material Adverse Effect," in which case they shall be true and correct. Parent shall have received a certificate signed on behalf of the Company by the chief executive officer or chief financial officer of the Company to such effect.

( b ) Performance of Obligations of the Company. The Company shall have performed in all material respects all agreements, obligations and covenants required to be performed by or complied with it under this Agreement at or prior to the Closing Date. Parent shall have received a certificate signed on behalf of the Company by the chief executive officer or chief financial officer of the Company to such effect.

( c ) No Litigation. There shall not be pending any suit or formal proceeding by any Governmental Authority (i) challenging the acquisition by Parent or Merger Subsidiary of any Shares or Company Options, seeking to restrain or prohibit the consummation of the Merger, seeking to place limitations on the ownership of Shares (or shares of capital stock of the Surviving Corporation) by Parent or Merger Subsidiary, (ii) seeking to prohibit or limit the ownership or operation by the Company, or by Parent or any of its Subsidiaries, of any portion of any business or of any assets of the Company or Parent or any of its Subsidiaries, (iii) seeking to obtain from the Company, Parent or Merger Subsidiary any damages with respect to the transactions contemplated hereby (including the Merger), which in the case of clauses (i), (ii) and (iii) above would have, individually or in the aggregate, a Material Adverse Effect on either the Company or Parent, as the case may be.

( d ) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any event, development or change, individually or in the aggregate with other events, developments or changes, which has resulted or would reasonably be expected to result in a Material Adverse Effect on the Company. Parent shall have received a certificate signed on behalf of the Company by the chief executive officer or chief financial officer of the Company to such effect.

( e ) Consents. All authorizations, consents or approvals of any and all Governmental Authorities and third parties necessary for the consummation of the transactions contemplated hereby or identified on Schedule 6.2(e) shall have been obtained and be in full force and effect.

( f ) Opinions of Counsel. Parent shall have received an opinion letter of Michael Best & Friedrich LLP, special counsel to the Company, dated as of the Closing date, in the form of Exhibit B-1. Parent shall have received an opinion letter of Neider & Boucher, S.C., special counsel to the Company, dated as of the Closing date, in the form of Exhibit B-2.

( g ) Shareholder Approval. The Company shall have obtained the approval and adoption of the Agreement and the Merger by the affirmative vote of holders of at least 75% of the then outstanding shares of Company Common Stock.

( h ) Accredited Investors. The Company shall have delivered to Parent evidence reasonably satisfactory to Parent that each of the Company Shareholders is “accredited” within the meaning of Rule 501(a) promulgated under the Securities Act.

( i ) Indebtedness. Except as set forth on Schedule 6.2(i), the Company shall have no Indebtedness.

( j ) Delivery of Certificates. The Company shall have delivered to Parent an executed certificate, dated as of the Closing Date, certifying in a form reasonably satisfactory to Parent, pursuant to Treasury Regulations Sections 1.897-2(h) and 1.1445-2(c)(3), that the capital stock of the Company is not a U.S. real property interest.

Section 6.3 Conditions to Obligation of the Company.

The obligation of the Company to effect the Merger is further subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

( a ) Representations and Warranties. The representations and warranties of Parent and Merger Subsidiary contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on the Closing Date, except (i) to the extent such representations and warranties expressly relate to an earlier date, in which case only as of such earlier date and (ii) to the extent such representations and warranties are qualified with regard to “materiality” or “Material Adverse Effect,” in which case they shall be true and correct. The Company shall have received a certificate signed on behalf of Parent and Merger Subsidiary by the chief executive officer or chief financial officer of Parent and Merger Subsidiary, respectively, to such effect.

( b ) Performance of Obligations of Parent and Merger Subsidiary. Parent and Merger Subsidiary shall have each performed in all material respects all agreements, obligations and covenants required to be performed by or complied with it under this Agreement at or prior to the Closing Date. The Company shall have received a certificate signed on behalf of Parent and Merger Subsidiary by the chief executive officer or chief financial officer of Parent and Merger Subsidiary, respectively, to such effect.

( c ) No Litigation. There shall not be pending any suit or formal proceeding by any Governmental Authority (i) challenging the acquisition by Parent or Merger Subsidiary of any Shares or Company Options, seeking to restrain or prohibit the consummation of the Merger, seeking to place limitations on the ownership of Shares (or shares of capital stock of the Surviving Corporation) by Parent or Merger Subsidiary, (ii) seeking to prohibit or limit the ownership or operation by the Company, or by Parent or any of its Subsidiaries, of any portion of any business or of any assets of the Company or Parent or any of its Subsidiaries, (iii) seeking to obtain from the Company, Parent or Merger Subsidiary any damages with respect to the transactions contemplated hereby (including the Merger), which in the case of clauses (i), (ii) and (iii) above would have, individually or in the aggregate, a Material Adverse Effect on either the Company or Parent, as the case may be.

( d ) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any event, development or change, individually or in the aggregate with other events, developments or changes, which has resulted or would reasonably be expected to result in a Material Adverse Effect on Parent. The Company shall have received a certificate signed on behalf of Parent by the chief executive officer or chief financial officer of Parent to such effect.

( e ) Opinion of Counsel. The Company shall have received an opinion letter of Foley Hoag LLP, counsel to Parent, dated as of the Closing date, in the form of Exhibit C.

(f) Letters of Resignation. Parent shall have received and accepted letters of resignation from the following members of the Board of Directors of Parent: Michael Doyle, Sim Fass and David McWilliams, which resignations shall be effective upon the consummation of the Merger.

( g ) Election of Directors. The Board of Directors of Parent shall have elected Rock Mackie, John Niederhuber, Michael Tweedle, John Neis and Jamey Weichert as members of the Board of Directors, effective immediately following the consummation of the Merger.

Section 6.4 Frustration of Closing Conditions.

None of the Company, Parent or Merger Subsidiary may rely, either as a basis for not consummating the Merger or terminating this Agreement and abandoning the Merger, on the failure of any condition set forth in Sections 6.1, 6.2 or 6.3, as the case may be, to be satisfied if such failure was caused by such party's breach of any provision of this Agreement or failure to use its reasonable best efforts to consummate the Merger and the other transactions contemplated by this Agreement, as required by and subject to Section 5.4 and Section 5.6.

## ARTICLE VII

### TERMINATION AND EXPENSES

Section 7.1 Termination.

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (except as provided below, notwithstanding any approval of this Agreement by the Company Shareholders):

(a) by mutual written consent of the Company and Parent; or

(b) by either the Company or Parent,

(i) if the Merger has not been consummated as of April 11, 2011 (the "End Date");

(ii) if there shall be any Law that makes consummation of the Merger illegal or otherwise prohibited or if any Restraint enjoining Parent, Merger Subsidiary or the Company from consummating the Merger is entered and such Restraint shall become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(ii) is not available to a party that has not fulfilled its obligations under Section 5.4 or Section 5.6 with respect to such Restraint; or

(iii) if there shall have been a breach by the other of any of its respective representations, warranties, covenants or obligations contained in this Agreement, which breach would result in the failure to satisfy one or more of the conditions set forth in Section 6.2(a) or (b) (in the case of a breach by the Company), or Section 6.3(a) or (b) (in the case of a breach by Parent), and in any such case such breach shall be incapable of being cured or, if capable of being cured, shall not have been cured within forty five (45) days after the giving of written notice thereof by the Company or Parent, as applicable, to the other.

The party desiring to terminate this Agreement pursuant to clause (b) of this Section 7.1 shall give written notice of such termination to the other party in accordance with Section 8.3, specifying the provision hereof pursuant to which such termination is effected.

Section 7.2      Effect of Termination.

If this Agreement is terminated pursuant to Section 7.1, this Agreement shall become void and of no effect with no liability or further obligation on the part of any party hereto, except (a) that this Section 7.2, Section 4.3(b) (Confidentiality), Section 7.3 (Fees and Expenses), Article XIII (Miscellaneous) and the agreements contained in the Confidentiality Agreement (to the extent set forth therein), shall survive the termination hereof and (b) that no such termination shall relieve any party of any liability or damages resulting from any willful or intentional breach by that party of its covenants or other obligations under this Agreement to be performed prior to the Closing Date.

Section 7.3      Fees and Expenses.

Other than as specifically provided in this Section 7.3 or as required by applicable Law, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses, whether or not the Merger is consummated, except that filing fees payable under or pursuant to the HSR Act shall be paid by Parent whether or not the Merger is consummated.

**ARTICLE VIII**

**MISCELLANEOUS**

Section 8.1      Non-Survival of Representations and Warranties. The representations and warranties of the Company, Parent and Merger Subsidiary contained in this Agreement shall terminate at the Effective Time, and only the covenants that by their express terms survive the Effective Time shall survive the Effective Time.

Section 8.2      Amendments; No Waivers.

(a) Any provision of this Agreement (including the Company Disclosure Letter, the Parent Disclosure Letter and the Exhibits hereto) may be amended or waived prior to the Effective Time, if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Subsidiary, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, however, that after the receipt of the Requisite Shareholder Approval, if any such amendment or waiver shall by Law require further approval of the Company Shareholders, the effectiveness of such amendment or waiver shall be subject to the approval of the Company Shareholders.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 8.3 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be deemed to have been duly given upon receipt when delivered in Person, by facsimile (receipt confirmed) or by overnight courier or registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by like notice):

if to Parent, Merger Subsidiary or the Surviving Corporation, to:

Novelos Therapeutics, Inc.  
One Gateway Center, Suite 504  
Newton, MA 02458  
Attention: Harry S. Palmin, President and CEO  
Facsimile No.: (617) 964-6331

with a copy (which shall not constitute notice) to:

Foley Hoag LLP  
Seaport West  
155 Seaport Boulevard  
Boston, Massachusetts 02210  
Attention: Paul Bork  
Facsimile No.: (617) 832-7000

if to the Company, to:

Collectar, Inc.  
3301 Agriculture Drive  
Madison, WI 53716  
Attention: Jamey Weichert  
Facsimile No.: (608) 441-8121

with a copy (which shall not constitute notice) to:

Michael Best & Friedrich LLP  
One South Pinckney Street, Suite 700  
Madison, Wisconsin 53703  
Attention: Gregory J. Lynch, Esq.  
Melissa M. Turczyn, Esq.  
Facsimile No.: (608) 283-2275

with a copy (which shall not constitute notice) to:

Neider & Boucher, S.C.  
University Research Park  
401 Charmany Drive, Suite 310  
Madison, Wisconsin 53719  
Attention: Charles E. Neider, Esq.  
Facsimile No.: (608) 661-4510

Section 8.4      Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

Section 8.5      Governing Law.

This Agreement, including all matters of construction, validity and performance, shall be construed in accordance with and governed by the WBCL, as to matters within the scope thereof, and by the Laws of The Commonwealth of Massachusetts (without regard to principles of conflicts of Laws) as to all other matters.

Section 8.6      Consent to Jurisdiction.

Except as provided in Section 8.11 (Specific Performance) herein, each of the parties hereto: (a) irrevocably consents to submit itself to the personal jurisdiction of any state or federal court of competent jurisdiction located in the City of Boston in the Commonwealth of Massachusetts, for the purpose of any action or proceeding arising out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that, except in any action brought against a party in another jurisdiction by an independent third party, it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than a state or federal court of competent jurisdiction located in the City of Boston in the Commonwealth of Massachusetts, except for the purpose of enforcing any award or decision.

Section 8.7      Counterparts; Effectiveness.

This Agreement may be executed in one or more counterparts, including by facsimile or PDF signature, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8.8      Entire Agreement.

This Agreement (including the Company Disclosure Letter, the Parent Disclosure Letter and the Exhibits hereto) and the Confidentiality Agreement constitute the entire agreement among the parties with respect to the subject matter of this Agreement and supersede and cancel all prior agreements, negotiations, correspondence, undertakings, understandings and communications of the parties, oral and written, with respect to the subject matter hereof and thereof.

Section 8.9     Third Party Beneficiaries.

Except as expressly provided herein, this Agreement is for the sole benefit of the parties and their permitted successors and assigns and nothing herein expressed or implied will give or be construed to give any Person, other than the parties and such permitted successors and assigns, any legal or equitable rights hereunder; provided, however, that the parties hereto specifically acknowledge and agree that, from and after the Closing Date, the provisions of Section 5.8 hereof are intended to be for the benefit of, and shall be enforceable by, all current or former directors and officers of the Company (in all of their capacities) affected thereby.

Section 8.10     Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 8.11     Specific Performance.

The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder will cause irreparable injury to the other parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the granting of injunctive relief by any court of competent jurisdiction to compel performance of such party's obligations and to the granting by any court of the remedy of specific performance of its obligations hereunder, without bond or other security being required, this being in addition to any other remedy to which any other party is entitled at law or in equity.

Section 8.12     No Setoff.

Each of the parties hereto acknowledges and agrees (on its own behalf and on behalf of its Affiliates) that it and its Affiliates shall have no right hereunder or pursuant to applicable Law to, and will not, offset any amounts due and owing (or to become due and owing) under this Agreement to any other party hereto or thereto or such party's Affiliates against any amounts due and owing from such other party or such other party's Affiliates under this Agreement or any other agreement, contract or understanding.

Section 8.13 Construction.

(a) The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. As used in this Agreement, (i) the term “including” shall mean “including, without limitation,” (ii) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires, (iii) the words “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including the Company Disclosure Letter, the Parent Disclosure Letter and the Exhibits hereto) and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement, unless otherwise specified, (iv) the words “date hereof” shall mean April 8, 2011, (v) the word “or” shall not be exclusive and (vi) Parent, Merger Subsidiary and the Company will be referred to herein individually as a “party” and collectively as “parties” (except where the context otherwise requires).

(b) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(c) Any reference to any federal, state, local or non-United States Law shall be deemed also to refer to all rules and regulations promulgated thereunder and any predecessor or successor Law, rules and regulations, in each case as amended or as otherwise modified from time to time, unless the context otherwise requires.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CELLECTAR, INC.

By: /s/ Jamey P. Weichert

Name: Jamey P. Weichert

Title: Interim President and Chief Executive Officer

NOVELOS THERAPEUTICS, INC.

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

CELL ACQUISITION CORP.

By: /s/ Harry S. Palmin  
Name: Harry S. Palmin  
Title: President

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### Omitted Exhibits and Schedules

The following exhibits and schedules have been omitted:

1. Exhibit A – Knowledge of Parent - List of Individuals;
2. Exhibit B-1 – Form of Opinion of Michael Best & Friedrich LLP;
3. Exhibit B-2 – Form of Opinion of Neider & Boucher, S.C.;
4. Exhibit C – Form of Opinion of Foley Hoag LLP;
5. Company Disclosure Letter;
6. Parent Disclosure Letter;
7. Schedule 6.2(e) - Consents; and
8. Schedule 6.2(i) – Indebtedness.

Novelos Therapeutics, Inc. agrees to furnish supplementally a copy of these omitted exhibits and schedules to the Securities and Exchange Commission upon request.

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**SECOND AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION**

**OF**

**NOVELOS THERAPEUTICS, INC.**

**FIRST:** The name of this Corporation is Novelos Therapeutics, Inc.

**SECOND:** The address, including street, number, city and county of the registered office of this Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the city of Wilmington, County of Newcastle; and the name of the registered agent of this Corporation in the State of Delaware at such address is The Corporation Trust Company.

**THIRD:** The nature of the business and of the purposes to be conducted and promoted by this Corporation are to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

**FOURTH:** The aggregate number of shares of stock that this Corporation shall have authority to issue is one hundred fifty million seven thousand (150,007,000), of which one hundred fifty million (150,000,000) shares shall be designated "Common Stock" and seven thousand (7,000) shares shall be designated "Preferred Stock." Shares of Common Stock and Preferred Stock shall have a par value of \$.00001 per share.

Common Stock

Subject to the prior or equal rights, if any, of the Preferred Stock which hereafter may be authorized of any and all series stated and expressed by the Board of Directors in the resolution or resolutions providing for the issuance of such Preferred Stock, the holders of Common Stock shall be entitled (i) to receive dividends when and as declared by the Board of Directors out of any funds legally available therefor and (ii) in the event of any dissolution, liquidation or winding up of the Corporation, to receive the remaining assets of the Corporation, ratably according to the number of shares of Common Stock held. The holders of Common Stock shall be entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders of the Corporation. No holder of Common Stock shall have any preemptive right to purchase or subscribe for any part of any issue of stock of any class whatsoever, whether now or hereafter authorized.

Preferred Stock

Authority is hereby expressly granted to the Board of Directors from time to time to issue series of Preferred Stock and, in connection with the creation of each such series, to fix by the resolution or resolutions providing for the issue of shares thereof, the number of shares of such series, and the powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions of such series, to the full extent now or hereafter permitted by the laws of the State of Delaware.

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**FIFTH:** Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders, of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

**SIXTH:** The power to make, alter or repeal the By-Laws, and to adopt any new By-Law, shall be vested in the Board of Directors.

**SEVENTH:** To the fullest extent that the General Corporation Law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of this Corporation shall be personally liable to this Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Notwithstanding the foregoing, a director shall be liable to the extent provided by applicable law: (1) for any breach of the director's duty of loyalty to this Corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) under Section 174 of the General Corporation Law of the State of Delaware; or (4) for any transaction from which the director derived any improper personal benefit. Neither the amendment nor repeal of this Article, nor any adoption of any provision of this Certificate of Incorporation inconsistent with this Article, shall adversely affect any right or protection of a director of this Corporation existing at the time of such amendment or repeal.

**EIGHTH:** This Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said Section. This Corporation shall advance expenses to the fullest extent permitted by said Section. Such right to indemnification and advancement of expenses shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The indemnification and advancement of expenses provided for herein shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

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**NINTH:** This Article is inserted for classification of the Board of Directors.

1. Number of Directors. The number of directors of this Corporation shall not be less than three (3). The exact number of directors within the limitations specified in the preceding sentence shall be fixed from time to time by, or in the manner provided in, this Corporation's By-laws.
  2. Classes of Directors. The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the designated number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class III, and if such fraction is two-thirds, one of the extra directors shall be a member of Class II and one of the extra directors shall be a member of Class III, unless otherwise provided from time to time by resolution adopted by the Board of Directors.
  3. Election of Directors. Elections of directors need not be by written ballot except as and to the extent provided in the By-laws of this Corporation.
  4. Terms of Office. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, that each initial director in Class I shall serve for a term ending on the date of the annual meeting in 2011; each initial director in Class II shall serve for a term ending on the date of the annual meeting in 2012; and each initial director in Class III shall serve for a term ending on the date of the annual meeting in 2013; and provided further, that the term of each director shall be subject to the election and qualification of his successor and to his earlier death, resignation or removal.
  5. Allocation of Directors Among Classes in the Event of Increases or Decreases in the Number of Directors. In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he is a member and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to ensue that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of offices are to expire at the earliest dates following such allocation, unless otherwise provided from time to time by resolution adopted by the Board of Directors.
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6. Quorum; Action at Meeting. A majority of the directors at any time in office shall constitute a quorum for the transaction of business. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each director so disqualified, provided that in no case shall less than one-third of the number of directors fixed pursuant to Section 1 above constitute a quorum. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of those present may adjourn the meeting from time to time. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law, or by the Amended and Restated Certificate of Incorporation of this Corporation or the By-laws of this Corporation, each as amended.

7. Removal. Directors of this Corporation may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the shares of the capital stock of this Corporation issued and outstanding and entitled to vote.

8. Vacancies. Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the board, shall be filled only by a vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected to hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his successor and to his earlier death, resignation or removal.

9. Amendments to Article. Notwithstanding any other provisions of law, the Amended and Restated Certificate of Incorporation of this Corporation or the By-laws of this Corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of capital stock of this Corporation issued and outstanding and entitled to vote shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

**TENTH:** Any action required or permitted to be taken by the stockholders of this Corporation must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by such stockholders. Notwithstanding any other provisions of law, the Amended and Restated Certificate of Incorporation or the By-laws of this Corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) in voting power of the shares of capital stock of this Corporation issued and outstanding and entitled to vote shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

**ELEVENTH:** Special meetings of stockholders may be called at any time only by the President or the Board of Directors. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provision of law, the Amended and Restated Certificate of Incorporation of this Corporation or the By-laws of this Corporation, each as amended, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of capital stock of this Corporation issued and outstanding and entitled to vote shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH.

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**CERTIFICATE OF ELIMINATION**  
**OF**  
**SERIES C 8% CUMULATIVE CONVERTIBLE PREFERRED STOCK**  
**OF**  
**NOVELOS THERAPEUTICS, INC.**

(Pursuant to Section 151(g) of the General  
Corporation Law of the State of Delaware)

Novelos Therapeutics, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation") does hereby certify as follows:

**FIRST:** The certain Certificate to Set Forth Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series C 8% Cumulative Convertible Preferred Stock, \$.00001 par value per share (the "Series C Certificate of Designations"), filed on May 2, 2007 and constituting part of the Corporation's Amended and Restated Certificate of Incorporation, as amended, authorizes the issuance of 400 shares of a series of the Corporation's Preferred Stock, par value \$.00001 per share (the "Preferred Stock"), designated Series C 8% Cumulative Convertible Preferred Stock, par value \$.00001 per share (the "Series C Preferred Stock").

**SECOND:** Pursuant to the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation has adopted the following resolutions:

**RESOLVED:** That no shares of the Corporation's Series C 8% Cumulative Convertible Preferred Stock, par value \$.00001 per share (the "Series C Preferred Stock"), are outstanding, and that no shares of Series C Preferred Stock will be issued subject to the Certificate to Set Forth Designations, Voting Powers, Preferences, Limitations, Restrictions, and Relative Rights of Series C 8% Cumulative Convertible Preferred Stock, \$.00001 par value per share (the "Series C Certificate of Designations");

**RESOLVED:** That all matters set forth in the Series C Certificate of Designations with respect to the Series C Preferred Stock be eliminated from the Corporation's Amended and Restated Certificate of Incorporation, as amended; and

**RESOLVED:** That the officers of the Corporation are directed to file with the Secretary of State of the State of Delaware a Certificate of Elimination pursuant to Section 151(g) of the General Corporation Law of the State of Delaware setting forth these resolutions in order to eliminate from the Corporation's Amended and Restated Certificate of Incorporation, as amended, all matters set forth in the Series C Certificate of Designations with respect to the Series C Preferred Stock.

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**THIRD:** Pursuant to the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, all matters set forth in the Series C Certificate of Designations with respect to the Series C Preferred Stock are hereby eliminated, and the shares that were designated to such series are hereby returned to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

[Signature on next page]

**IN WITNESS WHEREOF**, the Corporation has caused this Certificate to be signed by its duly authorized officer this 6th day of April, 2011.

**NOVELOS THERAPEUTICS, INC.**

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

**CERTIFICATE OF ELIMINATION**  
**OF**  
**SERIES E CONVERTIBLE PREFERRED STOCK**  
**OF**  
**NOVELOS THERAPEUTICS, INC.**

(Pursuant to Section 151(g) of the General  
Corporation Law of the State of Delaware)

Novelos Therapeutics, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the “Corporation”) does hereby certify as follows:

**FIRST:** The certain Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock of Novelos Therapeutics, Inc. (the “Series E Certificate of Designations”) filed on February 11, 2009 and constituting part of the Corporation’s Amended and Restated Certificate of Incorporation, as amended, authorizes the issuance of 735 shares of a series of the Corporation’s Preferred Stock, par value \$.00001 per share (the “Preferred Stock”), designated Series E Convertible Preferred Stock (the “Series E Preferred Stock”).

**SECOND:** Pursuant to the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation has adopted the following resolutions:

**RESOLVED:** That no shares of the Corporation’s Series E Convertible Preferred Stock (the “Series E Preferred Stock”) are outstanding, and that no shares of Series E Preferred Stock will be issued subject to the Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock of Novelos Therapeutics, Inc. (the “Series E Certificate of Designations”);

**RESOLVED:** That all matters set forth in the Series E Certificate of Designations with respect to the Series E Preferred Stock be eliminated from the Corporation’s Amended and Restated Certificate of Incorporation, as amended; and

**RESOLVED:** That the officers of the Corporation are directed to file with the Secretary of State of the State of Delaware a Certificate of Elimination pursuant to Section 151(g) of the General Corporation Law of the State of Delaware setting forth these resolutions in order to eliminate from the Corporation’s Amended and Restated Certificate of Incorporation, as amended, all matters set forth in the Series E Certificate of Designations with respect to the Series E Preferred Stock.

