

EPIX Pharmaceuticals, Inc.

Form DEF 14A

April 24, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

EPIX Pharmaceuticals, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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**EPIX Pharmaceuticals, Inc.
4 Maguire Road
Lexington, Massachusetts 02421**

April 24, 2009

Dear Stockholder,

We cordially invite you to attend our 2009 Annual Meeting of Stockholders to be held at 10:00 a.m. on Tuesday, June 16, 2009 at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109.

At this meeting, you will be asked to elect two class I directors for three-year terms, to approve an amendment to our Restated Certificate of Incorporation to increase the number of shares of our authorized common stock and to ratify the selection of our independent registered public accountants. The board of directors unanimously recommends that you vote FOR each of these proposals. Details regarding the matters to be acted upon at this annual meeting appear in the accompanying notice of annual meeting and proxy statement. Please give this material your careful attention.

Whether or not you plan to attend the annual meeting, we urge you to sign and return the enclosed proxy card, or to complete your proxy by telephone or via the Internet in accordance with the instructions on the proxy card, so that your shares will be represented at the annual meeting. If you attend the annual meeting and wish to vote in person, you may withdraw a previously submitted proxy at that time. Your prompt cooperation will be greatly appreciated.

Sincerely,

Elkan Gamzu, Ph.D.
President and Chief Executive Officer

**YOUR VOTE IS IMPORTANT.
PLEASE RETURN YOUR PROXY PROMPTLY.**

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EPIX PHARMACEUTICALS, INC.
4 Maguire Road
Lexington, Massachusetts 02421

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On June 16, 2009

To the Stockholders of EPIX Pharmaceuticals, Inc.:

The annual meeting of stockholders of EPIX Pharmaceuticals, Inc., a Delaware corporation (the Company), will be held on Tuesday, June 16, 2009, at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109 for the following purposes:

1. To elect two members to the board of directors as class I directors, nominated by the Board of Directors, each to serve for a three-year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
2. To approve an amendment to our Restated Certificate of Incorporation to increase our authorized common stock from 100,000,000 shares to 200,000,000 shares;
3. To ratify the selection of Ernst & Young LLP as our independent registered public accountants for the current fiscal year; and
4. To transact such other business as may properly come before the annual meeting and any adjournment or postponement thereof.

Proposal 1 relates solely to the election of two (2) class I directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including without limitation, the election of directors nominated by any stockholder of the Company.

Only stockholders of record as of the close of business on May 7, 2009, the record date fixed by the board of directors, are entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

All stockholders are cordially invited to attend the annual meeting in person. **However, to assure your representation at the annual meeting, we urge you, whether or not you plan to attend the annual meeting, to vote promptly in one of the following ways:** (1) by completing, signing and dating the enclosed proxy card, (2) by completing your proxy using the toll-free number listed on the proxy card or (3) by completing your proxy via the Internet by visiting the website address listed on your proxy card. If you attend the annual meeting, you may vote in person even if you have previously submitted your proxy. If you plan to attend the annual meeting and you require directions, please call us at (781) 761-7600.

BY ORDER OF THE BOARD OF DIRECTORS

ELKAN GAMZU, Ph.D.
President and Chief Executive Officer

Lexington, Massachusetts
April 24, 2009

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 16, 2009. THE PROXY STATEMENT AND ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT www.edocumentview.com/EPIX

IN ACCORDANCE WITH OUR SECURITY PROCEDURES, ALL PERSONS ATTENDING THE ANNUAL MEETING WILL BE REQUIRED TO PRESENT PICTURE IDENTIFICATION.

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EPIX PHARMACEUTICALS, INC.
4 Maguire Road
Lexington, Massachusetts 02421
(781) 761-7600

PROXY STATEMENT
For the Annual Meeting of Stockholders
To Be Held on June 16, 2009

April 24, 2009

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of EPIX Pharmaceuticals, Inc., a Delaware corporation (the Company), for use at the annual meeting of stockholders to be held on Tuesday, June 16, 2009, at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, our outside legal counsel, located at Exchange Place, 53 State Street, Boston, Massachusetts 02109, and any adjournments or postponements thereof. An annual report to stockholders, containing financial statements for the fiscal year ended December 31, 2008, is being mailed together with this proxy statement to all stockholders entitled to vote at the annual meeting. This proxy statement and the form of proxy are expected to be first mailed to stockholders on or about May 12, 2009.

