Novelos Therapeutics Announces Dismissal of Putative Federal Securities Class Action Lawsuit

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MADISON, Wis., June 28, 2011 /PRNewswire/ -- **Novelos Therapeutics, Inc.** (OTCBB: NVLT), a pharmaceutical company developing novel drugs for treatment and diagnosis of cancer, today announced that on June 23, 2011, Judge Nathaniel M. Gorton allowed the defendants' motion to dismiss the putative federal securities fraud class action brought in the United States District Court for the District of Massachusetts in March 2010 entitled Boris Urman and Ramona McDonald v. Novelos Therapeutics, Inc. and Harry S. Palmin (Civil Action No. 10-10394-NMG). The plaintiffs alleged that the defendants made materially false and misleading statements and omissions regarding the progress of the Phase 3 clinical trial before the United States Food and Drug Administration of Novelos' oxidized glutathione compound, NOV-002, in application to non-small cell lung cancer. On February 24, 2010, Novelos announced that the Phase 3 trial had concluded unsuccessfully, and the price per share of Novelos' common stock dropped by approximately 80% from its close on the prior day.

In dismissing the action without prejudice, Judge Gorton concluded that the statements made by Mr. Palmin to which the plaintiffs objected were not misleading, and endorsed the "competing and more persuasive non-fraudulent inference that Mr. Palmin understood that alleged changes to the NOV-002 specifications presented to the FDA affected only the color specifications rather than the effectiveness or fundamental composition of the drug."

Novelos and Mr. Palmin were defended by Foley Hoag LLP.

About Novelos Therapeutics, Inc.We are a pharmaceutical company developing novel drugs for the treatment and diagnosis of cancer. We currently have three cancer-targeted compounds, which are selectively taken up and retained in cancer cells (including cancer stem cells) versus normal cells. Thus, our therapeutic compounds directly kill cancer cells while minimizing harm to normal cells
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