**THIRD:** Pursuant to the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, all matters set forth in the Series E Certificate of Designations with respect to the Series E Preferred Stock are hereby eliminated, and the shares that were designated to such series are hereby returned to the status of authorized but unissued shares of Preferred Stock, without designation as to series.

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**IN WITNESS WHEREOF**, the Corporation has caused this Certificate to be signed by its duly authorized officer this 6th day of April, 2011.

**NOVELOS THERAPEUTICS, INC.**

By: /s/ Harry S. Palmin

Name: Harry S. Palmin

Title: President and Chief Executive Officer

## COMMON STOCK PURCHASE WARRANT

## NOVELOS THERAPEUTICS, INC.

Warrant Shares: [\_\_\_\_\_]

Initial Exercise Date: April \_\_, 2011

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, [\_\_\_\_\_] or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on March 31, 2016 (the "Termination Date") but not thereafter, to subscribe for and purchase from Novelos Therapeutics, Inc., a Delaware corporation (the "Company"), up to [\_\_\_\_\_] shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated April \_\_, 2011, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto. Within three (3) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is required in connection with the applicable Notice of Exercise. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b ) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **\$0.75**, subject to adjustment hereunder (the "Exercise Price").

c ) Cashless Exercise. Subject to the limitations set forth herein, this Warrant may be exercised, in whole or in part, by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing  $[(A-B) (X)]$  by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company. "Trading Day" means a day on which the principal Trading Market is open for trading. "Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

d) Mechanics of Exercise.

i . Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise, (B) surrender of this Warrant (if required) and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise, if permitted) (such date, the "Warrant Share Delivery Date"). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid.

ii . Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii . Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

i v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v . No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

v i . Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any such increase or decrease will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.] **[NOTE: TO BE INCLUDED AT INVESTOR REQUEST.]**

Section 3.      Certain Adjustments.

a)      Stock Dividends and Splits If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b ) Subsequent Rights Offerings. If the Company, at any time while the Warrant is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to the Holder) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the VWAP on the record date mentioned below, then the Exercise Price shall be multiplied by a fraction, of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming receipt by the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP. Such adjustment shall be made whenever such rights, options or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

c) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holder) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security, other than the Common Stock (which shall be subject to Section 3(b)), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder [(without regard to any limitation in Section 2(e) on the exercise of this Warrant)], the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction [(without regard to any limitation in Section 2(e) on the exercise of this Warrant)]. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a “Rule 13e-3 transaction” as defined in Rule 13e-3 under the Exchange Act, or (3) a Fundamental Transaction involving a person or entity not traded on a national securities exchange, including, but not limited to, the Nasdaq Global Select Market, the Nasdaq Global Market, or the Nasdaq Capital Market, the Company or any Successor Entity (as defined below) shall, at the Holder’s option, exercisable at any time concurrently with, or within 30 days after the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction. “Black Scholes Value” means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the “OV” function on Bloomberg, L.P. (“Bloomberg”) determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant [(without regard to any limitations on the exercise of this Warrant)] prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

i i . Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4.      Transfer of Warrant.

a )      Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b ) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c ) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a ) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b ) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c ) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation 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 actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e ) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f ) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g ) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h ) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i ) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j ) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k ) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l ) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m ) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n ) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

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*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

NOVELOS THERAPEUTICS, INC.

By: \_\_\_\_\_

Name:

Title:

**NOTICE OF EXERCISE**

TO: NOVELOS THERAPEUTICS, INC.

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), 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(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

*Signature of Authorized Signatory of Investing Entity:* \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

## ASSIGNMENT FORM

(To assign the foregoing warrant, execute  
this form and supply required information.  
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [\_\_\_\_\_] all of or [\_\_\_\_\_] shares of the foregoing Warrant and all rights evidenced thereby are  
hereby assigned to

\_\_\_\_\_ whose address is  
\_\_\_\_\_.  
\_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature:

\_\_\_\_\_

Holder's Address:

\_\_\_\_\_

\_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

\_\_\_\_\_

**SECURITIES PURCHASE AGREEMENT**

THIS SECURITIES PURCHASE AGREEMENT ("**Agreement**") is made as of this 8th day of April, 2011 (the "**Signing Date**") by and among Novelos Therapeutics, Inc., a Delaware corporation (the "**Company**") and the investors set forth on **Schedule I** affixed hereto, as such Schedule may be amended from time to time in accordance with the terms of this Agreement (each an "**Investor**" and collectively the "**Investors**").

**Recitals:**

A. The Company desires, pursuant to this Agreement, to raise not less than the Minimum Investment Amount (as defined below) through the issuance and sale to the Investors (the "**Private Placement**") of up to 12,000,000 units (the "**Units**") at a price of \$0.75 per Unit, each Unit consisting of: (i) one share of the Company's Common Stock, par value \$0.00001 per share (the "**Common Stock**") and such shares, collectively, the "**Shares**"), and (ii) a warrant to acquire one share of Common Stock at an exercise price of \$0.75 per share, with an expiration date of March 31, 2016 (collectively, the "**Warrants**"), the Warrants to be in the form of **Exhibit A** annexed hereto and made a part hereof;

B. The Company, the Escrow Agent (as defined below), the Placement Agent (as defined below) and the Lead Investor (as defined below) are parties to an Escrow Agreement (defined below) pursuant to which funds to be applied to the purchase of Units hereunder are to be released upon the satisfaction of the escrow conditions therein and the conditions to closing herein, and the conditions to the release of such counterpart signature pages from escrow have been satisfied;

C. The Investors desire to purchase from the Company, and the Company desires to issue and sell to the Investors, upon the terms and conditions stated in this Agreement, such number of Units as is set forth next to each such Investor's name on such Investor's signature page and **Schedule I** affixed hereto;

D. The Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("**Regulation D**"), as promulgated by the U.S. Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "**1933 Act**");

E. As more fully described in that certain Information Memorandum of the Company dated February 16, 2011 (the "**Memorandum**"), concurrently with the Closing (as defined below), the Company intends to enter into a business combination with Collectar, Inc., a Wisconsin corporation ("**Collectar**"), pursuant to which Collectar will be merged with a wholly owned subsidiary of the Company (the "**Merger**"), with the result that the surviving corporation of the Merger (the "**Surviving Corporation**") will be a wholly owned subsidiary of the Company, and each outstanding share of Collectar capital stock will be converted into the right to receive 0.8435 shares of Common Stock;

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F. In anticipation of the Merger and the Private Placement, the Company has filed with the Secretary of State of the State of Delaware a Certificate of Amendment (the “**Certificate of Amendment**”) in order to, among other things, effect a reverse split of the Common Stock at a ratio of 153 to 1 and a reduction in the number of authorized shares of Common Stock from 750,000,000 to 150,000,000; and

G. In connection with the Private Placement, the Company is obligated to compensate Rodman & Renshaw, LLC (the “**Placement Agent**”), pursuant to the Placement Agent Agreement (as defined below), with an aggregate cash commission equal to seven percent (7%) of the gross proceeds resulting from the Private Placement (or three and one-half percent (3.5%) in the case of certain Collectar-related Investors) (the “**Placement Agent Fee**”) and to issue to the Placement Agent a warrant to purchase an aggregate number of shares of Common Stock equal to eight percent (8%) of the aggregate number of Units sold in the Private Placement (or two percent (2%) in the case of Units sold to certain Collectar-related Investors), exercisable for a period of five years, at an exercise price equal to \$0.75 per share (the “**Placement Agent Warrant**”).

NOW, THEREFORE, in consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** In addition to those terms defined above and elsewhere in this Agreement, for the purposes of this Agreement, the following terms shall have the meanings set forth in this Section 1:

“**1933 Act**” has the meaning set forth in the Recitals.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**10-K**” has the meaning set forth in Section 5.6.

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly Controls, is Controlled by, or is under common Control with, such Person.

“**Agreement**” has the meaning set forth in the Recitals.

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

“**Company Counsel Opinion**” means a legal opinion from the Company Counsel, dated as of the applicable Closing Date, in the form attached hereto as Exhibit B.

“**Closing**” has the meaning set forth in Section 4.1.

“**Closing Date**” has the meaning set forth in Section 4.1.

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“**Common Stock**” has the meaning set forth in the Recitals, and also includes any securities into which the Common Stock may be reclassified.

“**Company**” has the meaning set forth in the Recitals.

“**Company Counsel**” means Foley Hoag LLP, counsel to the Company.

“**Company’s Knowledge**” means the actual knowledge of the officers of the Company, after due inquiry and investigation.

“**Confidential Information**” means trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, processes, procedures and techniques, research and development information, computer program code, performance specifications, support documentation, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information).

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Cutback Comment**” has the meaning set forth in Section 9.1(e).

“**Disclosure Schedules**” has the meaning set forth in Section 5.

“**Effective Date**” means the date on which the Registration Statement is declared effective by the SEC with respect to the resale of all of the securities then constituting Registrable Securities, or such lesser amount of Registrable Securities with respect to which the SEC shall permit registration pursuant to any Cutback Comment.

“**Effectiveness Period**” has the meaning set forth in Section 9.2(a).

“**Environmental Laws**” has the meaning set forth in Section 5.15.

“**Escrow Agent**” means Signature Bank, a New York State chartered bank.

“**Escrow Agreement**” means that certain Escrow Agreement dated March 3, 2011, as amended, by and among the Company, the Escrow Agent, the Placement Agent and the Lead Investor, pursuant to which, among other things, the Escrow Agent is holding in escrow the Escrow Amount, a copy of which is attached hereto as Exhibit C.

“**Escrow Amount**” has the meaning set forth in Section 3.1(a).

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**“Escrow Termination Date”** means April 1, 2011, or such later date as shall be agreed to in a writing signed by the Company and the Lead Investor; provided, however, the Lead Investor, on behalf of itself and the other Investors, and the Company may jointly agree to extend the Escrow Termination Date until no later than April 11, 2011.

**“Event”** has the meaning set forth in Section 9.1(d).

**“Filing Date”** means the date of filing of the Registration Statement, as defined below, with the SEC.

**“FINRA”** means the Financial Industry Regulatory Authority.

**“Holder”** means a holder of Registrable Securities or any securities exercisable for Registrable Securities.

**“Intellectual Property”** means all of the following: (i) patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations, applications and renewals for any of the foregoing; (v) trade secrets, Confidential Information and know-how (including, but not limited to, ideas, formulae, compositions, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information); and (vi) computer software (including, but not limited to, data, data bases and documentation).

**“Investor Questionnaire”** shall mean a questionnaire in form and substance satisfactory to the Company regarding the suitability of a prospective investor to participate in the Private Placement.

**“Lead Investor”** means Venture Investors Early Stage Fund IV Limited Partnership.

**“License Agreements”** has the meaning set forth in Section 5.14(b).

**“Material Adverse Effect”** means a material adverse effect on (i) the assets and liabilities, prospects, results of operations, condition (financial or otherwise) or business of the Company and its Subsidiaries (including for purposes of this definition, the Surviving Corporation) taken as a whole, or (ii) the ability of the Company to issue and sell the Units and to perform its obligations under the Transaction Documents; *provided, however*, that: (A) any adverse effect that results from general economic, business or industry conditions which do not disproportionately affect the Company or its Subsidiaries, the taking by the Company of any action permitted or required by the Agreement, or the announcement or pendency of transactions contemplated hereunder, shall not, in and of itself, constitute a “Material Adverse Effect” on the Company, and shall not be considered in determining whether there has been or would be a “Material Adverse Effect” on the Company and (B) a decline in the Company’s stock price shall not, in and of itself, constitute a “Material Adverse Effect” on the Company and shall not be considered in determining whether there has been or would be a “Material Adverse Effect” on the Company.

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“**Material Contract**” means any contract of the Company or any Subsidiary (including the Surviving Corporation) (i) that was required to be filed as an exhibit to the SEC Filings pursuant to Item 601(b)(4) or Item 601(b)(10) of Regulation S-K of the 1933 Act or (ii) the loss of which could reasonably be expected to have a Material Adverse Effect.

“**Minimum Investment Amount**” means an amount equal to \$3,500,000.

“**Person**” means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

“**Piggyback Registrable Securities**” has the meaning set forth in Section 9.1(e).

“**Placement Agent**” shall mean Rodman and Renshaw, LLC.

“**Placement Agent Agreement**” means that certain letter from the Company to the Placement Agent dated April 1, 2011.

“**Placement Agent Fee**” has the meaning set forth in the Recitals.

“**Press Release**” has the meaning set forth in Section 8.5.

“**Private Placement**” has the meaning set forth in the Recitals.

“**Registrable Securities**” shall mean (i) the Shares, (ii) the Warrant Shares, and (iii) any shares of Common Stock that become issuable in respect of any of the foregoing, as a result of stock splits, stock dividends or similar transactions with respect to the Common Stock; provided, that, a security shall cease to be a Registrable Security upon a sale pursuant to a registration statement or during any period in which such security is saleable pursuant to Rule 144 without time, volume or other limitations thereunder.

“**Registration Statement**” has the meaning set forth in Section 9.1(a).

“**Regulation D**” has the meaning set forth in the Recitals.

“**Requisite Holders**” means Investors holding (or, if prior to the Closing Date, obligated to purchase) a majority of the Shares issued or to be issued pursuant to this Agreement.

“**Rule 144**” has the meaning set forth in Section 8.6.

“**SEC**” means the United States Securities and Exchange Commission.

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“**SEC Filings**” has the meaning set forth in Section 5.6.

“**Signing Date**” has the meaning set forth in the Preamble.

“**Subsidiary**” has the meaning set forth in Section 5.1.

“**Surviving Corporation**” has the meaning set forth in the Recitals.

“**Transaction Documents**” means this Agreement and the Warrants.

“**Warrant Shares**” means the shares of Common Stock issuable upon exercise of the Warrants.

“**Warrants**” has the meaning set forth in the Recitals.

2 . Purchase and Sale of Units. Subject to the terms and conditions of this Agreement, including without limitation, the conditions set forth in Section 7, there shall be a closing at which the Company shall issue and sell, and each Investor which has executed and delivered a signature page hereto and is listed on Schedule I hereto, shall severally, and not jointly, purchase the number of Units, in each case, in the respective amounts set forth opposite their names on their signature page and Schedule I affixed hereto, in exchange for the cash consideration set forth as the “Closing Purchase Price” opposite their respective names on their signature page and Schedule I affixed hereto.

3 . Escrow. Prior to or simultaneously with the execution and delivery of this Agreement by each Investor, such Investor shall have caused a wire transfer of immediately available funds (U.S. dollars) or certified check in an amount representing the “Closing Purchase Price” on such Investor’s signature page affixed hereto and opposite such Investor’s name thereon, to be paid to a non-interest bearing escrow account of the Escrow Agent, which amounts are being held as of the date hereof pursuant to the terms of the Escrow Agreement (the aggregate amounts received being held in escrow by the Escrow Agent are referred to herein as the “**Escrow Amount**”).

4. Closing.

4 . 1 Place. The closings of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at the offices of Foley Hoag LLP, Seaport West, 155 Seaport Boulevard, Boston, Massachusetts 02210, or at such other location as the Company and the Lead Investor shall mutually agree (or remotely via the exchange of documents and signatures), on the date hereof, the first date on which all of the conditions to closing specified herein are satisfied or waived (if later than the date hereof), or such other date on or before the Escrow Termination Date as the Company and the Lead Investor shall mutually agree (the “**Closing Date**”).

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4 . 2      Closing. Upon satisfaction of the conditions to Closing set forth in Section 7 hereof, the Lead Investor and the Company shall instruct the Escrow Agent to immediately release, and upon receipt of such instructions, the Escrow Agent shall release, the Escrow Amount to the Company (the date of receipt of such balance by the Company is hereinafter referred to as the “**Closing Date**”). On the Closing Date, the Company shall issue or cause to be issued to each Investor a certificate or certificates, registered in such name or names as each such Investor may designate, representing the number of shares of Common Stock as is set forth opposite such Investor’s name on such Investor’s signature page and **Schedule I** affixed hereto and shall also issue to each such Investor, or such Investor’s respective designees, the number of Warrants as is set forth opposite such Investor’s name on such Investor’s signature page and **Schedule I** affixed hereto.

5 .      Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Investors on and as of the Signing Date and on the Closing Date, knowing and intending their reliance hereon, except as set forth in the schedules delivered on the Signing Date (collectively, the “**Disclosure Schedules**”), the SEC Filings (as defined below), the Memorandum and the Financial Statements (as defined below). For purposes of this Section 5, references to the Company’s Subsidiaries shall be deemed to include the surviving corporation of the Merger, after giving effect thereto. The information in the Memorandum and the SEC Filings speaks as of the date of the Memorandum or the applicable SEC Filing, as the case may be, or such earlier date to which such information expressly relates. In the event any information in the Disclosure Schedules is inconsistent with information contained in the Memorandum or the SEC Filings, the information in the Disclosure Schedules shall control.

5 . 1 .      Organization, Good Standing and Qualification. Each of the Company and its Subsidiaries, a complete list of which is set forth in Schedule 5.1 hereto (“**Subsidiaries**”), is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own its properties. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or its leasing of property makes such qualification or licensing necessary, unless the failure to so qualify would not have a Material Adverse Effect.

5 . 2 .      Authorization. The Company has full power and authority and has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (i) the authorization, execution and delivery of the Transaction Documents and the Certificate of Amendment, (ii) authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Shares, the Warrants and the Warrant Shares upon due exercise of the Warrants (collectively, the “**Securities**”). The Transaction Documents constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors’ rights generally.

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5.3. Capitalization.

(a) Schedule 5.3 sets forth (i) the authorized capital stock of the Company on the date hereof, (ii) the number of shares of capital stock issued and outstanding, (iii) the number of shares of capital stock issuable pursuant to the Company's stock plans, and (iv) the number of shares of capital stock issuable and reserved for issuance pursuant to securities (other than the Securities) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in full compliance with applicable law and any rights of third parties. All of the issued and outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable law and any rights of third parties and are owned by the Company, beneficially and of record, and, except as described on Schedule 5.3, are subject to no lien, encumbrance or other adverse claim. No Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. Except as described on Schedule 5.3, there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and, except as contemplated by this Agreement, neither the Company nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind. Except as described on Schedule 5.3, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of its security holders relating to the securities of the Company. Except as described on Schedule 5.3, the Company has not granted any Person the right to require the Company to register any of its securities under the 1933 Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person.

(b) Schedule 5.3 sets forth a true and complete table setting forth the pro forma capitalization of the Company on a fully diluted basis giving effect to (i) the issuance of the Units at the time of the Closing, (ii) the issuance of the shares of Common Stock issuable pursuant to the Merger, (iii) any adjustments in other securities resulting from the issuance of the Units at the time of the Closing, and (iv) the exercise or conversion of all outstanding securities. Except as described on Schedule 5.3, the issuance and sale of the Units hereunder will not obligate the Company to issue shares of Common Stock or other securities to any other Person (other than the Investors) and will not result in the adjustment of the exercise, conversion, exchange or reset price of any outstanding security.

(c) Except as set forth on Schedule 5.3, the Company does not have outstanding stockholder purchase rights or any similar arrangement in effect giving any Person the right to purchase any equity interest in the Company upon the occurrence of certain events.

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5.4. Valid Issuance. The Shares have been duly and validly authorized and when issued to the Investors in accordance with the terms of this Agreement will be validly issued, fully paid and nonassessable, and shall be free and clear of all liens, claims, encumbrances and restrictions, except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws. The Warrants have been duly and validly authorized and, upon the due exercise of the Warrants, the Warrant Shares will be validly issued, fully paid and non-assessable, and shall be free and clear of all liens, claims, encumbrances and restrictions, except for restrictions on transfer set forth in the Transaction Documents or imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon exercise of the Warrants.

5.5. Consents. The execution, delivery and performance by the Company of the Transaction Documents and the offer, issuance and sale of the Securities require no consent of, action by or in respect of, or filing with, any Person, governmental body, agency, or official other than those consents set forth on Schedule 5.5 and filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. The Company has taken all action necessary to exempt (i) the issuance and sale of the Shares and the Warrants, (ii) the issuance of the Warrant Shares upon due exercise of the Warrants, and (iii) the other transactions contemplated by the Transaction Documents from the provisions of any anti-takeover, business combination or control share law or statute binding on the Company or to which the Company or any of its assets and properties may be subject or any provision of the Company's Certificate of Incorporation, Bylaws or any stockholder rights agreement that is or could become applicable to the Investors as a result of the transactions contemplated hereby, including without limitation, the issuance of the Securities and the ownership, disposition or voting of the Shares and the Warrant Shares by the Investors or the exercise of any right granted to the Investors pursuant to this Agreement or the other Transaction Documents.

5.6. Delivery of SEC Filings; Business. Copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the "**10-K**"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "**SEC Filings**") are available on EDGAR. The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. As of the dates of the SEC Filings, the Company and its then-existing Subsidiaries were engaged only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its then-existing Subsidiaries, taken as a whole, as of such dates. Following the Closing, the Company intends to engage only in the business described in the Memorandum.

5.7. No Material Adverse Change. Except as contemplated herein or as described on Schedule 5.7, since September 30, 2010, there has not been:

- (i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the financial statements included in the SEC Filings, except for changes in the ordinary course of business which have not and could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;
  - (ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;
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(iii) any material damage, destruction or loss, whether or not covered by insurance to any assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results, prospects or business of the Company and its Subsidiaries taken as a whole;

(vi) any change or amendment to the Company's Certificate of Incorporation or Bylaws, or material change to any Material Contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective assets or properties is subject;

(vii) any material labor difficulties or labor union organizing activities with respect to employees of the Company or any Subsidiary;

(viii) any transaction entered into by the Company or a Subsidiary other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(x) the loss or threatened loss of any customer of the Company or any Subsidiary which has had or could reasonably be expected to have a Material Adverse Effect; or

(xi) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

5.8. SEC Filings. At the time of filing thereof, the SEC Filings complied as to form in all material respects with the requirements of the 1934 Act and did 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. The Company is not (with or without the lapse of time or the giving of notice, or both) in breach or default of any Material Contract and, to the Company's Knowledge, no other party to any Material Contract is (with or without the lapse of time or the giving of notice, or both) in breach or default of any Material Contract. Neither the Company nor any Subsidiary has received any notice of the intention of any party to terminate any Material Contract.

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5 . 9 . No Conflict, Breach, Violation or Default. The execution, delivery and performance of the Transaction Documents by the Company and the issuance and sale of the Securities will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under (i) the Company's Certificate of Incorporation or Bylaws, both as in effect on the date hereof (true and accurate copies of which have been provided to the Investors before the date hereof), or (ii)(a) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, or (b) except as set forth on Schedule 5.9, any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or a Subsidiary is bound or to which any of their respective assets or properties is subject, except, in the case of clause (ii) as would not reasonably be expected to have a Material Adverse Effect.

5.10. Tax Matters. Each of the Company and each Subsidiary has timely prepared and filed all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by it. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or properties. Except as described on Schedule 5.10, there are no outstanding tax sharing agreements or other such arrangements between the Company and any Subsidiary or other corporation or entity. Neither the Company nor any Subsidiary is presently undergoing any audit by a taxing authority, or has waived or extended any statute of limitations at the request of any taxing authority.

5 . 1 1 . Title to Properties. Except as set forth on Schedule 5.11, the Company and each Subsidiary has good and marketable title to all real properties and all other properties and assets owned by it, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and the Company and each Subsidiary holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

5.12. Certificates, Authorities and Permits. Except as described on Schedule 5.12, the Company and each Subsidiary possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

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5.13. Employee Relations.

(a) The Company is not a party to any collective bargaining agreement and, to its Knowledge, its employees are not union members. The Company believes that its relations with its employees are good. No executive officer of the Company or any Subsidiary (as defined in Rule 501(f) of the 1933 Act) has notified the Company that such officer intends to leave the Company or otherwise terminate such officer's employment with the Company or any Subsidiary. No executive officer of the Company, to the Knowledge of the Company, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant relating to such executive officer's employment with the Company or any Subsidiary, and the continued employment of each such executive officer does not, to the Knowledge of the Company, subject the Company or any Subsidiary to any liability with respect to any of the foregoing matters.

(b) Each of the Company and its Subsidiaries is in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) No material labor dispute with the employees of the Company or any Subsidiary exists or, to the Company's Knowledge, is imminent.