The purposes of the annual meeting are to elect two class I directors for three-year terms, to approve an amendment to our Restated Certificate of Incorporation to increase the number of shares of our authorized common stock, and to ratify the selection of our independent registered public accountants. Only stockholders of record at the close of business on May 7, 2009 will be entitled to receive notice of and to vote at the annual meeting. As of April 10, 2009, 41,947,441 shares of common stock, \$0.01 par value per share, of the Company were issued and outstanding. The holders of common stock are entitled to one vote per share on any proposal presented at the annual meeting.

As a stockholder, you may vote in one of the following three ways whether or not you plan to attend the annual meeting: (1) by completing, signing and dating the enclosed proxy card, (2) by completing your proxy using the toll-free number listed on the proxy card or (3) by completing your proxy via the Internet by visiting the website address listed on your proxy card. If you attend the annual meeting, you may vote in person even if you have previously completed your proxy by mail, telephone or via the Internet. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, before the taking of the vote at the annual meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly completing a later-dated proxy relating to the same shares and delivering it to the Secretary of the Company before the taking of the vote at the annual meeting, or (iii) attending the annual meeting and voting in person (although attendance at the annual meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to EPIX Pharmaceuticals, Inc., 4 Maguire Road, Lexington, Massachusetts 02421, Attention: Secretary, before the taking of the vote at the annual meeting.

The representation in person or by proxy of at least a majority of the outstanding shares of common stock entitled to vote at the annual meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

Directors are elected by a plurality of the votes cast by stockholders entitled to vote and voting on the matter at the annual meeting. The affirmative vote of the holders of a majority of the outstanding common stock on the record date is required for approval of Proposal No. 2. On all other matters that may be submitted to stockholders, an affirmative vote of at least a majority of the shares present, or represented by proxy, entitled to vote and voting at the annual meeting is required for approval. Abstentions are included in the

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number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

The persons named as attorneys-in-fact in the proxies, Elkan Gamzu, Ph.D. and Kim Cobleigh Drapkin, CPA were selected by the board of directors and are officers of the Company. All properly executed proxies returned in time to be counted at the annual meeting will be voted by such persons at the annual meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. If no such specifications are indicated, such proxies will be voted FOR election of the director nominees, FOR approval of the amendment to our Restated Certificate of Incorporation to increase the number of shares of our authorized common stock, and FOR ratification of the selection of our independent registered public accountants.

Aside from the election of directors, approval of an amendment to our Restated Certificate of Incorporation and ratification of the selection of our independent registered public accountants, the board of directors knows of no other matters to be presented at the annual meeting. If any other matter should be presented at the annual meeting upon which a vote properly may be taken, shares represented by all proxies received by the board of directors will be voted with respect thereto in accordance with the judgment of the persons named as attorneys-in-fact in the proxies.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 10, 2009 for:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer in the Summary Compensation Table below;
- each of our directors;
- each person nominated to become director; and
- all executive officers, directors and nominees as a group.

Unless otherwise noted below, the address of each person listed on the table is c/o EPIX Pharmaceuticals, Inc., 4 Maguire Road, Lexington, Massachusetts 02421.

Name of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned(2)
5% Stockholders:		
GlaxoSmithKline plc(3) 980 Great West Road Brentford Middlesex TW8 9GS England	4,559,235	10.87%

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Prescott Group Capital Management, L.L.C.(4) 1924 South Utica, Suite 1120 Tulsa, Oklahoma 74104	3,294,760	7.85%
T. Rowe Price Associates, Inc.(5) 100 E. Pratt Street Baltimore, Maryland 21202	2,946,500	7.02%
Wellington Management Company, LLP(6) 75 State Street Boston, MA 02109	2,581,733	6.15%

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Name of Beneficial Owner	Shares Beneficially Owned(1)	Percentage of Shares Beneficially Owned(2)
Directors and Named Executive Officers:		
Elkan Gamzu, Ph.D.(7)	300,000	*
Kim Cobleigh Drapkin, CPA(8)	228,983	*
Chen Schor, CPA(9)	380,630	*
Michael G. Kauffman, M.D., Ph.D.(10)	90,000	*
Andrew C.G. Uprichard, M.D.(11)		
Frederick Frank(12)	63,196	*
Michael Gilman, Ph.D.(13)	36,666	*
Mark Leuchtenberger(14)	51,110	*
Gregory D. Phelps(15)	41,666	*
Ian F. Smith, CPA(16)	34,037	*
Executive officers and directors as a group (7 persons) (17)	755,658	1.77%

* Represents beneficial ownership of less than 1% of the outstanding shares of our common stock.