5.14. Intellectual Property.

(a) All Intellectual Property of the Company and its Subsidiaries is currently in compliance with all legal requirements (including timely filings, proofs and payments of fees) and is valid and enforceable. Except as listed on Schedule 5.14(a), no Intellectual Property of the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has been or is now involved in any cancellation, dispute or litigation, and, to the Company's Knowledge, no such action is threatened. Except as listed on Schedule 5.14(a), no patent of the Company or its Subsidiaries has been or is now involved in any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted to which the Company or any Subsidiary is a party or by which any of their assets are bound (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than \$25,000 per license) (collectively, "License Agreements") are valid and binding obligations of the Company or its Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and there exists no event or condition which will result in a material violation or breach of or constitute (with or without due notice or lapse of time or both) a default by the Company or any of its Subsidiaries under any such License Agreement.

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(c) The Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property that is necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, free and clear of all liens, encumbrances, adverse claims or obligations to license all such owned Intellectual Property and Confidential Information, other than licenses entered into in the ordinary course of the Company's and its Subsidiaries' businesses. The Company and its Subsidiaries have a valid and enforceable right to use all third party Intellectual Property and Confidential Information used or held for use in the respective businesses of the Company and its Subsidiaries as currently conducted or as currently proposed to be conducted.

(d) To the Company's Knowledge, the conduct of the Company's and its Subsidiaries' businesses as currently conducted and as currently proposed to be conducted does not and will not infringe any Intellectual Property rights of any third party or any confidentiality obligation owed to a third party. To the Company's Knowledge, the Intellectual Property and Confidential Information of the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted are not being infringed by any third party. Except as set forth on Schedule 5.14(d), there is no litigation or order pending or outstanding or, to the Company's Knowledge, threatened or imminent, that seeks to limit or challenge or that concerns the ownership, use, validity or enforceability of any Intellectual Property or Confidential Information of the Company and its Subsidiaries and the Company's and its Subsidiaries' use of any Intellectual Property or Confidential Information owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(e) The consummation of the transactions contemplated hereby will not result in the alteration, loss, impairment of or restriction on the Company's or any of its Subsidiaries' ownership or right to use any of the Intellectual Property or Confidential Information which is necessary for the conduct of the Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted.

(f) To the Company's Knowledge, all software owned by the Company or any of its Subsidiaries, and, to the Company's Knowledge, all software licensed from third parties by the Company or any of its Subsidiaries, (i) is free from any material defect, bug, virus, or programming, design or documentation error; (ii) operates and runs in a reasonable and efficient business manner; and (iii) conforms in all material respects to the specifications and purposes thereof.

(g) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their Intellectual Property and Confidential Information. Each employee, consultant and contractor who has had access to Confidential Information which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such Confidential Information and has executed appropriate agreements that are substantially consistent with the Company's standard forms therefor. To the Company's Knowledge, there has been no material disclosure of any of the Company's or its Subsidiaries' Confidential Information to any third party without the Company's consent.

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5.15. Environmental Matters. Neither the Company nor any Subsidiary (i) is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, “**Environmental Laws**”), (ii) owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, (iii) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) is subject to any claim relating to any Environmental Laws; which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company’s Knowledge, threatened investigation that might lead to such a claim.

5.16. Litigation. There are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties; and to the Company’s Knowledge, no such actions, suits or proceedings are threatened or contemplated.

5.17. Financial Statements. The financial statements of the Company included in each SEC Filing fairly present the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis (“**GAAP**”). The financial statements of Collectar referred to in the Memorandum (together with the aforesaid financial statements of the Company, the “**Financial Statements**”) fairly present the consolidated financial position of Collectar as of the dates shown and its consolidated results of operations and cash flows for the periods shown, subject in the case of unaudited financial statements to customary year-end audit adjustments which shall not be in the aggregate material, and such financial statements have been prepared in conformity with GAAP, except that the unaudited financial statements may not contain all of the footnotes required by GAAP. Except as set forth in the Financial Statements, neither the Company nor any of its Subsidiaries has incurred any liabilities, contingent or otherwise, except those which, individually or in the aggregate, have not had or could not reasonably be expected to have a Material Adverse Effect.

5.18. Insurance Coverage. The Company and each Subsidiary maintains in full force and effect insurance coverage and the Company reasonably believes such insurance coverage is adequate.

5.19. Brokers and Finders. Except for the commission to be paid (the “**Placement Agent Fee**”) to the Placement Agent pursuant to the terms of the Placement Agent Agreement as disclosed in Schedule 5.19, or as otherwise disclosed in Schedule 5.19, no Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or any Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

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5.20. No Directed Selling Efforts or General Solicitation. Neither the Company nor any Affiliate, nor any Person acting on its behalf has conducted any “general solicitation” or “general advertising” (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

5.21. No Integrated Offering. Neither the Company nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any security, under circumstances that would adversely affect reliance by the Company on Section 4(2) of the 1933 Act for the exemption from the registration requirements imposed under Section 5 of the 1933 Act for the transactions contemplated hereby or would require such registration the 1933 Act.

5.22. Private Placement. Subject to the accuracy of the representations and warranties of the Investors contained in Section 6 hereof, the offer and sale of the Securities to the Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act.

5.23. Questionable Payments. Neither the Company nor any of its Subsidiaries nor, to the Company’s Knowledge, any of their respective current or former stockholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

5.24. Transactions with Affiliates. Except as described on Schedule 5.24, none of the officers or directors of the Company or a Subsidiary and, to the Company’s Knowledge, none of the employees of the Company is presently a party to any transaction with the Company or a Subsidiary or to a presently contemplated transaction (other than for services as employees, officers and directors) that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the 1933 Act.

5.25. Trading Compliance. The Common Stock is traded on the Over-The-Counter Bulletin Board (the “**OTCBB**”) and the Company has taken no action designed to, or which to the Company’s Knowledge is likely to have the effect of, causing the Common Stock not to continue to be traded on the OTCBB. No order ceasing or suspending trading in any securities of the Company or prohibiting the issuance and/or sale of the Securities is in effect and no proceedings for such purpose are pending or threatened.

5.26. 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.

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5.27. Indebtedness. Except as set forth in Schedule 5.27, neither the Company nor any of its Subsidiaries (i) has any outstanding Indebtedness (as defined below), (ii) is a party to any contract, agreement or instrument relating to any Indebtedness, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument could reasonably be expected to result in a Material Adverse Effect, (iii) is in violation of any term of or in default under any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect, or (iv) is a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect. Except as set forth in Schedule 5.27, there are no financing statements securing obligations in any material amounts, either singly or in the aggregate, filed with respect to the Company or any of its Subsidiaries. For purposes of this Agreement: (x) "Indebtedness" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services, including (without limitation) "capital leases" in accordance with generally accepted accounting principles (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with generally accepted accounting principles, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations for which the Company can be legally liable in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; and (y) "Contingent Obligation" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

5.28. Solvency. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt).

5.29. Transfer Taxes. On the Closing Date, all stock transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the sale and transfer of the Units to be sold to each Investor hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

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5.30. Disclosure. To the Company's Knowledge, no material event or circumstance has occurred or information exists with respect to the Company or any Subsidiary or their respective businesses, 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. The Memorandum, the SEC Filings, the Financial Statements, and this Agreement (including the Disclosure Schedules) do not, when taken as a whole, include any untrue statement of a material fact or, to the Company's Knowledge, 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.

5.31. Shell Company. The Company is not a "shell company" as defined in Rule 144(i)(1) under the 1933 Act.

6. Representations and Warranties of the Investors. Each of the Investors hereby severally, and not jointly, represents and warrants to the Company on and as of the Signing Date and on the applicable Closing Date, knowing and intending that the Company rely thereon, that:

6.1. Authorization. The execution, delivery and performance by the Investor of the Transaction Documents to which such Investor is a party have been duly authorized and will each constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

6.2. Purchase Entirely for Own Account. The Securities to be received by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act. The Investor is not a registered broker dealer or an entity engaged in the business of being a broker dealer.

6.3. Investment Experience. The Investor acknowledges that it can bear the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby. The Investor has significant experience in making private investments, similar to the purchase of the Securities hereunder.

6.4. Disclosure of Information. The Investor has had an opportunity to receive all additional information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges receipt of copies of and its review of the SEC Filings and the Memorandum. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, amend or affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

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6.5. Restricted Securities. The Investor understands that the Securities are characterized as “restricted securities” under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances.

6.6. Legends.

(a) It is understood that, except as provided below, certificates evidencing such Securities may bear the following or any similar legend:

“THE SECURITIES REPRESENTED HEREBY MAY NOT BE TRANSFERRED UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR (II) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933 OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS.”

(b) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

(c) From and after the first anniversary of the Closing Date in the case of the Shares and the first anniversary of the date of exercise of a Warrant in the case of the Warrant Shares, provided, in each case, that the Investor is not an affiliate of the Company and has not been an affiliate for a period of ninety days, the Company shall, upon an Investor's written request, and upon a broker's written confirmation, in form and substance reasonably satisfactory to the Company, that the Shares or Warrant Shares have been disposed, promptly cause certificates evidencing such Securities to be issued without such restrictive legends.

(d) Each Investor, severally and not jointly with the other Investors, agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 6.6 is predicated upon the warranty of such Investor to sell any Securities pursuant to either the registration requirements of the 1933 Act, including any applicable prospectus delivery requirements, or an exemption therefrom.

6.7. Accredited Investor. The Investor is an “accredited investor” as defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

6.8. No General Solicitation. The Investor did not learn of the investment in the Securities as a result of any “general advertising” or “general solicitation” as those terms are contemplated in Regulation D, as amended, under the 1933 Act.

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6.9. Brokers and Finders. No Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or any other Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Investor.

6.10 Cooperation. The Company agrees to use commercially reasonable efforts to cooperate with any Investor selling its Securities pursuant to Rule 144.

7. Conditions to Closing.

7.1. Conditions to the Investors' Obligations. The obligation of the Investors to purchase the Securities at Closing is subject to the fulfillment to the Investors' satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived in writing by the Investors:

(a) The representations and warranties made by the Company in Section 5 hereof that are qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, at all times prior to and on the Closing Date. The Company shall have performed in all material respects all obligations herein required to be performed or observed by it on or prior to the relevant Closing Date;

(b) The Company shall have obtained in a timely fashion any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the purchase and sale of the Securities then being issued and sold, all of which shall be and remain so long as necessary in full force and effect;

(c) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, or self-regulatory organization enjoining or preventing the consummation of the transactions contemplated hereby or in the other Transaction Documents;

(d) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections (a) and (b) of this Section 7.1;

(e) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the other Transaction Documents and the issuance and sale of the Securities, certifying the current versions of the Certificate of Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing the Transaction Documents and all related documents on behalf of the Company;

(f) The Investors shall have received the Company Counsel Opinion;

(g) No stop order or suspension of trading shall have been imposed by any Person with respect to public trading in the Common Stock;

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(h) The Company shall have delivered evidence satisfactory to the Investors of the filing of the Certificate of Amendment with the Secretary of State of the State of Delaware and the Articles of Merger with the Department of Financial Institutions of the State of Wisconsin; and

(i) The Escrow Amount shall, as of the Closing, equal or exceed the Minimum Investment Amount.

7.2. Conditions to Obligations of the Company. The Company's obligation to sell and issue the Securities at Closing is subject to the fulfillment to the satisfaction by the Investors on or prior to the Closing Date of the following conditions, any of which may be waived in writing by the Company:

(a) The representations and warranties made by the Investors in Section 6 hereof that are qualified as to materiality shall be true and correct in all material respects, and those not so qualified shall be true and correct in all material respects, at all times prior to and on the Closing Date. Each Investor shall have performed in all material respects all obligations herein required to be performed or observed by it on or prior to the Closing Date;

(b) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, or self-regulatory organization enjoining or preventing the consummation of the transactions contemplated hereby or in the other Transaction Documents.

(c) The Articles of Merger effecting the Merger shall have been duly executed and filed with the Department of Financial Institutions of the State of Wisconsin.

(d) No stop order or suspension of trading shall have been imposed by any Person with respect to public trading in the Common Stock;

(e) The Escrow Amount shall, as of the Closing, equal or exceed the Minimum Investment Amount.

(f) The Company shall have received an Investor Questionnaire from each Investor confirming the status of such an Investor as an "accredited investor" for purposes of Regulation D and otherwise confirming the suitability of such Investor to participate in the Private Placement.

8. Covenants and Agreements of the Company.

8.1. Reservation of Common Stock. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal 100% of the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

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8.2. No Conflicting Agreements. The Company will not take any action, enter into any agreement or make any commitment that would conflict or interfere in any material respect with the Company's obligations to the Investors under the Transaction Documents.

8.3. Trading. The Company shall promptly following the date hereof secure and maintain the quotation of the Shares and the Warrant Shares upon each securities exchange or quotation system upon which the Common Stock is then traded. As of the Closing Date, the Shares and the Warrant Shares shall have been authorized for trading on the OTCBB.

8.4. Use of Proceeds. The Company will use the proceeds from the sale of the Securities for general corporate purposes. The Company intends to use the proceeds from the sale of the Securities as described in Schedule 8.4.

8.5. Press Release. On or before 9:00 a.m., New York City time, on the first Business Day following the date of this Agreement, the Company shall issue a press release, which shall have been reviewed and approved by the Lead Investor, announcing the transactions contemplated by the Transaction Documents (the "**Press Release**"). In addition, the Company will file a Current Report on Form 8-K with the SEC describing the terms of the Transaction Documents (and including as exhibits to such Current Report on Form 8-K the material Transaction Documents (including, without limitation, this Agreement and the forms of Warrants)). Without any such Investor's prior consent, the Company agrees not to disclose in the Press Release the names, addresses or any other information about an Investor, except as required by law and to satisfy its obligations under the Transaction Documents.

8.6. Furnishing of Information. As long as any Investor owns Securities, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the 1934 Act. As long as any Investor owns Shares, Warrants or the Warrant Shares, if the Company is not required to file reports pursuant to such laws, it will prepare and furnish to the Investors and make publicly available in accordance with Rule 144(c) promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time, such information as is required for the Investors to sell the Shares and Warrant Shares under Rule 144 promulgated by the SEC pursuant to the 1933 Act, as such Rule may be amended from time to time ("**Rule 144**"). The Company further covenants that it will take such further action as any holder of Shares, Warrants or the Warrant Shares may reasonably request, all to the extent required from time to time to enable such Person to sell the Shares and Warrant Shares without registration under the 1933 Act within the limitation of the exemptions provided by Rule 144.

8.7. 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 1933 Act to claim the exemption provided by Rule 506 of Regulation D and to provide a copy thereof to the Lead Investor and its counsel promptly after such filing. The Company, on or before the Closing Date, shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Securities for sale to the Investors at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to the Investors on or prior to the Closing Date. The Company shall make all filings and reports relating to the offer and sale of the Securities required under applicable securities or "Blue Sky" laws of the states of the United States following the Closing Date.

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8 . 8      No Integrated Sales.      The Company will not sell, offer to sell, solicit offers to buy or otherwise negotiate in respect of any “security” (as defined in the 1933 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 1933 Act.

9.      Registration Rights.

9.1.      Registration.

( a )      Registration Statement. On or prior to the 180<sup>th</sup> day following the Closing Date (the “**Filing Deadline**”), the Company shall file with the SEC one Registration Statement on Form S-1 covering the resale of the Registrable Securities (the “**Registration Statement**”). Such Registration Statement also shall cover, to the extent allowable under the 1933 Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 9.2(c) to the Holders and their respective counsel prior to its filing or other submission.

(b)      Expenses. The Company will pay all expenses associated with each registration, including filing and printing fees, counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws and listing fees, including the reasonable fees and disbursements of one law firm serving as counsel to the Holders, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers or similar securities industry professionals with respect to the Registrable Securities being sold.

(c)      Effectiveness.

(i)      The Company shall use its commercially reasonable efforts to have the Registration Statement declared effective as to the maximum number of Registrable Securities permitted to be included therein by the SEC not later than the earlier to occur of (x) the 240<sup>th</sup> day immediately following the date hereof, or (y) five (5) Business Days following the Company’s receipt of a letter from the SEC relating to the Registration Statement that it will not review the Registration Statement or that it has no further comments with respect to the Registration Statement; provided, however, if the Registration Statement is not declared effective within the time period set forth above, the Company shall continue to use its commercially reasonable efforts to have the Registration Statement declared effective as soon as possible thereafter.

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(ii) For not more than thirty (30) consecutive days, on not more than two (2) occasions in any twelve (12) month period, the Company may delay the disclosure of material non-public information concerning the Company, by terminating or suspending effectiveness of any registration contemplated by this Section 9, upon delivery to the Holders of 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 of any nature 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 (an "**Allowed Delay**"); provided, that the Company shall promptly (a) notify the Holders in writing of the existence of (but in no event, without the prior written consent of a Holder, shall the Company disclose to such Holder any of the facts or circumstances regarding) material non-public information giving rise to an Allowed Delay, and (b) advise the Holders in writing to cease all sales under the Registration Statement until the end of the Allowed Delay.

(iii) If any offering pursuant to a Registration Statement filed pursuant to Section 9.1 hereof involves an underwritten offering, the Company shall have the right to select an investment banker and manager to administer the offering, subject to the reasonable satisfaction of the Requisite Holders.

(d) Occurrence of an Event. Upon the occurrence of an Event (as defined below), the Company will make pro rata payments to each Holder, as liquidated damages and not as a penalty, in an amount equal to 1.5% of the product of (A) the aggregate amount invested by such Holder and (B) a fraction, the numerator of which is the aggregate number of Registrable Securities then held by, or then issuable to, such Holder (excluding any Warrant Shares issuable upon exercise of any Long Warrants held by such Holder that, if issued pursuant to a cashless exercise in accordance with the terms thereof, would not constitute Registrable Securities upon such issuance), and the denominator of which is the aggregate number of Registrable Securities held by, or issuable to, such Holder as of immediately following the Closing, for each 30-day period or pro rata for any portion during which such Event occurs and is continuing (provided that such liquidated damages shall be calculated for each such 30-day period (or any such pro rata period) after deducting from the aforesaid numerator any securities that have ceased to constitute Registrable Securities as of the applicable reference date of any such calculation); provided that the maximum amount of such liquidated damages payable to any holder shall be 5.0% of the aggregate amount invested by such Holder. Such payments shall be in partial compensation to the Holders, and shall not constitute the Holders' exclusive remedy for such events. Such payments shall be made to each Holder in cash. The amounts payable as liquidated damages pursuant to this paragraph shall be payable in lawful money of the United States, and amounts payable as liquidated damages shall be paid within two (2) Business Days of the last day of each such 30-day period during which the Registration Statement should have been filed for which no Registration Statement was filed with respect to the Registrable Securities. For such purposes, each of the following shall constitute an "Event": (x) the Filing Date does not occur on or prior to the 180th day following the Closing Date or (y) the Effective Date does not occur on or prior to (i) the 240th day following the Closing Date if the SEC does not review the Registration Statement or (ii) the 270th day following the Closing Date if the SEC does review the Registration Statement or (z) each violation of the Company's obligation not to suspend sales pursuant to the Registration Statement longer than permitted pursuant to an Allowed Delay.

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(e) Piggyback Registrations.

(i) **“Piggy-Back Registrable Securities”** means any Registrable Securities which are excluded from the Registration Statement as a result any SEC comment limiting the number of shares of Common Stock that may be included in the Registration Statement (a **“Cutback Comment”**) 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; but excluding (i) any Piggy-Back Registrable Securities that have been publicly sold or may be sold immediately without registration under the 1933 Act either pursuant to Rule 144 or otherwise, (ii) any Piggy-Back Registrable Securities sold by a Person in a transaction pursuant to a registration statement filed under the 1933 Act, or (iii) any Piggy-Back Registrable Securities that are at the time subject to an effective registration statement under the 1933 Act.

(ii) If at any time during the Effectiveness Period, other than during an Allowed Delay, 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 or other registration forms relating to equity securities to be issued 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 Investor written notice of such determination and if, within fifteen (15) days after receipt of such notice, any such Investor shall so request in writing, the Company shall include in such registration statement all or any part of the Piggy-Back Registrable Securities not already covered by an effective registration statement such Investor requests to be registered.

(iii) Notwithstanding anything to the contrary contained herein, this Section 9.1(e) shall not apply to an underwritten public offering where the managing underwriter of the offering prohibits such registration.

(f) Impact of Cutback Comment. In the event that, as a result of a Cutback Comment, the Company cannot include all of the Registrable Securities in the Registration Statement, then the Company shall include in the Registration Statement the maximum number of Registrable Securities that can be included therein without causing the Registration Statement to be deemed to register a primary offering by the Company, with the number of Registrable Securities included in the Registration Statement to be allocated among the holders thereof in proportion to the total Registrable Securities held by each such holder on the date that the Registration Statement is filed. Any Registrable Securities that are not included in the Registration Statement as a result of the occurrence of the foregoing (collectively, the **“Cutback Shares”**) shall be deemed to be Piggy-Back Registrable Securities, subject to the limitations set forth in the definition thereof. In addition, from and after the six-month anniversary of the initial effective date of the Registration Statement, the Company shall use its commercially reasonable efforts to file a subsequent registration statement covering the resale of the Cutback Shares, which registration statement shall be subject to the same terms and conditions set forth herein with respect to the Registration Statement (other than Section 9.1(d) hereof).

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9.2. Company Obligations. The Company will use its commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and pursuant thereto the Company will, as expeditiously as reasonably practicable:

(a) Use its commercially reasonable efforts to cause such Registration Statement to become effective and to remain continuously effective for a period that will terminate upon the earlier of (x) the date on which all Registrable Securities covered by such Registration Statement, as amended from time to time, have been sold and (y) the date on which all Registrable Securities can be sold under Rule 144 without any volume limitations (the “**Effectiveness Period**”); provided, that (i) the Effectiveness Period shall include any period during which any shares of Common Stock that had ceased to be Registrable Securities subsequently become and remain Registrable Securities because they are no longer saleable without volume limitations under Rule 144 by virtue of the Company's failure to be in compliance with the current public information required under Rule 144 (including under Rule 144(c)(1) and Rule 144(i)(2)), and (ii) in the event the Company is not able to maintain the effectiveness of the Registration Statement following the occurrence of, and during the continuation of, such failure, the Company will use its commercially reasonable efforts to file with the SEC, as promptly as practicable following such occurrence, and in any event no later than sixty (60) days thereafter, a new Registration Statement covering all such Registrable Securities, and shall otherwise comply with all of the provision of this Agreement with respect to such new Registration Statement (other than Section 9.1(d) hereof); and provided further that the foregoing requirement shall not apply if, prior to the filing of such new Registration Statement, such shares of Common Stock again cease to be Registrable Securities;

(b) prepare and file with the SEC such amendments and post-effective amendments to the Registration Statement and the accompanying prospectus as may be necessary to keep the Registration Statement effective for the period specified in Section 9.2(a) and to comply with the provisions of the 1933 Act and the 1934 Act with respect to the distribution of all Registrable Securities;

(c) provide copies to and permit the Investors and their legal counsel to review each Registration Statement and all amendments thereto no fewer than three (3) days prior to their filing with the SEC and not file any document to which such counsel reasonably objects within three (3) days following receipt by such counsel of such Registration Statement and/or amendments thereto;

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(d) furnish to the Lead Investor and its legal counsel (x) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company (but not later than two (2) Business Days after the filing date, receipt date or sending date, as the case may be), an electronic copy of any Registration Statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion thereof which contains information for which the Company has sought confidential treatment), and (y) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as the Lead Investor may reasonably request in order to facilitate the disposition of the Registrable Securities;

(e) in the event the Company selects an underwriter for the offering, the Company shall enter into and perform its reasonable obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the underwriter of such offering;

(f) if required by the underwriter, the Company shall furnish, on the effective date of the Registration Statement (i) an opinion, dated as of such date, from independent legal counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the underwriter and (ii) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriter and the Holders;

(g) use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness and, if such order is issued, obtain the withdrawal of any such order at the earliest possible moment;

(h) prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the Holders and their counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions reasonably requested by the Holders and do any and all other reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities covered by the Registration Statement;

(i) cause all Registrable Securities covered by a Registration Statement to be listed or traded on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed or traded;

(j) immediately notify the Holders, at any time when a prospectus relating to the Registrable Securities is required to be delivered under the 1933 Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of any such Holder, promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and

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(k) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC under the 1933 Act and the 1934 Act and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder; and make available to its security holders, as soon as reasonably practicable, but not later than the Availability Date (as defined below), an earnings statement covering a period of at least twelve (12) months, beginning after the effective date of each Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the 1933 Act (for the purpose of this subsection 9.2(k), “**Availability Date**” means the 45th day following the end of the fourth fiscal quarter that includes the effective date of such Registration Statement, except that, if such fourth fiscal quarter is the last quarter of the Company’s fiscal year, “**Availability Date**” means the 90th day after the end of such fourth fiscal quarter).

9.3. **Due Diligence Review; Information.** Upon receipt of an appropriate confidentiality agreement, the Company shall make available, during normal business hours, for inspection and review by the Holders, advisors to and representatives of the Holders (who may or may not be affiliated with the Holders), and any underwriter participating in any disposition of Common Stock on behalf of the Holders pursuant to a Registration Statement or amendments or supplements thereto or any blue sky, FINRA or other filing, all financial and other records, all filings with the SEC, and all other corporate documents and properties of the Company as may be reasonably necessary for the purpose of such review, and cause the Company’s officers, directors and employees, within a reasonable time period, to supply all such information reasonably requested by the Holders or any such representative, advisor or underwriter in connection with such Registration Statement (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of the Registration Statement for the sole purpose of enabling the Holders and such representatives, advisors and underwriters and their respective accountants and attorneys to conduct initial and ongoing due diligence with respect to the Company and the accuracy of such Registration Statement. Notwithstanding the foregoing, the Company shall not disclose material nonpublic information to the Holders, or to advisors to or representatives of the Holders, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Holders, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review.

9.4. **Obligations of the Holders.**

(a) Each Holder agrees to furnish to the Company a completed Questionnaire in customary form reasonably satisfactory to the Company (a “**Selling Shareholder Questionnaire**”) not prior to 120 days after the Closing Date and not more than 150 days after the Closing Date. A Holder who fails to furnish a Selling Stockholder Questionnaire within 150 days after the Closing Date may have its Registrable Securities excluded from the Registration Statement, provided that the Company has provided such Holder with notice at least 20 days prior (but no more than 60 days prior) to the expiration of such 150 day period.

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(b) Each Holder, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Holder has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) In the event the Company, at the request of the Holders, determines to engage the services of an underwriter, each such Holder agrees to enter into and perform its obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the managing underwriter of such offering and take such other actions as are reasonably required in order to expedite or facilitate the dispositions of the Registrable Securities.

(d) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event rendering a Registration Statement no longer effective, such Holder will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities, until the Holder's receipt of copies of the supplemented or amended prospectus filed with the SEC and declared effective and, if so directed by the Company, the Holder shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in the Holder's possession of the prospectus covering the Registrable Securities current at the time of receipt of such notice.

(e) No Holder may participate in any third party underwritten registration hereunder unless it (i) agrees to sell the Registrable Securities on the basis provided in any underwriting arrangements in usual and customary form entered into by the Company, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, and (iii) agrees to pay its pro rata share of all underwriting discounts and commissions. Notwithstanding the foregoing, no Holder shall be required to make any representations to such underwriter, other than those with respect to itself and the Registrable Securities owned by it, including its right to sell the Registrable Securities, and any indemnification in favor of the underwriter by the Holders shall be several and not joint and limited in the case of any Holder, to the net proceeds received by such Holder from the sale of its Registrable Securities. The scope of any such indemnification in favor of an underwriter shall be limited to the same extent as the indemnity provided in Section 9.5(b) hereof.

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9.5. Indemnification.

( a ) Indemnification by the Company. The Company will indemnify and hold harmless each Holder and any controlling person (as defined in Section 15 of the 1933 Act) and their respective officers, directors, members, employees and agents, successors and assigns (the “**Indemnified Persons**”), against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof; (ii) any blue sky application or other document executed by the Company specifically for blue sky compliance or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Securities under the securities laws thereof (any such application, document or information herein called a “**Blue Sky Application**”); (iii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (iv) any violation by the Company, or its directors, officers, employees or agents of any rule or regulation promulgated under the 1933 Act applicable to the Company or its directors, officers, employees or agents and relating to action or inaction required of the Company or any of them in connection with such registration; or (v) any failure to register or qualify the Registrable Securities included in any such Registration Statement in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on a Holder’s behalf (the undertaking of any underwriter chosen by the Company being attributed to the Company) and will reimburse such Holder, and each such officer, director or member and each such controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, as incurred; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in conformity with information furnished in writing by such Holder or any such controlling person specifically for use in such Registration Statement or prospectus.

( b ) Indemnification by the Holders. In connection with any Registration Statement pursuant to the terms of this Agreement, each Holder will furnish to the Company in writing such information as the Company reasonably requests concerning such Holder or the proposed manner of such Holder’s distribution for use in connection with any Registration Statement or prospectus and agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its Subsidiaries and its and their respective directors, officers, employees, shareholders and each person who controls the Company (within the meaning of the 1933 Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorney fees) resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the Registration Statement or prospectus or preliminary prospectus or amendment or supplement thereto 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 Holder to the Company specifically for inclusion in such Registration Statement or prospectus or amendment or supplement thereto. In no event shall the liability of a Holder be greater in amount than the aggregate dollar amount of the proceeds (net of all expenses paid by such Holder and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue statement or omission) received by such Holder upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

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( c )      Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

( d )      Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it completely harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. In no event shall the contribution obligation of a Holder be greater in amount than the aggregate dollar amount of the proceeds (net of all expenses paid by such holder and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

10.      Survival.

10.1.      Survival. All representations, warranties, covenants and agreements contained in this Agreement shall be deemed to be representations, warranties, covenants and agreements as of the date hereof and shall survive the Closing.

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11. Miscellaneous.

11.1. Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company and the Requisite Holders; provided, however, that an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some or all of its Securities in a private transaction without the prior written consent of the Company or the other Investors, after notice duly given by such Investor to the Company; provided, that no such assignment or obligation shall affect the obligations of such Investor hereunder. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

11.2. Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile or .pdf, which shall be deemed an original.

11.3. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

11.4. Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three (3) Business Days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by a nationally recognized overnight air courier, then such notice shall be deemed given one (1) Business Day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten (10) days' advance written notice to the other party:

If to the Company:

Novelos Therapeutics, Inc.  
One Gateway Center, Suite 504  
Newton, MA 02458  
Attention: Chief Executive Officer  
Fax: (617) 964-6331

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With a copy to:

Foley Hoag LLP  
Seaport World Trade Center West  
155 Seaport Boulevard  
Boston, MA 02210  
Attn: Paul Bork  
Fax: (617) 832-7000

If to any of the Investors:

to the addresses set forth on Schedule I affixed hereto.

With a copy to:

Foley & Lardner LLP  
Verex Plaza  
150 East Gilman Street  
Madison, WI 53703  
Attn: Anne E. Ross  
Fax: (608) 258-4258

11.5. Amendments and Waivers. Except as otherwise expressly set forth herein, this Agreement shall not be amended and the observance of any term of this Agreement shall not be waived (either generally or in a particular instance and either retroactively or prospectively) without the prior written consent of the Company and the Requisite Holders. Any amendment or waiver effected in accordance with this Section 11.5 shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such Securities, and the Company.

11.6. Publicity. Except as provided in Section 8.5, no public release or announcement concerning the transactions contemplated hereby shall be issued by the Company or the Investors without the prior consent of the Company (in the case of a release or announcement by the Investors) or the Lead Investor, as representative of the Investors (in the case of a release or announcement by the Company) (which consents shall not be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market on which the Securities are then listed and trading, in which case the Company or the Lead Investor, as the case may be, shall allow the Investors or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance.

11.7. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

---

11.8. Entire Agreement. This Agreement, including the Exhibits and Disclosure Schedules, and the other Transaction Documents constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof. Prior drafts or versions of this Agreement shall not be used to interpret this Agreement.

11.9. Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

11.10. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **THE COMPANY AND EACH OF THE INVESTORS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY.**

[signature page follows]

---

**Company Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

**NOVELOS THERAPEUTICS, INC.**

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

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 14, 2011

IF AN INDIVIDUAL:

/s/ Frank W. Allen  
(Signature)

Frank W. Allen  
(Printed Name)

Address:  
5570 Huntingwood Way  
Waunakee, WI 53597

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$52,500.00 @ \$.75 a share

Number of Units: 70,000

---

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March \_\_, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Alpha Capital Anstalt  
Print name of entity

By: /s/ Kourad Ackermann

Name: Kourad Ackermann

Title: Director

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 250,000

Number of Units: 333,333

\_\_\_\_\_

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 29, 2011

IF AN INDIVIDUAL:

/s/ Theodore J. Brombach  
(Signature)

Theodore J. Brombach  
(Printed Name)

Address:  
1603 Orrington Ave.  
Ste. 725  
Evanston, IL 60201

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 37,500

Number of Units: 50,000

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 28, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

BYOM Collectar LLC  
Print name of entity

By: /s/ Charles F. Brei

Name: Charles F. Brei

Title: Member

Print jurisdiction of organization of entity

Address:  
5013 Prairie Rose Ct.  
Middleton, WI 53562

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:       \$       146,400

Number of Units:               195,200

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 15, 2011

IF AN INDIVIDUAL:

/s/ Paul Christy /s/ Denise Christy

(Signature)

Paul Christy, Denise Christy

(Printed Name)

Address:

17327 Valley Drive

Omaha, NE 68130

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 25,000.00

Number of Units: 33,333.333

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 31, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Cranshire Capital, L.P.  
Print name of entity

By: /s/ Mitchell P. Kopin

Name: Mitchell P. Kopin

Title: President, Downsvew Capital, Inc., The General Partner

Print jurisdiction of organization of entity

Address:  
3100 Dundee Road, Suite 703  
Northbrook, IL 60062

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 100,000.50

Number of Units: 133,334

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 8, 2011

IF AN INDIVIDUAL:

/s/ Morris A. Davis  
(Signature)

Morris A. Davis  
(Printed Name)

Address:  
Morris A. Davis  
3256 Brooklyn Drive  
Stoughton, WI 53589

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000.25

Number of Units: 66,667

66,667 units at 0.75/unit for a total of \$50,000.25

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 9, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Greenway Properties Inc.  
Print name of entity

By: /s/ Jeff Stranbel

Name: Jeff Stranbel

Title: President

Print jurisdiction of organization of entity

Address:  
725 Heartland Trail  
Suite 102  
Madison, WI 53717

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:       \$     750,000.00

Number of Units:                 1,000,000

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 31, 2011

IF AN INDIVIDUAL:

/s/ Robert K. Grogan  
(Signature)

Robert K. Grogan  
(Printed Name)

Address:  
1747 Minden Dr.  
Salt Lake City, UT 84121

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 25,000.00

Number of Units: 33,333

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 17, 2011

IF AN INDIVIDUAL:

/s/ J. Louis Hinshaw  
(Signature)

James Louis Hinshaw  
(Printed Name)

Address:  
4671 Signature Dr.  
Middleton, WI 53562

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000

Number of Units: @0.75/share = 66,667 shares

---

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 22, 2011

IF AN INDIVIDUAL:

/s/ Bradley L. Hutter  
(Signature)

Bradley L. Hutter  
(Printed Name)

Address:  
4710 Signature Drive  
Middleton, WI 53562

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price:      \$      120,000.00

Number of Units:      \_\_\_\_\_

\_\_\_\_\_

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March \_\_, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Iroquois Master Fund, Ltd  
Print name of entity

By: /s/ Joshua Silverman

Name: Joshua Silverman

Title: Director

Print jurisdiction of organization of entity

Address:  
641 Lexington Ave., 26<sup>th</sup> Floor  
New York, NY 10022

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000

Number of Units: 66,666

---

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March \_\_\_, 2011

IF AN INDIVIDUAL:

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

(Signature)

JMM Trading LP  
Print name of entity

(Printed Name)

By: /s/ Glenn Hunt

Name: Glenn Hunt

Title: Partner

Print jurisdiction of organization of entity

Address:

Address:  
333 Lippicott St.  
Toronto, Ont. M552P CANADA

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |    |         |
|-------------------------|----|---------|
| Closing Purchase Price: | \$ | 150,000 |
|-------------------------|----|---------|

|                  |                         |
|------------------|-------------------------|
| Number of Units: | 200,000 shares          |
|                  | <u>200,000 warrants</u> |

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 8, 2011

IF AN INDIVIDUAL:

/s/ David H. Kim  
(Signature)

David H. Kim  
(Printed Name)

Address:  
6938 Frank Lloyd Wright  
Middleton, WI 53562

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$50,000 (total) (\$0.75/share)

Number of Units: 66,666.67

---

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: April 4, 2011

IF AN INDIVIDUAL:

/s/ Kenneth Lee  
(Signature)

Kenneth Lee  
(Printed Name)

Address:  
6754 Phil Lewis Way  
Middleton, WI 53562

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price: \$ 25,000.00

Number of Units: 33,333.33

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 14, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

McAllen Properties, LLC  
Print name of entity

By: /s/ Claude McAllen

Name: Claude McAllen

Title: Managing Member

Print jurisdiction of organization of entity

Address:  
2695 Gaston Rd.  
Cottage Grove, WI 53527

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000

Number of Units: 66,667

---

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 7, 2011

IF AN INDIVIDUAL:

/s/ Michael L. McCann  
(Signature)

Michael L. McCann  
(Printed Name)

/s/ Joanne M. McCann  
(Signature)

Joanne M. McCann  
(Printed Name)

Address:  
360 W. Washington Ave.  
P105  
Madison, WI 53703

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

---

Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title:

Print jurisdiction of organization of entity

Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |    |           |
|-------------------------|----|-----------|
| Closing Purchase Price: | \$ | 50,000.25 |
|-------------------------|----|-----------|

Number of Units: 66,667 shares @ \$0.75/share

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 8, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Moss Living Trust dated Aug. 24, 2009  
Print name of entity

By: /s/ Paul R. Moss

Name: Paul R. Moss

Title: Trustee

Print jurisdiction of organization of entity

Address:  
1701 Hidden Hill Dr.  
Verona, WI 53593

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:       \$       50,001

Number of Units:               66,668

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 31, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

NEI III, LLC

\_\_\_\_\_  
Print name of entity

By: /s/ Walter E. Dewey

Name: Walter E. Dewey

Title: Manager

Print jurisdiction of organization of entity

Address:

P.O. Box 1632

Waukesha, WI 53186

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 250,000.00

Number of Units: \_\_\_\_\_

\_\_\_\_\_

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 28, 2011

IF AN INDIVIDUAL:

/s/ Michael G. Palm  
(Signature)

Michael G. Palm  
(Printed Name)

Address:  
30 N. Woodmont Circle  
Madison, WI 53717

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price: \$ 25,500

Number of Units: 34,000

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March \_\_, 2011

IF AN INDIVIDUAL:

/s/ Kurt L. Peterson  
(Signature)

Kurt L. Peterson  
(Printed Name)

Address:  
17 Autumnwood Circle  
Madison, WI 53719

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 25,000

Number of Units: 33,333

---

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 22, 2011

IF AN INDIVIDUAL:

/s/ Scott W. Peterson  
(Signature)

Scott W. Peterson  
(Printed Name)

Address:  
5840 Thorstrand Rd.  
Madison, WI 53705

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price: \$ 120,000.00

Number of Units: \_\_\_\_\_

\_\_\_\_\_

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 10, 2011

IF AN INDIVIDUAL:

/s/ Perry J. Pickhardt  
(Signature)

Perry J. Pickhardt  
(Printed Name)

Address:  
146 Kensington Dr.  
Madison, WI 53704

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 75,000.00

Number of Units: 100,000 shares

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 21, 2011

IF AN INDIVIDUAL:

/s/ Daniel L. Pophal  
(Signature)

Daniel L. Pophal  
(Printed Name)

Address:  
1605 Shenandoah Drive  
Waunakee, WI 53597

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 7,500.00

Number of Units: 10,000

---

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 12, 2011

IF AN INDIVIDUAL:

/s/ Gregory J. Potter  
(Signature)

Gregory J. Potter  
(Printed Name)

Address:  
950 1<sup>st</sup> Ave South  
Wis. Rapids, WI 54495

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price: \$ 25,000

Number of Units: \_\_\_\_\_

\_\_\_\_\_

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: April 2, 2011

IF AN INDIVIDUAL:

/s/ Kevin Potter POA for John Potter, Jr.

(Signature)

Kevin Potter POA

(Printed Name)

Address:

826 Hidden Cave Road

Madison, WI 53717

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

---

Print name of entity

By:

Name:

Title:

Print jurisdiction of organization of entity

Address:

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |                     |
|-------------------------|---------------------|
| Closing Purchase Price: | <u>\$ 25,000.50</u> |
|-------------------------|---------------------|

|                  |        |
|------------------|--------|
| Number of Units: | 33,334 |
|------------------|--------|

**Investor Signature Page**

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 10, 2011

IF AN INDIVIDUAL:

/s/ Kevin Potter

(Signature)

Kevin Potter

(Printed Name)

Address:

826 Hidden Cave Road

Madison, WI 53717

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

Closing Purchase Price:      \$      25,000.50

Number of Units:                      33,334

\_\_\_\_\_

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 11, 2011

IF AN INDIVIDUAL:

/s/ Richard A. Prange

(Signature)

Richard A. Prange

(Printed Name)

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

---

Print name of entity

By:

Name:

Title:

Print jurisdiction of organization of entity

Address:

## 2102 Foggy Mountain Pass

Waunakee, WI 53597

Address:

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |    |      |
|-------------------------|----|------|
| Closing Purchase Price: | \$ | 0.75 |
|-------------------------|----|------|

|                  |        |
|------------------|--------|
| Number of Units: | 66,668 |
|------------------|--------|

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 28, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Risky Business (Partnership)  
Print name of entity

By: /s/ Arthur C. Teasdale

Name: Art Teasdale

Title: Partner

Print jurisdiction of organization of entity

Address:  
Risky Business  
957 Harvest Lane  
Sun Prairie, WI 53590

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:       \$       64,500

Number of Units:               86,000

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 10, 2011

IF AN INDIVIDUAL:

/s/ Martin Schindler

(Signature)

Martin Schindler

(Printed Name)

Address:

6123 Utah Avenue, NW

Washington, DC 20015

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000.25

Number of Units: 66,667.00

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 28, 2011

IF AN INDIVIDUAL:

/s/ Gary R. Skaar

(Signature)

Gary R. Skaar

(Printed Name)

Address:

5854 Wagon Circle

Marshall, WI 53559

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 100,000

Number of Units: 133,333.33

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 31, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

SMC Investments LLC  
Print name of entity

By: /s/ Sean M. Cleary

Name: Sean M. Cleary

Title: Owner

Print jurisdiction of organization of entity

Address:  
3938 Weatherwood Trail  
Verona, WI 53593

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 50,000.25

Number of Units: 66,667

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 24, 2011

IF AN INDIVIDUAL:

/s/ John F. Spence

(Signature)

John F. Spence

(Printed Name)

Address:

1603 Orrington Ave.

Suite 725

Evanston, IL 60201

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

\_\_\_\_\_  
Print name of entity

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Print jurisdiction of organization of entity

Address: \_\_\_\_\_

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:       \$       37,500

Number of Units:               50,000

\_\_\_\_\_

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 27, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

The Reeder Brittain Living Trust dated November 6, 2006  
Print name of entity

By: The Reeder Brittain Living Trust dated November 6, 2006

/s/ Scott Reeder

Name: Scott Reeder

Title: Trustee

Print jurisdiction of organization of entity

Address:  
7337 Summit Ridge Rd.  
Middleton, WI 53562

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 80,001.00

Number of Units: 106,668 Terms per 3/24/11 SPA

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### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 8, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Venture Investors Early Stage Fund III Limited Partnership  
Print name of entity

By: /s/ John Neis

Name: John Neis

Title: Managing Director

Print jurisdiction of organization of entity

Address:  
505 S. Rosa Rd., Suite 201  
Madison, WI 53703

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 1,500,000.00

Number of Units: 2,000,000 shares

---

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 28, 2011

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

WIP – Collectar V, LLC  
Print name of entity

By: /s/ Steve Haugen

Name: Steve Huagen

Title: Accountant

Print jurisdiction of organization of entity

Address:

P.O. Box 45919

Madison, WI 53744

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |    |            |
|-------------------------|----|------------|
| Closing Purchase Price: | \$ | 133,500.00 |
|-------------------------|----|------------|

**Number of Units:** 178,000 shares

---

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: April 4, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

XMS Capital Partners, LLC  
Print name of entity

By: /s/ John F. Spence

Name: John F. Spence

Title: Managing Partner

Print jurisdiction of organization of entity

Address:  
1603 Orrington Ave.  
Suite 725  
Evanston, IL 60201

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price:      \$      150,000

Number of Units:                      200,000

\_\_\_\_\_

## Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: March 31, 2011

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Zermatt Investors, LLC

---

Print name of entity

By: /s/ Walter E. Dewey

Name: Walter E. Dewey

Title: Manager

Print jurisdiction of organization of entity

Address:

6018 N. Highlands Ave.

Madison, WI 53705

**[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]**

|                         |    |            |
|-------------------------|----|------------|
| Closing Purchase Price: | \$ | 100,000.00 |
|-------------------------|----|------------|

Number of Units:

### Investor Signature Page

IN WITNESS WHEREOF, the undersigned has executed this Securities Purchase Agreement or caused its duly authorized officers to execute this Securities Purchase Agreement as of the date first above written.