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, or SEC, and includes voting and investment power with respect to shares. Unless otherwise indicated below, to the knowledge of the Company, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Pursuant to the rules of the SEC, the number of shares of common stock deemed to be beneficially owned and outstanding includes shares issuable pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of April 10, 2009. However, these shares are not deemed to be beneficially owned and outstanding for purposes of computing the percentage beneficially owned by any other person.
- (2) Applicable percentage of ownership as of April 10, 2009 is based upon 41,947,441 shares of common stock outstanding.
- (3) Includes 1,629,689 shares held by Glaxo Group Limited, 1,379,338 shares held by SmithKline Beecham Corporation and 1,550,208 shares held by S.R. One, Limited, in each case, as of December 31, 2008. Glaxo Group Limited, SmithKline Beecham Corporation and S.R. One, Limited are wholly-owned subsidiaries of GlaxoSmithKline plc. GlaxoSmithKline plc has sole voting and dispositive power with respect to 4,559,235 shares. This information is based solely on a Schedule 13G/A filed by GlaxoSmithKline plc with the SEC on February 17, 2009.
- (4) Includes 3,284,760 shares owned by Prescott Group Aggressive Small Cap, L.P. and Prescott Group Aggressive Small Cap II, L.P. Prescott Group Capital Management, L.L.C. serves as the general partner of Prescott Group Aggressive Small Cap, L.P. and Prescott Group Aggressive Small Cap II, L.P. and may direct the vote and disposition of the shares in the funds. As principal of Prescott Group Capital Management, L.L.C., Mr. Phil Frohlich may direct the vote and disposition of the shares in the funds as well as the 10,000 shares that Mr. Frohlich owns individually. This information is based solely on a Schedule 13G/A filed by the above entities and Mr. Frohlich with the SEC on February 10, 2009.

- (5) These securities are owned by various individual and institutional investors, including 2,770,000 shares owned by T. Rowe Price New Horizons Fund, Inc., for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial own of such securities. This information is based solely on a Schedule 13G/A filed by Price Associates with the SEC on February 11, 2009.

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- (6) These securities are deemed to be beneficially owned by Wellington Management Company, LLP, in its capacity as investment advisor to various clients. Wellington Management Company, LLP has shared voting power with respect to 2,275,833 shares and shared dispositive power with respect to 2,581,733 shares. This information is based solely on a Schedule 13G filed by Wellington Management Company, LLP with the SEC on February 17, 2009.
- (7) Consists of 300,000 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (8) Includes 175,062 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (9) Includes 234,395 shares subject to options exercisable within the 60-day period following April 10, 2009. Chen Schor resigned from the Company as of March 23, 2009.
- (10) Michael G. Kauffman resigned from the Company as of July 25, 2008.
- (11) Andrew C.G. Uprichard resigned from the Company as of May 21, 2008.
- (12) Includes 33,946 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (13) Consists of 36,666 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (14) Consists of 51,110 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (15) Consists of 41,666 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (16) Consists of 34,037 shares subject to options exercisable within the 60-day period following April 10, 2009.
- (17) Includes an aggregate of 672,487 shares issuable upon exercise of stock options held by seven (7) executive officers and directors. Does not include shares held by Dr. Kauffman and Mr. Schor, who are no longer executive officers of the Company as of the date of this proxy statement.

PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

Our board of directors currently consists of six members. Our certificate of incorporation divides the board of directors into three classes. One class is elected each year for a term of three years. The board of directors, upon the recommendation of the nominating and governance committee, has nominated Michael Gilman, Ph.D. and Mark Leuchtenberger, and recommended that each be elected to the board of directors as a class I director, each to hold office until the annual meeting of stockholders to be held in the year 2012 and until his successor has been duly elected and qualified or until his earlier death, resignation or removal. Dr. Gilman and Mr. Leuchtenberger are our current class I directors whose terms expire at this annual meeting. The board of directors is also composed of (i) two class II directors (Elkan Gamzu and Gregory D. Phelps), whose term expires upon the election and qualification of directors at the annual meeting of stockholders to be held in 2010 and (ii) two class III directors (Frederick Frank and Ian F. Smith, CPA), whose terms expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2011. Following the resignation of Robert J. Perez from the board of directors on

February 28, 2009, the board of directors, acting pursuant to our certificate of incorporation, reclassified Gregory D. Phelps, formerly a class III director, as a class II director. Mr. Frank currently serves as the chairman of the board of directors.

The board of directors knows of no reason why any of the nominees would be unable or unwilling to serve, but if any nominee should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person for the office of director as the board of directors may recommend in the place of such nominee. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
A VOTE *FOR* THE NOMINEES LISTED BELOW**

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The following table sets forth the nominees to be elected at the annual meeting and continuing directors, the year each such nominee or director was first elected a director, the positions with us currently held by each nominee and director, the year each nominee's or director's current term will expire and each nominee's and director's current class:

Nominee's or Director's Name and Year First Became a Director	Position with the Company	Year Current Term Will Expire	Current Class of Director
Nominees for Class I Directors:			
Michael Gilman, Ph.D. 2006	Director	2009	I
Mark Leuchtenberger 2004	Director	2009	I
Continuing Directors:			
Elkan Gamzu 2009	President, Chief Executive Officer and Director	2010	II
Gregory D. Phelps 2004	Director	2010	II
Frederick Frank 2006	Chairman of the Board	2011	III
Ian F. Smith, CPA 2006	Director	2011	III

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the director nominees to be elected at the annual meeting, our directors and executive officers, their ages, and the positions currently held by each such person as of the date of this proxy statement.

Name	Age	Position
Frederick Frank(3)	77	Chairman of the Board
Elkan Gamzu, Ph.D.	66	President, Chief Executive Officer and Director
Kim Cobleigh Drapkin, CPA	41	Chief Financial Officer
Michael Gilman, Ph.D.(1)(2)	54	Director
Mark Leuchtenberger(1)(2)	53	Director
Gregory D. Phelps(2)(3)	60	Director
Ian F. Smith, CPA(3)	43	Director

(1) Member of compensation committee

(2) Member of nominating and governance committee

(3) Member of audit committee

Elkan Gamzu., Ph.D. has served as our President and Chief Executive Officer and a member of our board of directors since March 2, 2009. Dr. Gamzu previously served as our interim Chief Executive Officer since joining the Company in July 2008. Dr. Gamzu is a Principal of enERGetics Biopharmaceutical Consultancy, LLC and was a founding partner of BioPharmAnalysis, LLC. From February 2007 until January 2008, Dr. Gamzu was the Chief Executive Officer of Pharmos Corporation, and from March 2005 until March 2006, Dr. Gamzu was Acting Head of Clinical Development of Hypnion, Inc. From December 2004 until February 2005, Dr. Gamzu was the interim CEO of XTL Biopharmaceuticals, Ltd., and from 2001 until 2002, Dr. Gamzu was Vice President of Product Management Leadership for Millennium Pharmaceuticals, Inc. Dr. Gamzu also served as President and Chief Executive Officer of Cambridge Neuroscience, Inc. from 1994

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until 1998, and as President and Chief Operating Officer and Vice President of Development for Cambridge Neuroscience, Inc. from 1989 to 1994. Previously, Dr. Gamzu held a variety of senior positions with Warner-Lambert and Hoffmann-La Roche, Inc. Dr. Gamzu is a graduate of Hebrew University in Jerusalem, and has M.A. and Ph.D. degrees in experimental and physiological psychology from the University of Pennsylvania.

Kim Cobleigh Drapkin, CPA has served as our Chief Financial Officer since the closing of our merger with Predix on August 16, 2006. Prior to the closing of the merger, Ms. Drapkin served as Predix's Chief Financial Officer from February 2005 through August 2006. From 1995 to February 2005, Ms. Drapkin held senior positions of increasing responsibility within the finance organization at Millennium Pharmaceuticals, Inc. with leadership responsibility for financial reporting, technical accounting, compliance and internal audit. Ms. Drapkin began her professional career at Price Waterhouse (now PricewaterhouseCoopers LLP) and is a Certified Public Accountant. Ms. Drapkin is a graduate of Babson College, holding a B.S. in Accounting summa cum laude.