Date: April 5, 2011

IF AN INDIVIDUAL:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IF A CORPORATION, PARTNERSHIP,  
TRUST, ESTATE OR OTHER ENTITY:

Rodman and Renshaw, LLC  
Print name of entity

By: /s/ David Horin

Name: David Horin

Title: Chief Financial Officer

Print jurisdiction of organization of entity

Address:  
1251 Avenue of the Americas, 20<sup>th</sup> F.  
New York, NY 10020

[Aggregate dollar amount of Securities committed to be purchased pursuant to the terms of the Agreement:]

Closing Purchase Price: \$ 200,000.25

Number of Units: 266,667

\_\_\_\_\_

**SCHEDULE I**  
**INVESTORS**

| <b>Name</b>                                                         | <b>Street</b>                                   | <b>City, State, ZIP</b>          | <b>Number of<br/>Units</b> | <b>Closing<br/>Purchase Price</b> |
|---------------------------------------------------------------------|-------------------------------------------------|----------------------------------|----------------------------|-----------------------------------|
| Frank W. Allen                                                      | 5570 Huntingwood Way                            | Waunakee, WI 53597               | 70,000                     | \$ 52,500.00                      |
| Alpha Capital Anstalt                                               | c/o LH Financial Inc.<br>150 Central Park South | New York, NY 10019               | 333,333                    | \$ 249,999.75                     |
| Theodore J. Brombach                                                | 1603 Orrington Ave, Suite 725                   | Evanston, IL 60201               | 50,000                     | \$ 37,500.00                      |
| BYOM Collectar, LLC                                                 | 5013 Prairie Rose Ct.                           | Middleton, WI 53562              | 195,200                    | \$ 146,400.00                     |
| Paul and Denise Christy JT<br>TEN                                   | 17327 Valley Drive                              | Omaha, NE 68130                  | 33,333                     | \$ 24,999.75                      |
| Cranshire Capital, L.P.                                             | 3100 Dundee Road, Suite 703                     | Northbrook, IL 60062             | 133,334                    | \$ 100,000.50                     |
| Morris Davis                                                        | 3256 Brooklyn Drive                             | Stoughton, WI 53589              | 66,667                     | \$ 50,000.25                      |
| Greenway Properties Inc.                                            | 725 Heartland Trail, Suite 102                  | Madison, WI 53717                | 1,000,000                  | \$ 750,000.00                     |
| Robert K. Grogan                                                    | 1747 Minden Dr.                                 | Salt Lake City, UT 84121         | 33,333                     | \$ 24,999.75                      |
| James Hinshaw                                                       | 4671 Signature Drive                            | Middleton, WI 53562              | 66,667                     | \$ 50,000.25                      |
| Bradley Hutter                                                      | 4710 Signature Drive                            | Middleton, WI 53562              | 160,000                    | \$ 120,000.00                     |
| Iroquois Master Fund Ltd.                                           | 641 Lexington Ave., 26 <sup>th</sup> Fl.        | New York, NY 10022               | 66,666                     | \$ 49,999.50                      |
| JMM Trading LP                                                      | 333 Lippicott Street                            | Toronto, Ontario M552P<br>CANADA | 200,000                    | \$ 150,000.00                     |
| David H. Kim                                                        | 6938 Frank Lloyd Wright Ave.                    | Middleton, WI 53562              | 66,666                     | \$ 49,999.50                      |
| Kenneth Lee                                                         | 6754 Phil Lewis Way                             | Middleton, WI 53562              | 33,333                     | \$ 24,999.75                      |
| McAllen Properties                                                  | 2695 Gaston Road                                | Cottage Grove, WI 53527          | 66,666                     | \$ 49,999.50                      |
| Michael L and JoAnne M.<br>McCann JT TEN                            | 360 W. Washington Ave., P105                    | Madison, WI 53703                | 66,667                     | \$ 50,000.25                      |
| Moss Living Trust Dated<br>August 24, 2009; Paul R.<br>Moss Trustee | 1701 Hidden Hill Drive                          | Verona, WI 53593                 | 66,668                     | \$ 50,001.00                      |
| NEI III, LLC                                                        | P.O. Box 1632                                   | Waukesha, WI 53186               | 333,333                    | \$ 249,999.75                     |
| Michael G. Palm                                                     | 30 N. Woodmont Circle                           | Madison, WI 53717                | 34,000                     | \$ 25,500.00                      |
| Kurt L. Peterson                                                    | 17 Autumnwood Circle                            | Madison, WI 53719                | 33,333                     | \$ 24,999.75                      |
| Scott W. Peterson                                                   | 5840 Thorstrand Road                            | Madison, WI 53705                | 160,000                    | \$ 120,000.00                     |
| Perry Pickhardt                                                     | 146 Kensington Drive                            | Madison, WI 53704                | 100,000                    | \$ 75,000.00                      |
| Daniel Pophal                                                       | 1605 Shenandoah Drive                           | Waunakee, WI 53597               | 10,000                     | \$ 7,500.00                       |
| Gregory J. Potter                                                   | 950 1st Avenue South                            | Wisconsin Rapids, WI<br>54495    | 33,333                     | \$ 24,999.75                      |
| John Potter                                                         | 826 Hidden Cave Road                            | Madison, WI 53717                | 33,334                     | \$ 25,000.50                      |
| Kevin Potter                                                        | 826 Hidden Cave Road                            | Madison, WI 53717                | 46,668                     | \$ 35,001.00                      |
| Richard A. Prange                                                   | 2102 Foggy Mountain Pass                        | Waunakee, WI 53597               | 66,668                     | \$ 50,001.00                      |
| Risky Business (Partnership)                                        | 957 Harvest Lane                                | Sun Prairie, WI 53590            | 86,000                     | \$ 64,500.00                      |
| Rodman & Renshaw LLC                                                | 1251 Avenue of the Americas,<br>20th Floor      | New York, NY 10020               | 266,667                    | \$ 200,000.25                     |
| Martin Schindler                                                    | 6123 Utah Avenue, NW                            | Washington, DC 20015             | 66,667                     | \$ 50,000.25                      |
| Gary R. Skaar                                                       | 5854 Wagon Circle                               | Marshall, WI 53559               | 133,333                    | \$ 99,999.75                      |
| SMC Investments LLC                                                 | 3938 Weatherwood Trail                          | Verona , WI 53593                | 66,667                     | \$ 50,000.25                      |
| John F. Spence                                                      | 1603 Orrington Avenue, Suite<br>725             | Evanston, IL 60201               | 50,000                     | \$ 37,500.00                      |
| The Reeder Brittain Living<br>Trust dated November 6, 2006          | 7337 Summit Ridge Road                          | Middleton, WI 53562              | 106,668                    | \$ 80,001.00                      |
| Venture Investors Early Stage<br>Fund IV Limited Partnership        | 505 South Rosa Road, Suite 201                  | Madison, WI 53703                | 2,000,000                  | \$ 1,500,000.00                   |
| WIP - Collectar V, LLC                                              | PO Box 45919                                    | Madison, WI 53744                | 178,000                    | \$ 133,500.00                     |
| XMS Capital Partners, LLC                                           | 1603 Orrington Avenue, Suite<br>725             | Evanston, IL 60201               | 200,000                    | \$ 150,000.00                     |
| Zermatt Investors, LLC                                              | 6018 N. Highlands Avenue                        | Madison, WI 53705                | 133,333                    | \$ 99,999.75                      |
|                                                                     |                                                 |                                  | <b>6,846,537</b>           | <b>\$ 5,134,902.75</b>            |

**Exhibit A**

**Form of Warrant**

See Exhibit 4.3 to this Form 8-K.

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## **Exhibit B**

### **Company Counsel Opinion**

1. The Company is a corporation validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power to own its property and assets, to conduct its business as, to our knowledge, it is currently being conducted and is proposed to be conducted as described in the Memorandum, in the Purchase Agreement and the schedules thereto and in the SEC Filings and to enter into and perform its obligations under the Transaction Documents.

2. The authorized capital stock of the Company consists of 150,000,000 shares of Common Stock, and 7,000 shares of preferred stock, par value \$.00001 per share.

3. The execution, delivery and performance by the Company of the Transaction Documents, the issuance of the Shares and the Warrants, and the issuance of the Warrant Shares upon due exercise of the Warrants have been duly authorized by all requisite corporate action on the part of the Company and do not require any further approval of its directors or stockholders.

4. Each of the Transaction Documents has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

5. The Shares have been duly authorized for issuance, and, when issued, sold and delivered by the Company at the Closing against payment of the consideration therefor in accordance with the provisions of the Purchase Agreement, will be validly issued, fully paid and nonassessable. The Warrant Shares have been duly authorized and reserved for issuance, and when issued, sold and delivered upon exercise of the Warrants in accordance with the terms of the Warrants, including without limitation the payment of the consideration specified therein, and the Certificate of Incorporation, the Warrant Shares will be validly issued, fully paid and nonassessable.

6. The execution and delivery by the Company of each of the Transaction Documents, the issuance of the Shares and the Warrants, and the issuance of the Warrant Shares upon due exercise of the Warrants and the performance by the Company of the Transaction Documents will not (a) violate or contravene or be in conflict with (i) any provision of the Certificate of Incorporation or By-Laws, in each case as in effect on the date hereof; (ii) any provision of the DGCL and any provision of any federal or Massachusetts law, rule or regulation applicable to the Company in transactions of the nature contemplated by the Transaction Documents; or (iii) any order, judgment or decree of any court or other governmental agency which is known to us and to which the Company is a party which is binding on the Company or any of its property; or (b) conflict with or result in the material breach or termination of, or constitute a material default under, any agreement set forth on Schedule I hereto.

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7. No further consents, approvals, authorizations, registrations, declarations or filings are required to be obtained or made by the Company from or with any federal or Massachusetts governmental authority or pursuant to the DGCL in order for it to execute and deliver each of the Transaction Documents, to issue the Shares and Warrants, to issue the Warrant Shares upon due exercise of the Warrants and to perform its obligations under the Transaction Documents, other than those consents, approvals, authorizations, registrations, declarations or filings that have already been obtained and remain in full force and effect and except for (a) the filing of a Form D (the “Form D”) with the Securities and Exchange Commission pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”) and (b) the filing of the Form D with requisite state jurisdictions, together with such other notice filings as may be required by such state jurisdictions in connection therewith.

8. Assuming the accuracy of the representations and warranties of the Investors set forth in Section 6 of the Purchase Agreement, the offer, issuance and sale to the Investors pursuant to the Purchase Agreement of the Shares and Warrants are exempt from the registration requirements of the Securities Act.

9. We are not representing the Company in any pending litigation in which it is a named defendant, or in any litigation that is overtly threatened in writing against it by a potential claimant, that challenges the validity or enforceability of, or seeks to enjoin the performance of, the Transaction Documents.

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**Exhibit C**

**ESCROW AGREEMENT AMENDMENT**

This Escrow Agreement Amendment (this "Amendment") dated as of April 1, 2011 is made by and among Novelos Therapeutics, Inc., a Delaware corporation (the "Company"), Rodman & Renshaw, LLC, a Delaware limited liability company (the "Placement Agent"), Venture Investors Early Stage Fund IV Limited Partnership (the "Lead Investor") and Signature Bank, a New York State chartered bank (the "Escrow Agent").

WHEREAS, the Company, the Placement Agent, the Lead Investor and the Escrow Agent are parties to that certain Escrow Agreement dated as of March 3, 2011 (the "Escrow Agreement"); and

WHEREAS, pursuant to Section 10(d) of the Escrow Agreement, the parties hereto wish to amend certain terms of the Escrow Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein the parties hereby agree as follows:

1. Amendment to Recital A. of Escrow Agreement. Recital A. of the Escrow Agreement is hereby amended and replaced in its entirety with the following:

The Company desires, pursuant to the Purchase Agreement (with such changes in form as the Company and the other parties thereto may approve), to raise at least \$3,500,000 (the "Minimum Investment Amount"), through the issuance and sale in the Private Placement of up to 12,000,000 Units at a price per Unit of \$0.75;

2. Amendment to Section 2(c) of Escrow Agreement. Section 2(c) of the Escrow Agreement is hereby amended and replaced in its entirety with the following:

If by 3:00 p.m. (New York City time) on April 1, 2011, or such later date as shall be agreed to in a writing signed by the Company and the Lead Investor and delivered to the Escrow Agent (provided that such date shall in no event be later than April 11, 2011) (the "Termination Date"), the Escrow Agent has not received written instructions from the Company, the Placement Agent and the Lead Investor regarding the disbursement of the Escrow Funds, then the Escrow Agent shall promptly return the Escrow Funds to the Subscribers without interest or offset. The Escrow Funds returned to each Subscriber shall be free and clear of any and all claims of the Escrow Agent.

3. Savings. Except as amended hereby, the terms of the Escrow Agreement shall remain in full force and effect.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

---

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as an agreement under seal as of the date first written above.

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin  
Name: Harry S. Palmin  
Title: President & CEO

RODMAN & RENSHAW, LLC

By: /s/ John Borer  
Name: John Borer  
Title: Head of Investment Banking

VENTURE INVESTORS EARLY STAGE  
FUND IV LIMITED PARTNERSHIP

By: /s/ John Neis  
Name: John Neis  
Title: Managing Director

SIGNATURE BANK

By: /s/ Cliff Broder  
Name: Cliff Broder  
Title: SVP

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## ESCROW AGREEMENT

This **ESCROW AGREEMENT** (this “Agreement”) dated as of this 3rd day of March, 2011, by and among **NOVELOS THERAPEUTICS, INC.**, a Delaware corporation (the “**Company**”), having an address at One Gateway Center, Suite 504, Newton, Massachusetts 02458, **RODMAN & RENSHAW, LLC**, a Delaware limited liability company (the “**Placement Agent**”), having an address at 1251 Avenue of the Americas, New York, New York 10020, **VENTURE INVESTORS EARLY STAGE FUND IV LIMITED PARTNERSHIP** (the “**Lead Investor**”) and **SIGNATURE BANK** (the “**Escrow Agent**”), a New York State chartered bank, having an office at 261 Madison Avenue, New York, New York 10016. All capitalized terms not herein defined shall have the meaning ascribed to them in that certain Securities Purchase Agreement attached as Exhibit A hereto (the “**Purchase Agreement**”).

### Recitals:

A. The Company desires, pursuant to the Purchase Agreement (with such changes in form as the Company and the other parties thereto may approve), to raise at least \$9,000,000, or such lesser amount as shall be agreed to in a writing signed by the Lead Investor and the Company; provided that in no event shall the Minimum Investment Amount be less than \$8,000,000 (the “Minimum Investment Amount”), through the issuance and sale in the Private Placement of up to 12,000,000 Units at a price per Unit of \$0.75;

B. Concurrently with the Private Placement, the Company and Collectar intend to consummate a business combination transaction (the “**Merger**”) pursuant an Agreement and Plan of Merger substantially in the form attached as Exhibit B hereto;

C. The consummation of the Private Placement is contingent upon the completion of the Merger, and the consummation of the Merger is conditioned upon, among other things, receipt of subscription commitments for the Private Placement at least equal to the Minimum Investment Amount;

D. The Company, the Placement Agent and the Lead Investor desire to engage the Escrow Agent to hold in escrow, pending the due execution and delivery of the Purchase Agreement and the Merger Agreement, and the satisfaction or waiver of all conditions to the consummation of the Merger and the Private Placement, the purchase price of the Units to be purchased in connection therewith;

**NOW, THEREFORE, IT IS AGREED** as follows:

---

1. Delivery of Escrow Funds.

(a) The Placement Agent, the Lead Investor and the Company shall instruct Subscribers to deliver to Escrow Agent funds by wire transfer to Signature Bank, 261 Madison Avenue, New York, New York 10016, ABA No. 026013576 (Swift Code: SIGNUS33) for credit to Novelos Therapeutics, Inc., Signature Bank as Escrow Agent, Account No. 1501593738, in each case, with the name, address and social security number or taxpayer identification number of the individual or entity making payment. In the event that any Subscriber's address and/or social security number or taxpayer identification number are not provided to Escrow Agent by the Subscriber, then the Placement Agent, the Lead Investor and/or the Company agree to promptly provide Escrow Agent with such information in writing. The funds shall be deposited into a non interest-bearing account at Signature Bank entitled "Novelos Therapeutics, Inc., Signature Bank as Escrow Agent" (the "**Escrow Account**").

(b) The collected funds deposited into the Escrow Account are referred to as the "**Escrow Funds**."

(c) The Escrow Agent shall have no duty or responsibility to enforce the collection or demand payment of any funds deposited into the Escrow Account.

2. Release of Escrow Funds. The Escrow Funds shall be paid by the Escrow Agent in accordance with the following:

(a) In the event that the Company, the Placement Agent and the Lead Investor advise the Escrow Agent in writing that the Private Placement has been terminated (the "**Termination Notice**"), the Escrow Agent shall promptly return the funds paid by each Subscriber to said Subscriber without interest or offset.

(b) Provided that the Escrow Agent does not receive the Termination Notice in accordance with paragraph 2(a), the Escrow Agent shall, upon receipt of written instructions, in the form of Exhibit C, attached hereto and made a part hereof, or in a form and substance satisfactory to the Escrow Agent, received from the Company, the Placement Agent and the Lead Investor, pay the Escrow Funds in accordance with such written instructions, such payment or payments to be made by wire transfer on the same day as receipt of such written instructions or, if the day of receipt of such instructions is not a Business Day, on the first Business Day following the day of receipt of such instructions. Such instructions must be received by the Escrow Agent no later than 3:00 p.m. (New York City time) on a Business Day for the Escrow Agent to process such instructions on that Business Day.

(c) If by 3:00 p.m. (New York City time) on March 14, 2011, or such later date as shall be agreed to in a writing signed by the Company and the Lead Investor and delivered to the Escrow Agent (provided that such date shall in no event be later than March 31, 2011) (the "**Termination Date**"), the Escrow Agent has not received written instructions from the Company, the Placement Agent and the Lead Investor regarding the disbursement of the Escrow Funds, then the Escrow Agent shall promptly return the Escrow Funds to the Subscribers without interest or offset. The Escrow Funds returned to each Subscriber shall be free and clear of any and all claims of the Escrow Agent.

(d) The Escrow Agent shall not be required to pay any uncollected funds or any funds that are not available for withdrawal.

(e) If the Termination Date or any date that is a deadline under this Agreement for giving the Escrow Agent notice or instructions or for the Escrow Agent to take action is not a Business Day, then such date shall be the Business Day that immediately preceding that date. A "**Business Day**" is any day other than a Saturday, Sunday or a Bank holiday.

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3. Acceptance by Escrow Agent. The Escrow Agent hereby accepts and agrees to perform its obligations hereunder, provided that:

(a) The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person who has been designated by the Placement Agent, the Lead Investor or the Company to give any written instructions, notice or receipt, or make any statements in connection with the provisions hereof has been duly authorized to do so. Escrow Agent shall have no duty to make inquiry as to the genuineness, accuracy or validity of any statements or instructions or any signatures on statements or instructions. The names and true signatures of each individual authorized to act singly on behalf of the Company, the Placement Agent and the Lead Investor are stated in Exhibit D, which is attached hereto and made a part hereof. The Company, the Placement Agent and the Lead Investor may each remove or add one or more of its authorized signers stated on Exhibit D by notifying the Escrow Agent of such change in accordance with this Agreement, which notice shall include the true signature for any new authorized signatories.

(b) The Escrow Agent may act relative hereto in reliance upon advice of counsel in reference to any matter connected herewith. The Escrow Agent shall not be liable for any mistake of fact or error of judgment or law, or for any acts or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(c) The Placement Agent and the Company agree to indemnify and hold the Escrow Agent harmless from and against any and all claims, losses, costs, liabilities, damages, suits, demands, judgments or expenses (including but not limited to reasonable attorney's fees) claimed against or incurred by Escrow Agent arising out of or related, directly or indirectly, to this Escrow Agreement unless caused by the Escrow Agent's gross negligence or willful misconduct.

(d) In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder, the Escrow Agent shall be entitled to (i) refrain from taking any action other than to keep safely the Escrow Funds until it shall be directed otherwise by a court of competent jurisdiction, or (ii) deliver the Escrow Funds to a court of competent jurisdiction.

(e) The Escrow Agent shall have no duty, responsibility or obligation to interpret or enforce the terms of any agreement other than Escrow Agent's obligations hereunder, and the Escrow Agent shall not be required to make a request that any monies be delivered to the Escrow Account, it being agreed that the sole duties and responsibilities of the Escrow Agent shall be to the extent not prohibited by applicable law (i) to accept checks or other instruments for the payment of money and wire transfers delivered to the Escrow Agent for the Escrow Account and deposit said checks and wire transfers into the non-interest bearing Escrow Account, and (ii) to disburse or refrain from disbursing the Escrow Funds as stated above, provided that the checks received by the Escrow Agent have been collected and are available for withdrawal.

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4 . Escrow Account Statements and Information. The Escrow Agent agrees to send to the Company, the Lead Investor and/or the Placement Agent a copy of the Escrow Account periodic statement, upon request in accordance with the Escrow Agent's regular practices for providing account statements to its non-escrow clients and to also provide the Company, the Lead Investor and/or the Placement Agent, or their designee, upon request other deposit account information, including Escrow Account balances, by telephone or by computer communication, to the extent practicable. The Company, the Placement Agent and the Lead Investor agree to complete and sign all forms or agreements required by the Escrow Agent for that purpose. The Company, the Placement Agent and the Lead Investor each consent to the Escrow Agent's release of such Escrow Account information to any of the individuals designated by the Company, the Placement Agent or the Lead Investor, which designation has been signed in accordance with paragraph 3(a) by any of the persons in Exhibit D. Further, the Company, the Placement Agent and the Lead Investor have an option to receive e-mail notification of incoming and outgoing wire transfers. If this e-mail notification service is requested and subsequently approved by the Escrow Agent, the Company, the Placement Agent and the Lead Investor agree to provide a valid e-mail address and other information necessary to set-up this service and sign all forms and agreements required for such service. The Company, the Placement Agent and the Lead Investor each consent to the Escrow Agent's release of wire transfer information to the designated e-mail address(es). The Escrow Agent's liability for failure to comply with this section shall not exceed the cost of providing such information.

5. Resignation and Termination of the Escrow Agent. The Escrow Agent may resign at any time by giving 30 days' prior written notice of such resignation to the Placement Agent, the Lead Investor and the Company. Upon providing such notice, the Escrow Agent shall have no further obligation hereunder except to hold as depository the Escrow Funds that it receives until the end of such 30-day period. In such event, the Escrow Agent shall not take any action, other than receiving and depositing Subscribers checks and wire transfers in accordance with this Agreement, until the Company has designated a banking corporation, trust company, attorney or other person as successor. Upon receipt of such written designation signed by the Placement Agent, the Lead Investor and the Company, the Escrow Agent shall promptly deliver the Escrow Funds to such successor and shall thereafter have no further obligations hereunder. If such instructions are not received within 30 days following the effective date of such resignation, then the Escrow Agent may deposit the Escrow Funds held by it pursuant to this Agreement with a clerk of a court of competent jurisdiction pending the appointment of a successor. In either case provided for in this paragraph, the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

6 . Termination. The Company, the Placement Agent and the Lead Investor may terminate the appointment of the Escrow Agent hereunder upon written notice specifying the date upon which such termination shall take effect, which date shall be at least 30 days from the date of such notice. In the event of such termination, the Company, the Placement Agent and the Lead Investor shall, within 30 days of such notice, appoint a successor escrow agent and the Escrow Agent shall, upon receipt of written instructions signed by the Company, the Placement Agent, and the Lead Investor turn over to such successor escrow agent all of the Escrow Funds; provided, however, that if the Company, the Placement Agent and the Lead Investor fail to appoint a successor escrow agent within such 30-day period, such termination notice shall be null and void and the Escrow Agent shall continue to be bound by all of the provisions hereof. Upon receipt of the Escrow Funds, the successor escrow agent shall become the escrow agent hereunder and shall be bound by all of the provisions hereof and the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds and under this Agreement.

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7 . Investment. All funds received by the Escrow Agent shall be invested only in non-interest bearing bank accounts at Signature Bank.

8 . Compensation. Escrow Agent shall be entitled, for the duties to be performed by it hereunder, to a fee of \$3,500, which fee shall be paid by the Company upon the signing of this Agreement. In addition, the Company shall be obligated to reimburse Escrow Agent for all fees, costs and expenses incurred or that become due in connection with this Agreement or the Escrow Account, including reasonable attorney's fees. Neither the modification, cancellation, termination or rescission of this Agreement nor the resignation or termination of the Escrow Agent shall affect the right of Escrow Agent to retain the amount of any fee which has been paid, or to be reimbursed or paid any amount which has been incurred or becomes due, prior to the effective date of any such modification, cancellation, termination, resignation or rescission. To the extent the Escrow Agent has incurred any such expenses, or any such fee becomes due, prior to any closing, the Escrow Agent shall advise the Company and the Company shall direct all such amounts to be paid directly at any such closing.

9 . Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if sent by hand-delivery, by facsimile (followed by first-class mail), by nationally recognized overnight courier service or by prepaid registered or certified mail, return receipt requested, to the addresses set forth below:

If to the Placement Agent:

1251 Avenue of the Americas, 20<sup>th</sup> Floor  
New York, New York 10020  
Attention: David Horin  
Fax: (212) 581-5690

If to the Lead Investor:

Venture Investors LLC  
505 South Rosa Road, #201  
Madison, Wisconsin 53719  
Attention: John Neis, Managing Director

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If to the Company:

One Gateway Center, Suite 504  
Newton, Massachusetts 02458  
Attention: Harry S. Palmin, President and Chief Executive Officer  
Fax: (617) 860-1170

If to Escrow Agent:

Signature Bank  
261 Madison Avenue  
New York, New York, 10016  
Attention: Cliff Broder, Group Director and Senior Vice President  
Fax: (646) 822-1359

10. General.

(a) 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 entirely performed within such State, without regard to choice of law principles and any action brought hereunder shall be brought in the courts of the State of New York, located in the County of New York. Each party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any manner permitted by applicable law and consents to the jurisdiction of said courts. Each of the parties hereto hereby waives all right to trial by jury in any action, proceeding or counterclaim arising out of the transactions contemplated by this Agreement.

(b) This Agreement sets forth the entire agreement and understanding of the parties with respect to the matters contained herein and supersedes all prior agreements, arrangements and understandings relating thereto.

(c) All of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto, as well as their respective successors and assigns.

(d) This Agreement may be amended, modified, superseded or canceled, and any of the terms or conditions hereof may be waived, only by a written instrument executed by each party hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver of any party of any condition, or of the breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. No party may assign any rights, duties or obligations hereunder unless all other parties have given their prior written consent.

(e) If any provision included in this Agreement proves to be invalid or unenforceable, it shall not affect the validity of the remaining provisions.

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(f) This Agreement and any modification or amendment of this Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.

11. Form of Signature. The parties hereto agree to accept a facsimile transmission copy of their respective actual signatures as evidence of their actual signatures to this Agreement and any modification or amendment of this Agreement; provided, however, that each party who produces a facsimile signature agrees, by the express terms hereof, to place, promptly after transmission of his or her signature by fax, a true and correct original copy of his or her signature in overnight mail to the address of the other party.

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**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the date first set forth above.

**NOVELOS THERAPEUTICS, INC.**

By: /s/ Harry S. Palmin  
Name: Harry S. Palmin  
Title: President & CEO

**VENTURE INVESTORS EARLY STAGE  
FUND IV LIMITED PARTNERSHIP**

By: /s/ John Neis  
Name: John Neis  
Title: Managing Director

**RODMAN & RENSHAW, LLC**

By: /s/ Gregory R. Dow  
Name: Gregory R. Dow  
Title: General Counsel

**SIGNATURE BANK**

By: /s/ Cliff Broder  
Name: Cliff Broder  
Title: Group Director, Sr. VP

**Exhibit A**

**SECURITIES PURCHASE AGREEMENT**

See this Exhibit 10.1 to this Form 8-K.

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**Exhibit B**

**MERGER AGREEMENT**

See Exhibit 2.1 to this Form 8-K.

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**Exhibit C**

**FORM OF ESCROW RELEASE NOTICE**

Date: \_\_\_\_\_, 2011

Signature Bank  
261 Madison Avenue,  
New York, New York 10016  
Attention: Cliff Broder, Group Director and Senior Vice President  
Fax: (646) 822-1359

Dear Mr. Broder:

In accordance with the terms of paragraph 2(b) of the Escrow Deposit Agreement, dated as of April \_\_\_, 2011, by and between Novelos Therapeutics, Inc. (the "Company"), Signature Bank (the "Escrow Agent"), Rodman & Renshaw, LLC (the "Placement Agent"), and Venture Investors Early Stage Fund IV Limited Partnership (the "Lead Investor") the Company, the Placement Agent and the Lead Investor hereby notify the Escrow Agent that the closing will be held on \_\_\_\_\_, 2011 for gross proceeds of \$\_\_\_\_\_.

PLEASE DISTRIBUTE FUNDS BY WIRE TRANSFER AS FOLLOWS (wire instructions attached):

|                              |    |       |
|------------------------------|----|-------|
| _____:                       | \$ |       |
| _____:                       | \$ |       |
| _____:                       | \$ |       |
| Signature Bank (Escrow Fee): | \$ | 3,500 |

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Very truly yours,

Novelos Therapeutics, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Rodman & Renshaw, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Venture Investors Early Stage Fund IV  
Limited Partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signature Page to NVLT Escrow Release Notice]

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**Exhibit D**

**AUTHORIZED SIGNATORIES**

The Escrow Agent is authorized to accept instructions signed or believed by the Escrow Agent to be signed by any one of the following on behalf of the Company, the Placement Agent and the Lead Investor.

**NOVELOS THERAPEUTICS, INC.**

Name

True Signature

Harry S. Palmin

/s/ Harry S. Palmin

**RODMAN & RENSHAW, LLC**

Name

True Signature

Gregory R. Dow

/s/ Gregory R. Dow

Edward Rabin

/s/ Edward Rabin

**VENTURE INVESTORS EARLY STAGE FUND IV LIMITED PARTNERSHIP**

Name

True Signature

John Neis, Managing Director

/s/ John Neis

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**DISCLOSURE SCHEDULES  
TO  
SECURITIES PURCHASE AGREEMENT**

**Dated as of April 8, 2011**

**Among**

**Novelos Therapeutics, Inc. and  
the investors set forth on Schedule I affixed thereto**

These Disclosure Schedules, dated as of April 8, 2011, are being delivered by Novelos Therapeutics, Inc., a Delaware corporation (the “Company”), pursuant to the Securities Purchase Agreement, dated as of April 8, 2011 (the “Agreement”), by and among the Company and the investors set forth on Schedule I affixed thereto. Any capitalized terms used in these Disclosure Schedules but not otherwise defined therein shall be defined as set forth in the Agreement.

These Disclosure Schedules are arranged in sections that correspond to the sections of the Agreement. With respect to any section hereof corresponding to a section of Article V of the Agreement (i) each such section hereof qualifies the correspondingly numbered representation or warranty to the extent specified herein, and (ii) any disclosure set forth with respect to a particular section of Article V shall be deemed to be disclosed in reference to such other sections of Article V to the extent it is reasonably clear from a reading of the disclosure that such disclosure is applicable to such other sections or subsections.

The Company may, at its option, include in these Disclosure Schedules items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of the Agreement. No disclosure in these Disclosure Schedules relating to a possible breach or violation of any Material Contract, law or order shall be construed as an admission or indication that breach or violation exists or has actually occurred.

The insertion of headings in these Disclosure Schedules is for convenience of reference only and shall not affect or be utilized in construing or interpreting the Agreement. All references in these Disclosure Schedules to any “Section” or “Article” are to the corresponding Section or Article, as applicable, of the Agreement unless otherwise specified.

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### Schedule 5.1

#### Subsidiaries

Pursuant to the Merger, Collectar will be merged with and into a wholly-owned subsidiary of the Company, with the result that the surviving corporation will be a wholly-owned subsidiary of the Company.

### Schedule 5.3

#### **Capitalization**

5.3(a)(i) At the Closing Date authorized capital stock of the Company consists of 150,000,000 shares of \$.00001 par value common stock and 7,000 shares of preferred stock.

5.3(a)(ii) Following the Merger and immediately prior to Closing there are 19,961,552 shares of common stock outstanding and no shares of preferred stock outstanding.

5.3(a)(iii) At the Closing Date there are 49,227 shares of common stock issuable pursuant to the Company's stock plans.

5.3(a)(iv) Immediately prior to Closing, the following shares are reserved for future issuance upon exercise of stock options or:

|                                           |                |
|-------------------------------------------|----------------|
| Stock Options                             | 49,227         |
| Warrants                                  | 315,172        |
| Total shares reserved for future issuance | <u>364,399</u> |

5.3(a)

Immediately prior to Closing, the Company has the following outstanding warrants:

| <u>Offering</u>                       | <u>Outstanding</u> | <u>Exercise Price</u> | <u>Expiration Date</u> |
|---------------------------------------|--------------------|-----------------------|------------------------|
| 2010 registered offering warrants (1) | 105,042            | \$ 10.71              | July 2015              |
| Preferred incentive warrants          | 105,042            | \$ 16.07              | July 2015              |
| Series E - Purdue                     | 60,332             | \$ 99.45              | December 2015          |
| Purdue - common financing             | 31,194             | \$ 100.98             | December 2015          |
| Series C                              | 8,170              | \$ 191.25             | May 2012               |
| Series E - placement agent            | 5,392              | \$ 191.25             | May 2012               |
| Total                                 | <u>315,172</u>     |                       |                        |

(1) Warrants include a provision that provide for the exercise price to be reduced to the Offering Price, as shown in the pro forma capitalization table in Schedule 5.3(b)

The following is a listing of the Company's documents relating to the rights of stockholders, or holders of securities exercisable for the Company's common stock as related to the Company's outstanding common stock, stock options and warrants described above:

| Description                                                                                                                                                                                          | EDGAR Reference |                    |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|-------------|
|                                                                                                                                                                                                      | Form            | Filing Date        | Exhibit No. |
| 2000 Stock Option and Incentive Plan                                                                                                                                                                 | SB-2            | November 16, 2005  | 10.2        |
| Form of 2004 non-plan non-qualified stock option                                                                                                                                                     | SB-2            | November 16, 2005  | 10.3        |
| Form of non-plan non-qualified stock option used from February to May 2005                                                                                                                           | SB-2            | November 16, 2005  | 10.4        |
| Form of non-plan non-qualified stock option used after May 2005                                                                                                                                      | SB-2            | November 16, 2005  | 10.5        |
| 2006 Stock Incentive Plan, as amended                                                                                                                                                                | S-1/A           | December 7, 2009   | 10.16       |
| Form of Incentive Stock Option under Novelos Therapeutics, Inc.'s 2006 Stock Incentive Plan*                                                                                                         | 8-K             | December 15, 2006  | 10.1        |
| Form of Non-Statutory Stock Option under Novelos Therapeutics, Inc.'s 2006 Stock Incentive Plan                                                                                                      | 8-K             | December 15, 2006  | 10.2        |
| Form of Non-Statutory Director Stock Option under Novelos Therapeutics, Inc.'s 2006 Stock Incentive Plan*                                                                                            | 8-K             | December 15, 2006  | 10.3        |
| Form of Common Stock Purchase Warrant dated May 2, 2007 issued pursuant to the Securities Purchase Agreement dated April 12, 2007                                                                    | 10-QSB          | May 8, 2007        | 4.1         |
| Form of Common Stock Purchase Warrant dated May 2, 2007 issued pursuant to the Agreement to Exchange and Consent dated May 2, 2007                                                                   | 10-QSB          | May 8, 2007        | 4.2         |
| Common Stock Purchase Warrant dated February 11, 2009                                                                                                                                                | 8-K             | February 18, 2009  | 4.2         |
| Securities Purchase Agreement dated August 25, 2009                                                                                                                                                  | S-1             | September 15, 2009 | 10.41       |
| Common Stock Purchase Warrant dated August 25, 2009                                                                                                                                                  | S-1             | September 15, 2009 | 10.43       |
| Form of Common Stock Purchase Warrant to be issued pursuant to the Consent and Waiver of Holders of Series C Convertible Preferred Stock and Series E Convertible Preferred Stock dated July 6, 2010 | S-1A            | July 7, 2010       | 10.53       |
| Form of Securities Purchase Agreement dated July 21, 2010                                                                                                                                            | 8-K             | July 22, 2010      | 10.1        |

**Schedule 5.3 (continued)**

5.3(b)

The following table sets forth the pro forma capitalization of the Company on a fully diluted basis giving effect to (i) the issuance of the minimum Units at the time of the Closing, (ii) the issuance of the shares of Common Stock issuable pursuant to the Merger, (iii) any adjustments in other securities resulting from the issuance of the Units at the time of the Closing, and (iv) the exercise or conversion of all outstanding securities.

**NVLT - Capital Structure - Pro forma**

|                                          | <b>Post-Deal &amp; Financing<br/>Common Stock<br/>Equivalents</b> | <b>Exer./Conv.<br/>Price</b> | <b>Warrant<br/>Expiration</b> |
|------------------------------------------|-------------------------------------------------------------------|------------------------------|-------------------------------|
| <b>Common stock outstanding</b>          | 26,808,089                                                        |                              |                               |
| <b>Warrants/Options:</b>                 |                                                                   |                              |                               |
| <i>April 2011 PIPE - Investor</i>        | 6,846,537                                                         | \$ 0.75                      | March 2016                    |
| <i>April 2011 PIPE - Placement Agent</i> | 192,931                                                           | \$ 0.75                      | March 2016                    |
| Stock options                            | 8,118                                                             | \$ 1.53                      | through 2015                  |
| 2010 registered offering warrants        | 105,042                                                           | \$ 0.75                      | July 2015                     |
| Preferred incentive warrants             | 105,042                                                           | \$ 16.07                     | July 2015                     |
| Series E - Purdue                        | 60,332                                                            | \$ 99.45                     | December 2015                 |
| Purdue - common financing                | 31,194                                                            | \$ 100.98                    | December 2015                 |
| Stock options                            | 41,109                                                            | \$ 120.87                    | through 2019                  |
| Series C                                 | 8,170                                                             | \$ 191.25                    | May 2012                      |
| Series E - placement agent               | 5,392                                                             | \$ 191.25                    | May 2012                      |
| 2006 PIPE                                | -                                                                 |                              | March 2011                    |
| <b>FULLY DILUTED</b>                     | <b>34,211,956</b>                                                 |                              |                               |

5.3(c) Arrangements that provide rights for any Person to purchase an equity interest in the Company consist of the stock options and warrants, previously disclosed in schedule 5.3(a).

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**Schedule 5.5**

**Consents**

None.

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## Schedule 5.7

### **No Material Adverse Change**

#### **5.7(vi)**

1. On October 18, 2010 the Company's stockholders approved an amendment to the certificate of incorporation to increase the total number of authorized shares of the Company's common stock from 225,000,000 to 750,000,000.

2. On November 30, 2010, the Company entered into an Exchange Agreement with each of the holders of its Series E convertible preferred stock (the "Series E Preferred Stock") and Series C convertible preferred stock (the "Series C Preferred Stock") pursuant to which each such holder exchanged all of the holder's shares of Series E Preferred Stock or Series C Preferred Stock, as applicable, and all rights, preferences and privileges associated therewith (including but not limited to any accrued but unpaid dividends thereon) and any rights of the holder to liquidated damages under agreements to register the Company's capital stock, for an aggregate of 340,935,801 shares of common stock, representing 75.3% of the Company's common stock outstanding effective immediately following the exchange. As a result of the exchange, all of the liquidation preference applicable to the preferred stock, approximately \$27,337,000 as of November 30, 2010, was eliminated. Furthermore, future dividends totaling \$2,327,000 annually were eliminated, special voting rights applicable to the preferred stock are no longer applicable, and the former holders of Series E Preferred Stock have released any rights to require the registration of shares of the Company's common stock for resale under the Securities Act. The effective price per share at which the common stock was issued in connection with the exchange (based on the aggregate liquidation preference of all of the preferred stock divided by the total number of shares of common stock issued in exchange for such preferred stock) was approximately \$0.08. The market price of the Company's common stock as of the last trading day immediately preceding the exchange was \$0.04.

The exchange was accounted for as a recapitalization and the carrying value of the Series E Preferred Stock of \$13,770,000, accumulated dividends totaling \$4,476,000 and estimated liquidated damages of \$819,000 for failure to timely file a resale registration statement (see "Registration Rights" below) were reclassified to additional paid-in-capital as of the date of the exchange. If the preferred stock had been converted according to its terms, the holders would have received a total of 42,057,026 shares of common stock. The fair market value at the date of issuance totaling \$11,955,151 of the additional 292,878,775 shares issued in the exchange has been recorded as a deemed dividend to preferred stockholders in the year ended December 31, 2010.

3. On December 13, 2010, Collectar entered into an Amendment to Lease Extension Agreement with McAllen Properties, LLC (the "Landlord") which (a) extends the term of Collectar's Lease for the premises at 3301 Agriculture Drive, Madison, Wisconsin (the "Lease") to March 31, 2011, and (b) gives Collectar the right to further extend the term of the Lease to September 14, 2012, by notifying the Landlord of its election to extend by March 15, 2011 and by making certain deferred rental payments at the time of such election (see Schedule 5.27).

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**5.7(ix)**

On March 10, 2011, Novelos terminated the employment of Elias Nyberg, its Vice President of Regulatory, Quality and Compliance as a cost savings measure. In connection with his termination, Dr. Nyberg received a separation payment of \$83,196, which represented amounts owed pursuant to the Executive Retention Agreement between Dr. Nyberg and Novelos, dated May 14, 2010.

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**Schedule 5.9**

**No Conflict, Breach, Violation or Default**

None.

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**Schedule 5.10**

**Tax Matters**

None.

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**Schedule 5.11**

**Title to Properties**

Collector's properties and assets are subject to the terms and provisions of a General Business Security Agreement in favor of the Wisconsin Department of Commerce ("DOC") securing the indebtedness evidenced by Promissory Notes held by DOC in the original principal amounts of \$250,000 and \$200,000 (see Schedule 5.27).

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**Schedule 5.12**

**Certificates, Authorities and Permits**

Following the Merger, it is anticipated that the Company will be required to notify the issuers of the following permits and licenses held by Collectar prior to the Merger and may be required to seek reissuance or transfer of such licenses or permits in the name of Novelos:

Radioactive Materials License from the Wisconsin Department of Health Services

Investigational New Drug Application issued through the U.S. Department of Health and Human Services

Manufacturer's License issued by the Wisconsin Department of Regulation and Licensing.

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#### **Schedule 5.14**

##### **Intellectual Property**

5.14(a) None.

5.14(d) On June 28, 2010, the Company received a letter from counsel to ZAO BAM and ZAO BAM Research Laboratories (collectively, "BAM") alleging that the Company modified the chemical composition of NOV-002 without prior notice to or approval from BAM, constituting a material breach of a technology and assignment agreement the Company had entered into with BAM on June 20, 2000 (the "June 2000 Agreement"). The letter references the Company's amendment, submitted to the FDA on August 30, 2005, to its investigational new drug application dated August 1999 as the basis for BAM's claims and demands the transfer of all intellectual property rights concerning NOV-002 to BAM. Mark Balazovsky, a director of Novelos from June 1996 until November 2006 and a shareholder of Novelos through at least June 25, 2010, is, to the Company's Knowledge, still the general director and principal shareholder of ZAO BAM. The Company believes the allegations are without merit and intends to defend vigorously against any proceedings that BAM may initiate as to these allegations. On September 24, 2010, the Company filed a complaint in Suffolk Superior Court seeking a declaratory judgment by the court that the June 2000 Agreement has been replaced by a subsequent agreement between the parties dated April 1, 2005 (the "April 2005 Agreement"), that Novelos' obligations to BAM are governed solely by the April 2005 Agreement and that the obligations of the June 2000 agreement have been performed and fully satisfied. On November 29, 2010, BAM answered the complaint, denying the material allegations, and stating its affirmative defenses and certain counterclaims. On January 14, 2011, the Company responded to the counterclaims, denying BAM's material allegations and stating our affirmative defenses. The Company believes the counterclaims are without merit and intend to vigorously defend against them.

5.14(g) A total of 4 former Collectar employees and 4 consultants have not executed standard confidentiality agreements or those agreements are not currently available. Based on the scope of work performed by these individuals and entities and their access to Confidential Information, the Company does not anticipate that the absence of agreements will have a Material Adverse Affect.

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## **Schedule 5.16**

### **Litigation**

1. A purported class action complaint was filed on March 5, 2010 in the United States District Court for the District of Massachusetts by an alleged shareholder of the Company, on behalf of himself and all others who purchased or otherwise acquired the Company's common stock in the period between December 14, 2009 and February 24, 2010, against the Company and its President and Chief Executive Officer, Harry S. Palmin. On October 1, 2010, the court appointed lead plaintiffs (Boris Urman and Ramona McDonald) and appointed lead plaintiffs' counsel. On October 22, an amended complaint was filed. The amended complaint claims that the Company violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder in connection with alleged disclosures related to the Phase 3 clinical trial of NOV-002 for non-small cell lung cancer. On December 6, 2010, the Company filed a motion to dismiss the complaint with prejudice. On January 20, 2011, the plaintiffs filed their opposition to our motion and on March 3, 2011, the Company filed its response to the opposition. Our motion to dismiss remains pending. The Company believes the allegations are without merit and intends to defend vigorously against the allegations.

2. On June 28, 2010, the Company received a letter from counsel to ZAO BAM and ZAO BAM Research Laboratories (collectively, "BAM") alleging that the Company modified the chemical composition of NOV-002 without prior notice to or approval from BAM, constituting a material breach of a technology and assignment agreement the Company had entered into with BAM on June 20, 2000 (the "June 2000 Agreement"). The letter references the Company's amendment, submitted to the FDA on August 30, 2005, to its investigational new drug application dated August 1999 as the basis for BAM's claims and demands the transfer of all intellectual property rights concerning NOV-002 to BAM. Mark Balazovsky, a director of Novelos from June 1996 until November 2006 and a shareholder of Novelos through at least June 25, 2010, is, to the Company's knowledge, still the general director and principal shareholder of ZAO BAM. The Company believes the allegations are without merit and intends to defend vigorously against any proceedings that BAM may initiate as to these allegations. On September 24, 2010, the Company filed a complaint in Suffolk Superior Court seeking a declaratory judgment by the court that the June 2000 Agreement has been replaced by a subsequent agreement between the parties dated April 1, 2005 (the "April 2005 Agreement"), that Novelos' obligations to BAM are governed solely by the April 2005 Agreement and that the obligations of the June 2000 agreement have been performed and fully satisfied. On November 29, 2010, BAM answered the complaint, denying the material allegations, and stating its affirmative defenses and certain counterclaims. On January 14, 2011, the Company responded to the counterclaims, denying BAM's material allegations and stating our affirmative defenses. The Company believes the counterclaims are without merit and intend to vigorously defend against them.

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**Schedule 5.19**

**Brokers and Finders**

Collectar has engaged XMS Capital Partners (“XMS”) to provide financial advisory services in connection with the Merger. Collectar is obligated to pay XMS a success fee equal to 2% of the gross proceeds received in the Offering, subject to a minimum fee of \$200,000. Collectar has also agreed to reimburse XMS for reasonable expenses incurred by XMS related to the engagement.

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#### **Schedule 5.24**

##### **Affiliate Transactions**

Following the Merger and immediately prior to the Closing, Venture Investors Early Stage Fund IV Limited Partnership and Advantage Capital Wisconsin Partners I, Limited Partnership will own, in aggregate, 2,534,308 shares, or 12.7% of the outstanding common stock of the Company. VIESF IV GP LLC is the general partner of Venture Investors Early Stage Fund IV Limited Partnership and Venture Investors LLC is the submanager and special limited partner of Advantage Capital Wisconsin Partners I, Limited Partnership. The investment decisions of VIESF IV GP LLC and Venture Investors LLC are made collectively by six managers, including John Neis, who will be a director of the Company following the Merger.

Venture Investors LLC affiliated funds has purchase an additional 2,000,000 Units in the Offering.

Each such manager and Mr. Neis disclaim such beneficial ownership except to the extent of his pecuniary interest therein.

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## **Schedule 5.27**

### **Indebtedness**

#### **5.27(i)**

Collectar has the following indebtedness:

1. Promissory Notes held by the Wisconsin Department of Commerce in the original principal amounts of \$250,000 and \$200,000 with interest accruing at 2%. Balance due as of February 28, 2011, including accrued interest, totaled \$452,367.12. Principal and interest payments commence in May 2015 and are due in monthly installments through April 2017.
2. Convertible Promissory Notes held by nine investors in the aggregate principal amount of \$2,720,985. Balance due as of March 5, 2011, including accrued interest, totaled \$3,123,139. It is anticipated that the balance due will be converted into 4,957,363 shares of Collectar's Common Stock immediately prior to the Merger.
3. Deferred rental payments due McAllen Properties, LLC as of February 28, 2011: \$63,792.76 (see Schedule 5.7(vi)).

The following financing statements securing obligations in material amounts are filed with respect to Collectar:

1. A UCC financing statement (filing #070004897129) was filed on April 9, 2007 (and amended on January 28, 2008 per filing #080001372013) to secure Collectar's obligations to M&I Marshall & Ilsley Bank ("M&I Bank"), as described in 5.27(i)(1) above. The financing statement expires on April 9, 2012. Collectar paid its obligation in full to M&I Bank on the date hereof, and expects M&I Bank to terminate this financing statement.
  2. A UCC financing statement (filing #100011830417) was filed on October 5, 2010 to secure Collectar's obligations to the Wisconsin Department of Commerce, as described in 5.27(i)(2) above. The financing statement expires on October 5, 2015.
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## Schedule 8.4

### **Use of Proceeds**

Since preparation and distribution of the Memorandum, we have revised our estimated use of proceeds to be received in the Offering to reflect reduced spending estimates. The revised disclosure is as follows:

#### **USE OF PROCEEDS OF OFFERING**

Although we may not be successful in selling any or all of the Securities in the Offering, we currently expect to use the proceeds we receive as follows:

- to fund our research and development activities, including the further development of our HOT and LIGHT compounds in a wide range of cancers; and
- for general corporate purposes, such as general and administrative expenses, capital expenditures, working capital, prosecution and maintenance of our intellectual property and the potential investment in technologies or products that complement our business.

Minimal resources will be allocated to our COLD compound until sufficient funds are raised.

The following table summarizes the estimated quarterly spending projections of the combined company during 2011 and 2012:

|                                            | 2011     |          |          | 2012     |          |           |           |           |
|--------------------------------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|
|                                            | Q2       | Q3       | Q4       | Q1       | Q2       | Q3        | Q4        | Total     |
| Research and Development:                  |          |          |          |          |          |           |           |           |
| Clinical trials                            | \$ 286   | \$ 281   | \$ 331   | \$ 460   | \$ 557   | \$ 523    | \$ 631    | \$ 3,069  |
| Chemistry, manufacturing and controls data | 51       | 51       | 51       | 66       | 141      | 96        | 36        | 492       |
| Non-clinical research                      | 63       | 63       | 63       | 63       | 63       | 64        | 63        | 442       |
| Fixed asset purchases                      | 20       | 40       | 20       | 40       | 20       | 40        | 20        | 200       |
| Patent                                     | 106      | 106      | 106      | 131      | 131      | 131       | 131       | 842       |
| Personnel, facilities and overhead         | 584      | 580      | 576      | 663      | 585      | 583       | 578       | 4,149     |
| Total Research & Development               | 1,110    | 1,121    | 1,147    | 1,423    | 1,497    | 1,437     | 1,459     | 9,194     |
| General and administrative                 | 597      | 573      | 590      | 586      | 584      | 572       | 580       | 4,082     |
| Total Estimated Costs                      | \$ 1,707 | \$ 1,694 | \$ 1,737 | \$ 2,009 | \$ 2,081 | \$ 2,009  | \$ 2,039  | \$ 13,276 |
| Cumulative Total                           | \$ 1,707 | \$ 3,401 | \$ 5,138 | \$ 7,147 | \$ 9,228 | \$ 11,237 | \$ 13,276 |           |

*Clinical trials* – We anticipate that we will commence a Phase 1b dose-escalation trial of HOT in mid-2011 aimed at determining the Maximum Tolerated Dose (MTD). In parallel, we expect to initiate Phase 2 efficacy trials of HOT in solid tumors in 2012 as soon as a minimal efficacious dose is established. We may determine such an effective dose upon seeing a response in the Phase 1b trial or calculating it from imaging trials of LIGHT in cancer patients. We anticipate that we will commence in the second quarter of this year multiple investigator-sponsored trials, initially in glioma, lung and breast cancers, to evaluate our LIGHT compound as a novel PET imaging agent. We plan to pursue an Investigational New Drug Application for the study of our COLD compound as an Akt inhibitor, cancer-targeted chemotherapy, when sufficient funds become available.

The estimated spending in this category consists of costs for contract research organizations, clinical site payments, patient testing and evaluation and other costs related to the clinical trials.

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*Chemistry, manufacturing and controls data*— We plan to manufacture clinical trial materials for Phase 1b and Phase 2 trials of our HOT compound in our Madison facility. LIGHT is currently manufactured by our collaborator, University of Wisconsin at Madison. We will explore scaling up production capacity of COLD, via contract manufacturers or at our facility, to support a future IND filing and clinical trials.

The estimated spending in this category consists of costs of contract research and manufacturing organizations to perform various validation, stability, release and other manufacturing studies; the cost of drug supplies for HOT manufacturing; and laboratory conversion costs necessary to support manufacturing initiatives.

*Non-clinical research* — We plan to pursue a series of non-clinical laboratory and animal testing to further evaluate and document the mechanistic activity of our compounds. The estimated spending in this category consists of costs for sponsored research with medical and educational institutions.

*Fixed asset purchases* — The estimated expenditures in this category include equipment purchases and costs to make certain modifications to the Madison facility to enable manufacturing initiatives.

*Patent costs* — We intend to pursue an aggressive strategy to patent our intellectual property rights. The estimated expenditures in this category represent patent counsel and patent filing costs.

*Research and development - Personnel, facilities and overhead* — The estimated costs in this category represent salaries and related overhead costs associated with research and development personnel (approximately 70%); facilities and related overhead costs for the Madison headquarters and research and manufacturing facility (approximately 20%); and the costs of certain independent medical and scientific consultants (approximately 10%).

*General and administrative*— The estimated costs in this category represent salaries and related overhead costs associated with general and administrative employees (approximately 35%); professional advisory costs (approximately 50%) such as legal fees, audit fees, directors' fees and investor relations services; and rent and related office utility and overhead costs (approximately 15%) for the executive and administrative office in Newton, MA.

We have no current understandings, commitments or agreements with respect to any acquisition of or investment in any technologies or products.

Even if we raise the full amount we ultimately seek in the Offering, of which there can be no assurance, we will still need to obtain additional financing in the future in order to fully fund these product candidates through the regulatory approval process. We will seek such additional financing through public or private equity or debt offerings or other sources, including collaborative or other arrangements with corporate partners, and through government grants and contracts. There can be no assurance we will be able to obtain such additional financing on acceptable terms, or at all.

Our actual expenditures in 2011 and 2012 will depend on actual amounts raised in the Offering. In addition, the amounts and timing of our actual expenditures will depend upon numerous factors, including the progress of our development and commercialization efforts, the progress of our clinical studies, whether or not we enter into strategic collaborations or partnerships and our operating costs and expenditures. Accordingly, our management will have significant flexibility in applying the net proceeds of the Offering.

The costs and timing of drug development and regulatory approval, particularly conducting clinical studies, are highly uncertain, are subject to substantial risks and can often change. Accordingly, we may change the allocation of use of these proceeds as a result of contingencies such as the progress and results of our clinical studies and other development activities, the establishment of collaborations, our manufacturing requirements and regulatory or competitive developments.

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Pending the application of the net proceeds as described above or otherwise, we may invest the proceeds in short-term, investment-grade, interest-bearing securities or guaranteed obligations of the U.S. government or other securities.

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PLACEMENT AGENCY AGREEMENT

April 1, 2011

Rodman & Renshaw, LLC  
1251 Avenue of the Americas  
20<sup>th</sup> Floor  
New York, New York 10020

Gentlemen:

Novelos Therapeutics, Inc., a Delaware corporation (the "Company"), hereby confirms its agreement with Rodman & Renshaw, LLC, a Delaware limited liability company (the "Placement Agent"), as set forth herein (the "Agreement"). Unless the context otherwise requires, as used herein, all references to "the Company" shall be deemed to refer to Novelos Therapeutics, Inc., a Delaware corporation, and each of its subsidiaries, predecessors and successors, if any, after giving retroactive effect to the Offering and the Merger, as such terms are defined below.

1. Offering.

(a) The Company will offer (the "Offering") for sale through the Placement Agent, as the exclusive agent for the Company, and its respective selected dealers, up to a maximum of 12,000,000 units (each a "Unit" and, collectively, the "Units") at a price of \$0.75 per Unit or such other amount agreed to by the Company (the "Unit Purchase Price"). Each Unit shall include the following: (i) one share of the Company's common stock, par value \$0.00001 per share (the "Common Stock"); and (ii) (iii) a warrant to purchase one share of Common Stock at a price of \$0.75 per whole share on or before March 31, 2016 (each a "Warrant" and, collectively, the "Warrants"). The aggregate number of shares of Common Stock included in the Units (but not the Warrant Shares, as defined below) is referred to herein as the "Shares." The shares of Common Stock issuable upon exercise of the Warrants are referred to herein as the "Warrant Shares." The Units, the Shares, the Warrants, the Warrant Shares, the Placement Agent Warrant (as defined in Section 3(f) below) and the Placement Agent Warrant Shares (as defined in Section 3(f) below) are collectively referred to herein as the "Securities."

(b) Placement of the Units by the Placement Agent will be made on a reasonable efforts "all-or-none" basis with respect to the Minimum Amount and on a reasonable efforts basis with respect to the Maximum Amount. The Units will be offered to potential subscribers (the "Investors"), which may include related parties of the Placement Agent or the Company, commencing on or about March \_\_, 2011 (the "Commencement Date"), and will end on April 1, 2011; provided, however, the Company and the Placement Agent may extend the Offering up until April 11, 2011. The date on which the Offering terminates is referred to in this Agreement as the "Termination Date" and the period beginning on the Commencement Date and ending on the Termination Date is referred to in this Agreement as the "Offering Period."

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(c) The Placement Agent shall only tender to, and the Company shall only accept subscriptions from or sell Units to, persons or entities that qualify as (or are reasonably believed to be) “accredited investors,” as such term is defined in Rule 501 of Regulation D (“Regulation D”) promulgated under Section 4(2) of the Securities Act of 1933, as amended (the “Act”).

(d) The offering of the Units will be made by the Placement Agent on behalf of the Company solely pursuant to a Confidential Information Memorandum (the “Memorandum”), which at all times will be in form and substance acceptable to the Placement Agent and its counsel and contain such legends and other information as the Placement Agent and its counsel may, from time to time, deem necessary and desirable to be set forth therein, including, but not limited, to forms of the Securities Purchase Agreement pursuant to which the Units will be issued (the “Securities Purchase Agreement”), Investor Questionnaire and other subscription documents (collectively, the “Subscription Documents”), and the Agreement and Plan of Merger (the “Merger Agreement”) among the Company, a wholly owned subsidiary of the Company and Collectar, Inc. (“Collectar”) and the Placement Agent Warrant (as described in Section 3(f) below). Collectively, this Agreement, the Subscription Documents, the Merger Agreement and the Placement Agent Warrant are referred to in this Agreement as the “Transaction Documents.”

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Placement Agent as follows:

(a) The Memorandum has been diligently prepared by the Company, at its sole cost, in conformity with all applicable laws and all applicable rules and regulations (collectively, the “Regulations”) of the Securities and Exchange Commission (the “SEC”) relating to the Offering, including without limitation Regulation D, and the applicable securities laws and the rules and regulations of those jurisdictions wherein the Securities will be and have been offered and sold. The Securities will be offered and sold pursuant to the registration exemption provided by Section 4(2) and/or Section 4(6) of the Act or pursuant to Regulation D as a transaction not involving a public offering and the requirements of any other applicable state securities laws and the respective rules and regulations thereunder in those United States jurisdictions in which the Placement Agent notifies the Company that the Securities are being or will be offered for sale. The Memorandum describes all material aspects, including attendant risks, of an investment in the Company. The Company has not taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Section 4(2) and/or Section 4(6) of the Act or Regulation D promulgated thereunder and knows of no reason why it would not qualify for any such exemption. Neither the Company nor its affiliates has been subject to any order, judgment or decree of any court or governmental authority of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failing to comply with Section 503 of Regulation D.

(b) The Memorandum does not include 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. None of the statements, documents, certificates or other items prepared or supplied by the Company with respect to the transactions contemplated hereby contains an untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact that the Company has not disclosed in the Memorandum and of which the Company is aware that materially and adversely affects or could reasonably be expected to materially and adversely affect the business prospects, financial condition, operations, or assets of the Company. .

(c) Each of the representations and warranties of the Company set forth in the Section 5 of the Securities Purchase Agreement, as qualified by the Disclosure Schedules, thereto, the Memorandum and the SEC Filings (as defined in the Securities Purchase Agreement), is true and correct.

(d) The Company has all requisite power and authority (corporate and other) to conduct its business as presently conducted and as proposed to be conducted after the Offering (as described in the Memorandum), to enter into and perform its obligations under this Agreement and to issue, sell and deliver the Placement Agent Warrant and the Placement Agent Warrant Shares. The execution and delivery of this Agreement and the Placement Agent Warrant has been duly authorized by the necessary corporate action. This Agreement has been duly executed and delivered and constitutes, and the Placement Agent Warrant, upon due execution and delivery, will constitute, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and except that no representation is made herein regarding the enforceability of the Company's obligations to provide indemnification and contribution remedies under the securities laws and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(e) Neither the (i) execution and delivery of, or performance by the Company under, this Agreement or the Placement Agent Warrant nor (ii) consummation of the transactions herein or contemplated in the Placement Agent Warrant conflicts with or violates, or will result in the creation or imposition of any lien, charge or other encumbrance upon any of the assets of the Company under, any agreement or other instrument to which the Company is a party or by which the Company or its assets may be bound, any term of the Company's certificate of incorporation or bylaws or any license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any of its assets.

(f) The Placement Agent Warrant Shares have been duly authorized for issuance and sale by all corporate action and when issued and paid for in accordance with the terms of the Placement Agent Warrant will be validly issued and fully paid and nonassessable. *[Note: Subject matter of deleted representation is addressed in (d).]*

(g) No consent, authorization or filing of or with any court or governmental authority is required in connection with the issuance of the Placement Agent Warrant or the Placement Agent Warrant Shares or the consummation of the transactions contemplated by this Agreement, except for required filings with the SEC and applicable "Blue Sky" or state securities commissions relating specifically to the Offering (all of which will be duly made on a timely basis).

3. Placement Agent Appointment and Compensation.

(a) The Company hereby appoints the Placement Agent as its exclusive agent in connection with the Offering. The Company acknowledges that the Placement Agent may use selected dealers and sub-agents to fulfill its agency hereunder provided that such dealers and sub-agents are compensated solely by the Placement Agent. The Company has not and will not make, or permit to be made, any offers or sales of the Units other than through the Placement Agent without the Placement Agent's prior written consent. The Placement Agent has no obligation to purchase any of the Units. The agency of the Placement Agent hereunder shall continue until the earlier of the Termination Date or the Closing Date.

(b) The Company will cause to be delivered to the Placement Agent copies of the Memorandum and has consented, and hereby consents, to the use of such copies for the purposes permitted by the Act and applicable securities laws, and hereby authorizes the Placement Agent and its agents, employees and selected dealers to use the Memorandum in connection with the sale of the Units until the earlier of the Termination Date or the Closing Date, and no other person or entity is or will be authorized to give any information or make any representations other than those contained in the Memorandum or use any offering materials other than those contained in the Memorandum in connection with the sale of the Units. The Company will provide at its own expense such quantities of the Memorandum and other documents and instruments relating to the Offering as the Placement Agent may reasonably request.

(c) The Company will cooperate with the Placement Agent by making available to its representatives such information as may be requested in making a reasonable investigation of the Company and its affairs and shall provide access to such employees as shall be reasonably requested. Prior to the closing of the Offering, if requested by the Placement Agent, the Company shall provide, at its own expense, credit or similar reports on such key management persons as the Placement Agent shall reasonably request.

(d) At the closing of the Offering, the Company shall pay to the Placement Agent a cash placement fee equal to of the sum of (i) an amount equal to seven percent (7%) of the aggregate gross proceeds to the Company from the sale of Units in the Offering to persons other than Venture Investors, LLC or any of its affiliates (collectively, "Venture Investors"), current stockholders of Collectar, Inc., or any investors introduced to the Company by Venture Investors or Collectar (collectively, the "Discounted Investors") plus (ii) an amount equal to three and one-half percent (3.5%) of the aggregate gross proceeds to the Company from the sale of the Units in the Offering from the Discounted Investors (such sum being referred to herein as the "Placement Agent's Fee").

(e) At the closing of the Merger, the Company shall pay the Placement Agent an advisory cash fee of \$250,000 (the "Merger Advisory Fee"). The Placement Agent's Fee and the Merger Advisory Fee will be payable at the closing of the Offering and will be deducted from the gross proceeds from the sale of the Securities.

(f) As additional compensation, on the Closing Date the Company shall sell to the Placement Agent or its designees, for nominal consideration, a warrant to purchase such number of shares of Common Stock as shall equal the sum of (i) eight percent (8%) of the aggregate number of Shares sold in the Offering to persons other than the Discounted Investors plus (ii) two percent (2%) of the aggregate number of Shares sold in the Offering to the Discounted Investors (the "Placement Agent Warrant"). The shares of Common Stock issuable upon exercise of the Placement Agent Warrant are referred to herein as the "Placement Agent Warrant Shares." The Placement Agent Warrant shall have terms identical to the Warrants. The Placement Agent Warrant Shares shall be registered by the Company together with the Shares and the Warrant Shares underlying the Units pursuant to the same terms and conditions as are set forth in Section 9 of the Securities Purchase Agreement, which is incorporated herein by reference for the benefit of the Placement Agent.

4. Subscription and Closing Procedures.

(a) Each prospective Investor will be required to complete and execute two (2) original omnibus signature pages for the Securities Purchase Agreement, which will be forwarded or delivered to the Placement Agent at the Placement Agent's offices at the address set forth in Section 10 hereof, together with executed copies of all other documents contemplated by the Securities Purchase Agreement, any other documents reasonably requested by the Company, and such prospective purchaser's check, wire transfer or other good funds in the full amount of the aggregate Unit Purchase Price for the total number of Units desired to be purchased.

(b) All funds for subscriptions received from the Offering will be promptly forwarded by the Placement Agent or the Company, if received by it, to and deposited into non-interest bearing escrow account (the "Escrow Account") established for such purpose with Signature Bank, a New York State chartered bank (the "Escrow Agent"). All such funds for subscriptions will be held in the Escrow Account pursuant to the terms of an escrow agreement among the Company, the Placement Agent, Venture Investors Early Stage Fund IV Limited Partnership (the "Lead Investor") and the Escrow Agent dated March 7, 2011, as amended. The Company will pay all fees related to the establishment and maintenance of the Escrow Account, regardless of whether a closing occurs hereunder. The Company, or the Placement Agent on the Company's behalf (any such acceptance by the Placement Agent on the Company's behalf to be subject to such guidelines as shall be agreed upon by the Placement Agent and the Company) will either accept or reject the Securities Purchase Agreement in a timely fashion and at the closing of the Offering will countersign the Securities Purchase Agreement and provide duplicate copies of such Agreements to the Placement Agent for delivery to the purchasers. The Company will give written notice to the Placement Agent of its acceptance or rejection of each subscription. The Company, or the Placement Agent on the Company's behalf, will promptly return to prospective purchasers of Securities incomplete, improperly completed, improperly executed and rejected Securities Purchase Agreements and give written notice thereof to the Placement Agent upon such return.

(c) The first closing of the Offering shall take place within ten (10) days of acceptance of complete and valid subscriptions for not less than \$3,500,000 worth of Units (the “Minimum Amount”) and all of the conditions set forth elsewhere in this Agreement and the Securities Purchase Agreement are fulfilled. Thereafter, additional closings may take place without regard to any minimum amount until the earlier of the Termination Date or the Offering is fully subscribed. Delivery of payment for the accepted subscriptions from the funds held in the Escrow Account will be made by wire transfer from the Escrow Agent to the Company at closing against delivery by the Company of the Shares and the Warrants, which wire transfer shall be net of amounts due to the Placement Agent. The Shares, the Warrants and the Placement Agent Warrant will be in such authorized denominations and issued in such names as the Placement Agent may request on or before the second full business day prior to the Closing Date.

(d) If Securities Purchase Agreements for the Minimum Amount have not been received and accepted by the Company on or before the Termination Date for any reason, the Offering will be terminated (the date of such termination being referred to herein as the “Expiration Date”), no Units will be sold, and the Escrow Agent will, at the request of the Placement Agent, cause all monies received from prospective purchasers of Securities in the Offering to be promptly returned to such subscribers without interest or offset.

5. Further Covenants. The Company hereby covenants and agrees that:

(a) Except with the prior written consent of the Placement Agent (which consent shall not be unreasonably withheld), the Company shall not, at any time prior to the Closing Date, take any action that would cause any of the representations and warranties made by it in this Agreement not to be true and correct on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except with respect to representations or warranties made as of a specific date, which shall be true and correct as of such date).

(b) If, at any time prior to the closing of this Offering, any event shall occur that does or may materially affect the Company or as a result of which it might become necessary to amend or supplement the Memorandum so that the representations and warranties herein remain true, or in case it shall, in the reasonable opinion of counsel to the Placement Agent, be necessary to amend or supplement the Memorandum to comply with Regulation D or any other applicable federal or state securities laws or regulations, the Company will promptly notify the Placement Agent and shall, at its sole cost, prepare and furnish to the Placement Agent copies of appropriate amendments and/or supplements in such quantities as the Placement Agent may reasonably request. The Company will not at any time, whether before or after the closing of this Offering, prepare or use any amendment or supplement to the Memorandum of which the Placement Agent will not previously have been advised and furnished with a copy, or to which the Placement Agent or its counsel will have reasonably objected in writing or orally (confirmed in writing within 24 hours), or which is not in compliance in all material respects with the Act, the Regulations and other applicable securities laws. As soon as the Company is advised thereof, the Company will advise the Placement Agent and its counsel, and confirm the advice in writing, of any order preventing or suspending the use of the Memorandum, or the suspension of the qualification or registration of the Securities for offering or the suspension of any exemption for such qualification or registration of the Securities for offering in any jurisdiction, or of the institution or threatened institution of any proceedings for any of such purposes, and the Company will use its reasonable best efforts to prevent the issuance of any such order, judgment or decree, and, if issued, to obtain as soon as reasonably possible the lifting thereof.

(c) The Company, at its own cost and expense, shall comply in all material respects with the Act, the Regulations, the Securities and Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder, all applicable state securities laws and the rules and regulations thereunder in the states in which the Units are to be offered and in which the Company's counsel has advised the Placement Agent that the Units are qualified or registered for sale or exempt from such qualification or registration, so as to permit the continuance of the sales of the Units (and the underlying Securities), and will file with the SEC, and shall promptly thereafter forward to the Placement Agent, any and all reports on Form D as are required.

(d) The Company, at its own cost and expense, shall use its reasonable best efforts to qualify the Units for sale (or seek exemption therefrom) under the securities laws of such jurisdictions in the United States as may be mutually agreed to by the Company and the Placement Agent, and the Company will (through Blue Sky counsel) make such applications and furnish information as may be required for such purposes. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request.

(e) The Company shall place a legend on the certificates representing any of the Securities stating that the securities evidenced thereby have not been registered under the Act or applicable state securities laws and setting forth or referring to the applicable restrictions on transferability and sale of such securities under the Act and applicable state laws.

(f) The Company shall apply the net proceeds from the sale of the Securities for such purposes as are described under Section 8.4 of the Securities Purchase Agreement. Except as shall be specifically set forth in the Memorandum or as approved by the board of directors of the Company, the net proceeds of the Offering shall not be used to repay indebtedness to officers, directors or stockholders of the Company without the prior written consent of the Placement Agent.

(g) During the Offering Period, the Company shall make available for review by prospective purchasers of Securities during normal business hours at the Company's offices, upon their request, copies of the Company Agreements to the extent that such disclosure shall not violate any obligation on the part of the Company to maintain the confidentiality thereof and shall afford each prospective purchaser of Units the opportunity to ask questions of and receive answers from an officer of the Company concerning the terms and conditions of the Offering and the opportunity to obtain such other additional information necessary to verify the accuracy of the Memorandum to the extent it possesses such information or can acquire it without unreasonable expense.

(h) Except with the prior written consent of the Placement Agent (which shall not be unreasonably withheld) or as set forth in the Memorandum, the Company shall not, at any time prior to the earlier of the Closing Date or the Termination Date, engage in or commit to engage in any transaction outside the ordinary course of business, including without limitation the incurrence of material indebtedness, materially change its business or operations as described in the Memorandum, or issue, agree to issue or set aside for issuance any securities (debt or equity) or any rights to acquire any such securities except as shall be contemplated by the Memorandum.

(i) Whether or not the transactions contemplated hereby are consummated, or this Agreement is terminated, the Company hereby agrees to pay all fees, costs and expenses incident hereto and to the Offering, including, without limitation, those in connection with (i) preparing, printing, duplicating, filing, distributing and binding the Memorandum and any and all amendments and/or supplements thereto and any and all agreements, contracts and other documents related hereto and thereto; (ii) the creation, authorization, issuance, transfer and delivery of any of the Securities as well as any shares of Common Stock issued in the Merger, including, without limitation, fees and expenses of any transfer agent or registrar; (iii) the fees and expenses of the Escrow Agent (subject to Section 4(b) hereof); (iv) all fees and expenses of legal, accounting and other advisers to the Company; (v) all filing fees, costs and legal fees and expenses for Blue Sky services and related filings with respect to Blue Sky exemptions and qualifications (the “Blue Sky Fees”); and (vi) subject to Section 8 hereof, a non-accountable expense allowance equal to \$75,000, which amount may be increased with the prior written approval of the Company and which shall be deducted from the gross proceeds from the sale of Units at the first closing of the Offering, to cover, without limitation, the legal fees, mailing, telephone, travel, due diligence and similar expenses of the Placement Agent; provided, however, if the Merger is not consummated such non-accountable expense allowance shall be limited to \$50,000 and provided further that if neither the Offering nor the Merger are consummated such non-accountable expense allowance shall be limited at \$25,000.

(j) Until the earlier of the sale of all of the Units or the Termination Date, neither the Company nor any person or entity acting on its behalf will negotiate or enter into any agreement with any other placement agent or underwriter with respect to a private or public offering of the Company’s or any subsidiary’s debt or equity securities. Neither the Company nor anyone acting on its behalf will, until the earlier of the sale of all of the Units or the Termination Date, without the prior written consent of the Placement Agent, offer for sale to, or solicit offers to subscribe for Units or other securities of the Company from, or otherwise approach or negotiate in respect thereof with, any other person.

(k) The Placement Agent shall be entitled to the registration rights set forth in the Securities Purchase Agreement with respect to the Placement Agent Warrant Shares as though the Placement Agent were a “Purchaser” thereunder with respect to the Placement Agent Warrant.

(l) The Placement Agent shall be entitled to a placement agent's fee and warrants, calculated in a manner consistent with Sections 3(d) and 3(f) above with respect to any subsequent public or private offering or other financing or capital-raising transaction of any kind ("Subsequent Financing") to the extent that such financing or capital is provided to the Company, or to any Affiliate (as defined below) of the Company, by investors whom Placement Agent had "introduced" (as defined below), directly or indirectly, to the Company if such Subsequent Financing is consummated at any time within the 18-month period following the Termination Date or the Closing Date, if an Offering is consummated (the "Tail Period"). A party "introduced" by Placement Agent shall mean an investor who either (i) met with the Company and/or had a conversation with the Company either in person or via telephone regarding the Offering, (ii) was provided by Placement Agent with a copy of the Memorandum based upon such investor expressing an interest, directly or indirectly, to Placement Agent in investing in the Offering, or (iii) purchased Units; and, in each instance, is listed on an exhibit that Placement Agent shall provide in written form at the closing of the Offering, if an Offering is consummated, or within ten (10) business days following the Termination Date. For avoidance of doubt, the reduced percentages provided in Section 3(d) and Section 3(f) with respect to Discounted Investors shall apply to each Discounted Investor that participates in a Subsequent Financing consummated during the Tail Period. An "Affiliate" of an entity shall mean any individual or entity controlling, controlled by or under common control with such entity and any officer, director, employee, stockholder, partner, member or agent of such entity.

6 . Conditions of Placement Agent's Obligations. The obligations of the Placement Agent hereunder are subject to the fulfillment, at or before the closing of the Offering, of the following additional conditions:

(a) Each of the representations and warranties of the Company shall be true and correct in all material respects, other than representations and warranties that contain materiality or knowledge standards or qualifications (which representations and warranties shall be true and correct in all respects) when made on the date hereof and on and as of the Closing Date as though made on and as of the Closing Date (except with respect to representations or warranties made as of a specific date, which shall be true and correct as of such date).

(b) The Company shall have performed and complied in all material respects with all agreements, covenants and conditions that it is required to perform and/or comply under the Transaction Documents at or before the closing of the Offering, including, but not limited to, the consummation of the Merger, effectuation of the Reverse Split and the reduction in its authorized capital.

(c) No order suspending the use of the Memorandum or enjoining the offering or sale of the Securities shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated and pending, or, to the Company's knowledge, are contemplated or threatened.

(d) [Intentionally omitted.]

(e) The Placement Agent shall have received certificates of the President of the Company, dated as of the Closing Date, certifying on behalf of the Company, in such detail as the Placement Agent may reasonably request, as to the fulfillment of the conditions set forth in subparagraphs (a), (b) and (c) above.

(f) The Company shall have delivered to the Placement Agent (i) with respect to the Company, a currently dated good standing certificate from the Secretary of State of Delaware and each jurisdiction in which the Company is qualified to do business as a foreign corporation and (ii) certified resolutions of the Company's board of directors approving this Agreement and the other Transaction Documents and the transactions and agreements contemplated by this Agreement and the other Transaction Documents.

(g)

(h) At the closing of the Offering, the Company shall have (i) paid to the Placement Agent its Placement Agent's Fee in respect of all Units sold at the closing, (ii) paid the Merger Advisory Fee (assuming the closing of the Merger), (iii) paid all fees, costs and expenses as set forth in Section 5(i) hereof, and (iiiv) executed and delivered to the Placement Agent the Placement Agent Warrant.

(i) There shall have been delivered to the Placement Agent a signed opinion of counsel to the Company ("Company Counsel"), dated as of the Closing Date, substantially the same in form and substance as the opinion of such counsel delivered to the investors in the Offering pursuant to the Securities Purchase Agreement, provided that such opinion shall include this Agreement and the Placement Agent Warrant as Transaction Documents (as defined therein) and shall include the Placement Agent Warrant Shares as Warrant Shares (as defined therein).

(j) Prior to the closing of the Offering, the Company shall have engaged American Stock Transfer & Trust Company, LLC, as its transfer agent for purposes of handling the transfers of its capital stock and other securities.

(k) All proceedings taken at or prior to the closing of the Offering in connection with the authorization, issuance and sale of the Securities and the Placement Agent Warrant will be reasonably satisfactory in form and substance to the Placement Agent and its counsel, and such counsel shall have been furnished with all such documents, certificates and opinions as they may reasonably request upon reasonable prior notice in connection with the transactions contemplated hereby.

(l) On or immediately prior to the first closing of the Offering, the Company and the Placement Agent shall have entered into a Financial Services Advisory Agreement (the "Advisory Agreement") in a form acceptable to the Company and the Placement Agent and their respective counsels, which Advisory Agreement will become effective immediately upon the final closing of the Offering. The Advisory Agreement shall provide that for the period beginning on the date of the first closing of the Offering and ending twelve (12) months after the date of the final closing, the Company shall give the Placement Agent the irrevocable preferential right of first refusal to (i) act as the Company's exclusive financial advisor in connection with any (A) disposition or acquisition of its assets or business units, (B) any acquisition by the Company of its outstanding securities, any exchange or tender offer, or any merger, consolidation, or other business combination to which the Company is a party, or (C) any recapitalization, reorganization, restructuring or similar transaction, including but not limited to, an extraordinary dividend, or distribution, split-off or spin-off by the Company; (ii) act as lead manager, lead placement agent or lead underwriter in connection any financing or refinancing transaction or in connection with any public or private offering of debt or equity securities by the Company. The Company represents and warrants that it has not granted any preferential rights similar to those set forth in this Section 6(l) to any party other than the Placement Agent with regard to the transactions contemplated by this Section 6(l). Notwithstanding anything contained to the contrary herein, this Section 6(l) shall not apply to any sale of assets, assignment for the benefit of creditors or other transactions or series of related transactions undertaken solely and directly in connection with a liquidation, dissolution or winding up of the Company.

6 A . Mutual Condition. The obligations of the Placement Agent and the Company hereunder are subject to the execution and delivery by the prospective Investors in the Offering of a Securities Purchase Agreement, all other documents contemplated thereby and any other documents reasonably requested by the Company.

7. Indemnity and Contribution

(a) The Company hereby agrees to indemnify and hold harmless Placement Agent and its controlling persons (within the meaning of Section 15 of the Act or Section 20 of the Securities Exchange Act of 1934, as amended), directors, officers, shareholders, and employees (collectively the “Indemnified Persons”), from and against any and all claims, actions, suits, proceedings (including those of members or shareholders), damages, liabilities and expenses incurred by any of them (including the reasonable fees and expenses of counsel), as incurred, (collectively a “Claim”), that 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 the Company’s engagement of Placement Agent, or (B) otherwise relate to or arise out of Placement Agent’s activities on the Company’s behalf under Placement Agent’s engagement, and the Company shall reimburse any Indemnified Person for all expenses (including the reasonable fees and expenses of counsel) as incurred by such Indemnified Person in connection with investigating, preparing or defending any such Claim, whether or not in connection with pending or threatened litigation in which any Indemnified Person is a party. Notwithstanding anything in this Agreement to the contrary, the Company will not, however, be responsible for any Claim, to the extent that such claim is finally judicially determined to have resulted from the gross negligence or willful misconduct of any person seeking indemnification for such Claim, in which case the Indemnified Persons for whom the Company has paid any amounts shall be liable for the prompt repayment to the Company of all amounts paid by the Company for the benefit of such Indemnified Persons, and Placement Agent shall cause all such Indemnified Persons to sign and deliver to the Company written agreements, in form and substance reasonably determined by Placement Agent, memorializing this result prior to the Company being obligated to expend any amounts to indemnify any such Indemnified Persons (the “Indemnification Reimbursement Agreements”). The Company further agrees that no Indemnified Person shall have any liability to the Company for or in connection with the Company’s engagement of Placement Agent except for any Claim incurred by the Company as a result of such Indemnified Person’s gross negligence or willful misconduct.

(b) The Company further agrees that it will not, without the prior written consent of Placement Agent, 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 from any and all liability arising out of such Claim.

(c) 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 the Company in writing of such complaint or of such assertion or institution but failure to so notify the Company shall not relieve the Company from any obligation it may have hereunder, except and only to the extent such failure results in the forfeiture by the Company of substantial rights and defenses; provided, however, that the Company shall not have any obligation to commence any indemnification of any Indemnified Person unless and until Placement Agent has delivered to the Company the signed Indemnification Reimbursement Agreement from such Indemnified Person. If the Company so elects or is requested by such Indemnified Person, the Company 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 that having common counsel would present such counsel with a conflict of interest or if the defendant in, or target of, any such Claim, includes an Indemnified Person and the Company, 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 the Company, then such Indemnified Person may employ its own separate counsel to represent or defend him, her or it in any such Claim (and all other Indemnified Persons involved in such Claim) and the Company shall pay the reasonable fees and expenses of such counsel. Subject to the other terms and conditions of this Agreement, if the Company fails 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 the Company 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, so long as any such compromise or settlement includes a full and complete release of the Company and all of its affiliates. In addition, with respect to any Claim in which the Company assumes the defense, the Indemnified Person shall have the right to participate in such Claim and to retain his, her or its own counsel therefor at his, her or its own expense.

(d) Subject to the other terms and conditions of this Agreement, the Company agrees that if any indemnity sought by an Indemnified Person hereunder is held by a court to be unavailable for any reason then (whether or not Placement Agent is the Indemnified Person), the Company and Placement Agent shall contribute to the Claim for which such indemnity is held unavailable in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and Placement Agent on the other, in connection with Placement Agent's engagement referred to above, subject to the limitation that in no event shall the amount of Placement Agent's contribution to such Claim exceed the amount of fees actually received by Placement Agent from the Company pursuant to Placement Agent's engagement. The Company hereby agrees that the relative benefits to the Company, on the one hand, and Placement Agent on the other, with respect to Placement Agent's engagement shall be deemed to be in the same proportion as (a) the total value paid or committed to be paid or received by the Company or its stockholders as the case may be, pursuant to the Offering (whether or not consummated) for which Placement Agent is engaged to render services bears to (b) the fee paid or proposed to be paid to Rodman in connection with such engagement.

(e) The Company's indemnity, reimbursement and contribution obligations under this Agreement (a) 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 and (b) shall be effective whether or not the Company is at fault in any way.

8. Termination.

(a) The Offering may be terminated by the Placement Agent at any time prior to the expiration of the Offering Period in the event that (i) any of the representations or warranties of the Company contained herein shall prove to have been false or misleading in any material respect when made or deemed made, (ii) the Company shall have failed in any material respect to perform any of its obligations hereunder, (iii) the Company shall have determined for any reason not to continue with the Offering or (iv) the Placement Agent shall determine in its sole reasonable discretion that any of the conditions to closing set forth herein will not, or cannot, be satisfied.

(b) This Offering may be terminated by the Company at any time prior to the Termination Date in the event that (i) the Placement Agent shall have failed in any material respect to perform any of its obligations hereunder or (ii) there shall occur any event described in Section 8(a) above not occasioned by or arising out of or in connection with any breach or failure hereunder on the part of the Company.

(c) Upon any such termination, the Escrow Agent will cause, at the request of the Placement Agent, all money received from prospective purchasers of Units in the offering in respect of subscriptions for Units not accepted by the Company to be promptly returned to such prospective purchasers without interest, penalty, expense or deduction. Any interest earned thereon shall be applied to the payment of the Escrow Agent's fees and expenses.

9. Survival.

(a) The obligations of the parties to pay any costs and expenses hereunder (other than, in the event of a termination pursuant to Section 8(b)(i), the expense allowance contemplated under Section 5(i)(xi)) and to provide indemnification and contribution as provided herein shall survive any termination hereunder.

(b) The respective indemnities, agreements, representations, warranties and other statements of the Company set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of, and regardless of any access to information by, the Company or the Placement Agent, or any of their officers or directors or any controlling person thereof, and will survive the sale of the Securities.

10. Notices. All communications hereunder will be in writing and, except as otherwise expressly provided herein or after notice by one party to the other of a change of address, if sent to the Placement Agent, will be mailed, delivered or telefaxed and confirmed to Rodman & Renshaw, LLC, 1251 Avenue of the Americas, 20<sup>th</sup> Floor, New York, New York 10020, Attention: General Counsel, Telefax number (212) 356-0536, with a copy to Morse, Zelnick, Rose & Lander LLP, 405 Park Avenue, Suite 1401, New York, New York 10022, Attention: Kenneth S. Rose, Esq., and if sent to the Company, will be mailed, delivered or telefaxed and confirmed to One Gateway Center, Suite 504, Newton, Massachusetts 02458, Attention: Harry Palmin, Chief Executive Officer and President, with a copy to Foley Hoag LLP, Seaport West, 155 Seaport Boulevard, Boston, Massachusetts 02210, Attention: Paul Bork, Esq.

11. **ARBITRATION, CHOICE OF LAW; COSTS.** THE PARTIES HERETO AGREE TO SUBMIT ALL CONTROVERSIES TO ARBITRATION IN ACCORDANCE WITH THE PROVISIONS SET FORTH BELOW AND UNDERSTAND THAT (A) ARBITRATION IS FINAL AND BINDING ON THE PARTIES, (B) THE PARTIES ARE WAIVING THEIR RIGHTS TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO A JURY TRIAL, (C) PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT FROM COURT PROCEEDINGS, (D) THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULES BY ARBITRATORS IS STRICTLY LIMITED, (E) THE PANEL OF FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC. ("FINRA") ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY, AND (F) ALL CONTROVERSIES WHICH MAY ARISE BETWEEN THE PARTIES CONCERNING THIS AGREEMENT SHALL BE DETERMINED BY ARBITRATION PURSUANT TO THE RULES THEN PERTAINING TO FINRA. JUDGMENT ON ANY AWARD OF ANY SUCH ARBITRATION MAY BE ENTERED IN THE SUPREME COURT OF THE STATE OF NEW YORK OR IN ANY OTHER COURT HAVING JURISDICTION OVER THE PERSON OR PERSONS AGAINST WHOM SUCH AWARD IS RENDERED. THE PARTIES AGREE THAT THE DETERMINATION OF THE ARBITRATORS SHALL BE BINDING AND CONCLUSIVE UPON THEM. THE PREVAILING PARTY, AS DETERMINED BY SUCH ARBITRATORS, IN A LEGAL PROCEEDING SHALL BE ENTITLED TO COLLECT ANY COSTS, DISBURSEMENTS AND REASONABLE ATTORNEY'S FEES FROM THE OTHER PARTY.

12. Confidentiality. The Company hereby agrees to hold confidential the identities of the purchasers in the Offering and shall not disclose their names and addresses without the prior written consent of the Placement Agent, unless required by law. The Company hereby consents to the granting of an injunction against it by any court of competent jurisdiction to enjoin it from violating the foregoing confidentiality provisions. The Company hereby agrees that the Placement Agent will have an adequate remedy at law in the event that the Company breaches these confidentiality provisions contained herein, and that the Placement Agent will suffer irreparable damage and injury as a result of any such breach. Resort to such equitable relief shall not, however, be construed to be a waiver of any other rights or remedies which the Placement Agent may have. Notwithstanding the foregoing, the Company shall not be deemed to be in violation of this Section 12 by virtue of revealing the identities of such purchasers to the Company's transfer agent and professional advisors.

13. Miscellaneous. No provision of this Agreement may be changed or terminated except by a writing signed by the party or parties to be charged therewith. Unless expressly so provided, no party to this Agreement will be liable for the performance of any other party's obligations hereunder. Any party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; *provided, however*, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No such waiver shall be deemed to constitute or imply waiver of any other term, provision or condition of this Agreement. This Agreement contains the entire agreement between the parties hereto and is intended to supersede any and all prior agreements between the parties relating to the same subject matter. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute a single agreement.

14. Entire Agreement. This Agreement together with any other agreement referred to herein is intended to supersede all prior agreements between the parties with respect to the Securities purchased hereunder and the subject matter hereof.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return this Agreement, whereupon it will become a binding agreement between the Company and the Placement Agent in accordance with its terms.

Very truly yours,

NOVELOS THERAPEUTICS, INC.

By: /s/ Harry S. Palmin

Name: Harry Palmin

Title: Chief Executive Officer

Accepted and agreed to as of the \_\_\_\_  
day of April, 2011.

RODMAN & RENSHAW, LLC

By: /s/ John Borer

Name:

Title:

**FOR IMMEDIATE RELEASE****NOVELOS THERAPEUTICS COMPLETES ACQUISITION AND \$5.1 MILLION  
FINANCING TO DEVELOP 3 NOVEL CANCER-TARGETED COMPOUNDS**

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***Trading Under Symbol NVLTD for 20 Trading Days to Reflect Reverse Split***

**MADISON, WI, April 11, 2011** – **Novelos Therapeutics, Inc. (OTCBB: NVLT)**, a pharmaceutical company developing novel drugs for treatment and diagnosis of cancer, today announced that it has completed its acquisition of Collectar, Inc., a Wisconsin-based drug development company, in a stock-for-stock transaction. Collectar shareholders received as consideration shares of Novelos common stock constituting approximately 85% of the outstanding shares of Novelos common stock post-acquisition, or 17,001,638 shares of Novelos common stock, after giving effect to a 1 for 153 reverse stock split effected by Novelos following the close of market on April 8, 2011. Immediately following the acquisition, Novelos sold units consisting of an aggregate of 6,846,537 shares of its common stock and warrants to purchase an aggregate of 6,846,537 shares of its common stock, for gross proceeds of \$5,134,903. Each unit consists of one share of common stock at \$0.75 per share and a warrant to purchase one share of common stock. The warrants have an exercise price of \$0.75 per share and expire in March 2016. The financing was led by Venture Investors LLC with participation from existing and new investors. We paid aggregate cash fees of \$450,000 to financial advisors in connection the acquisition, and placement agent fees consisting of \$200,000 in cash and a warrant to purchase 192,931 shares of common stock, at an exercise price of \$0.75 per share, in connection with the financing. The units and the shares issued in connection with the acquisition were issued in private placements pursuant to exemptions under Regulation D of the Securities Act of 1933. None of the securities have been registered under the Securities Act of 1933, as amended, or any state securities laws. Novelos has agreed to register the resale of the shares of common stock, and the shares of common stock issuable upon exercise of warrants, issued in the private placement under the Securities Act of 1933, as amended.

Novelos will continue to develop Collectar's three novel cancer-targeted compounds, which are selectively taken up and retained in cancer cells (including cancer stem cells) versus normal cells. COLD, a cancer-targeted chemotherapy that we expect to enter clinical trials late in 2012, works primarily through Akt inhibition. HOT is a small-molecule, broad-spectrum, cancer-targeted radiopharmaceutical that delivers radiation directly and selectively to cancer cells and cancer stem cells. We believe HOT has first-in-class potential, and we expect it to enter a Phase 1b dose escalation trial in the third quarter of this year and Phase 2 trials in mid-2012 in monotherapy for solid tumors with significant unmet medical need. LIGHT is a small-molecule cancer imaging agent. We believe LIGHT also has first-in-class potential and expect it to enter Phase 1/2 clinical trials middle of this year.

"We are very excited to develop COLD, HOT and LIGHT, our three novel cancer-targeted compounds that we believe will represent a paradigm shift in finding, treating and following cancer," said Harry Palmin, President and CEO of Novelos. "We expect this initial financing to provide us with capital into the fourth quarter, during which time we expect clinical progress with LIGHT and HOT and begin work on an IND for COLD."



“In order to elicit a long-term therapy benefit in cancer, it is rapidly becoming clear that the next generation of anticancer agents will need to address tumor heterogeneity including the stem cell component. Our diapeutic tumor selective delivery platform is designed and we believe uniquely poised to accomplish this in an extremely wide variety of cancers,” said Jamey Weichert, Ph.D., Founder of Collectar and Chief Scientific Officer of Novelos.

Effective immediately, Novelos will trade under symbol NVLTD for twenty trading days to reflect the post-split price. On May 6, 2011, Novelos’ trading symbol will revert to NVLT.

Rodman & Renshaw, LLC, a wholly owned subsidiary of Rodman & Renshaw Capital Group, Inc. (NASDAQ: RODM), acted as the strategic advisor and exclusive placement agent for this transaction. XMS Capital Partners, LLC acted as the strategic advisor to Collectar, Inc.

#### **About Novelos Therapeutics, Inc.**

We are a pharmaceutical company, headquartered in Madison, WI, developing novel drugs for the treatment and diagnosis of cancer. Our lead drug candidates are based on a cancer-targeting technology whereby our compounds are selectively taken up and retained in cancer cells (including cancer stem cells) versus normal cells. Thus, our compounds directly kill cancer cells while minimizing harm to normal cells. This offers the potential for a paradigm shift in cancer therapy – efficacy versus all three major drivers of mortality in cancer: primary tumors, metastases and stem cell-based relapse. More specifically, our technology enables targeted delivery to cancer cells of apoptosis-inducing Akt inhibition or, when a radioactive molecule is attached, of radiation sufficient to kill cancer cells. Other labeled variations of our compounds provide imaging agents for an accurate diagnosis of cancer, including metastases, and can also objectively measure therapeutic success. Together, we believe this platform is capable of yielding multiple, distinct oncology product opportunities which will enable us to “find, treat and follow” cancer anywhere in the body in a novel, highly selective way.

CLR1401 (“COLD”) is a cancer-targeted chemotherapy that inhibits the phosphatidylinositol 3-kinase (PI3K)/Akt survival pathway, which is overexpressed in many types of cancer. As a result, COLD selectively inhibits Akt activity, induces caspase-mediated apoptosis and inhibits cell proliferation in cancer cells versus normal cells. COLD also exhibits significant *in vivo* efficacy in mouse xenograft tumor models, including non-small cell lung cancer and triple-negative breast cancers, producing long-lasting tumor growth suppression and significantly increased survival. We believe COLD has the potential to be best-in-class versus other Akt inhibitors in development due to a) cancer cell/cancer stem cell targeting, resulting in cancer-selective inhibition of Akt and cell proliferation or b) suitability for intravenous administration which offers the prospect of greater systemic exposure and superior efficacy. We expect to submit an Investigational New Drug (“IND”) application to the Food and Drug Administration (“FDA”) in late 2012.



<sup>131</sup>I-CLR1404 (“HOT”, a radiolabeled compound) is a small-molecule, broad-spectrum, cancer-targeted radiopharmaceutical that we believe has first-in-class potential. HOT is comprised of a small quantity of COLD, acting as a cancer-targeted delivery and retention vehicle, and incorporating a cytotoxic dose of radiotherapy (in the form of iodine-131, a radioisotope that is already in common use to treat thyroid and other cancer types). It is this “intracellular radiation” mechanism of cancer cell killing that imbues HOT with broad-spectrum anti-cancer activity. In 2009, we opened an IND with the FDA to study HOT in humans. In early 2010, we successfully completed a Phase 1a dosimetry trial in humans demonstrating initial safety and establishing dosing parameters for a Phase 1b dose-escalation trial. The Phase 1b dose-escalation trial is aimed at determining the Maximum Tolerated Dose, and we expected it to begin in 3Q 2011. In parallel, we expect to initiate Phase 2 efficacy trials in solid tumors in 2012 as soon as a minimal efficacious dose is established. We may determine such an effective dose upon seeing a response in the Phase 1b trial or calculating it from imaging trials in patients (see LIGHT below). Preclinical experiments *in vitro* (in cell culture) and *in vivo* (in animals) have demonstrated selective killing of cancer cells along with a benign safety profile. HOT’s anti-tumor/survival-prolonging activities have been demonstrated in ten different xenograft models (human tumor cells implanted into animals) including breast, prostate, lung, glioma (brain), pancreatic, melanoma, ovarian, uterine, renal and colorectal cancers. In all but one model, a single administration of HOT was sufficient for efficacy. In view of HOT’s selective uptake and retention in a wide range of solid tumors and its non-specific mechanism of cancer-killing (radiation), we expect to first develop HOT as a monotherapy, initially for solid tumors.

<sup>124</sup>I-CLR1404 (“LIGHT”, labeled with a shorter-lived radioisotope, iodine-124) is a small-molecule imaging agent that we believe has first-in-class potential in detecting and quantifying cancerous tumors and metastases. LIGHT is comprised of a small quantity of COLD, acting as a cancer-targeted delivery and retention vehicle, and incorporating <sup>124</sup>I, a new positron emission tomography (PET) imaging isotope. PET imaging used in conjunction with CT scanning has now become the imaging method of choice in oncology. In studies to date, LIGHT selectively illuminated malignant tumors in 52 of 54 animal models of cancer, demonstrating evidence of broad-spectrum, cancer-selective uptake and retention. We expect investigator-sponsored Phase 1/2 trials of LIGHT as a PET imaging agent to begin in mid-2011, and that the trials will initially include glioma, lung and breast cancers. These human trials, if successful, will serve two important purposes. First, they will provide proof-of-concept for LIGHT itself as a PET imaging agent with the potential to supplant the current “gold standard” agent, 18-fluoro-deoxyglucose (FDG), due to what we believe to be LIGHT’s superior cancer-specificity and more favorable logistics of clinical use. Second, they will accelerate clinical development of HOT by enabling estimation of efficacious doses of HOT for Phase 2 trials.

This news release contains forward-looking statements. You can identify these statements by our use of words such as “may,” “expect,” “believe,” “anticipate,” “intend,” “could,” “estimate,” “continue,” “plans,” or their negatives or cognates. Such statements are valid only as of today, and we disclaim any obligation to update this information. These statements are only estimates and predictions and 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.



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