Frederick Frank has served as a member of our board of directors since the closing of our merger with Predix on August 16, 2006 and as chairman of our board of directors since June 27, 2007. Prior to the closing of the merger, Mr. Frank served as chairman of Predix's board of directors from January 2001 through August 2006. Mr. Frank is Vice Chairman of Peter J. Solomon Company. Before joining Peter J. Solomon Company, Mr. Frank was Vice Chairman of Lehman Brothers and Barclays Capital. Before joining Lehman Brothers as a Partner in October 1969, Mr. Frank was co-director of research, as well as Vice President and Director, of Smith, Barney & Co. Incorporated. He is a Chartered Financial Analyst, member of The New York Society of Security Analysts and a past president of the Chemical Processing Industry Analysts. Mr. Frank is a director of Landec Corporation, PDL BioPharma, Institute for Systems Biology and Pharmaceutical Product Development, Inc. He is Chairman of the National Genetics Foundation, a past director of the Salk Institute, a member of the Pharmaceutical Executive Magazine advisory board and the Journal of Life Sciences, the former Chairman of the Board of The Irvington Institute for Immunological Research, a member of the Advisory Board of The Harvard School of Public Health and also a past member of the advisory board of the John Hopkins Bloomberg School of Public Health and he serves on the Advisory Board of the Massachusetts Institute of Technology Center for Biomedical Innovation. Mr. Frank holds a B.A. from Yale University and an MBA from Stanford Business School.

Michael Gilman, Ph.D. has been a member of our board of directors since April 2006. Since June 2006, Dr. Gilman has been the President and Chief Executive Officer of Stromedix, Inc. He was previously Executive Vice President, Research at Biogen Idec. He joined Biogen in 1999 as Director of Molecular Biology and became head of research at Biogen in 2000. From 1994 to 1999, Dr. Gilman held several positions at ARIAD Pharmaceuticals, including Executive Vice President and Chief Scientific Officer. Prior to that, Dr. Gilman spent eight years on the scientific staff of Cold Spring Harbor Laboratory in New York, where his research focused on mechanisms of signal transduction and gene regulation. Dr. Gilman holds a Ph.D. in Biochemistry from University of California, Berkeley, and a S.B. in Life Sciences from Massachusetts Institute of Technology.

Mark Leuchtenberger has been a member of our board of directors since September 2004. Mr. Leuchtenberger served as the President and Chief Executive Officer of Targanta Therapeutics Corporation from 2006 to February 2009. Mr. Leuchtenberger joined Targanta in 2006 from Therion Biologics Corporation, a privately held cancer vaccine company, where he served as President and Chief Executive Officer from 2002 to 2006. Therion Biologics Corporation filed a petition under the federal bankruptcy laws in 2006. Prior to joining Therion in 2002, Mr. Leuchtenberger spent 11 years at Biogen, Inc., where he led the development and launch of Avonex® and ran North American and international commercial operations. Prior to Biogen, he was a consultant at Bain & Company specializing in healthcare. Mr. Leuchtenberger also serves on boards for the Massachusetts Biotechnology Council, Beth Israel Deaconess Medical Center and Wake Forest University.

Gregory D. Phelps has served as a member of our board of directors since July 2004. Mr. Phelps is an independent management consultant and is a director of Proteon Therapeutics, Inc. Mr. Phelps was previously a director of RenaMed Biologics, Inc. from April 2007 to April 2008 and was the Chairman of the Board, President and Chief Executive Officer of RenaMed From October 2004 to April 2007. From June 2004 to

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September 2004, Mr. Phelps was the Vice Chairman of RenaMed. He has previously held positions of Chief Executive Officer of Ardais Corporation, Viagene, Inc. and ZymoGenetics, Inc. He has also served as Vice Chairman of Dyax Corporation, Executive Vice President of Genzyme Corporation and Vice President of Baxter Travenol Laboratories, Inc. (now Baxter Healthcare). Mr. Phelps holds a B.S. in Electrical Engineering from Bradley University and an MBA from Harvard Business School.

Ian F. Smith, CPA, ACA has been a member of our board of directors since the closing of our merger with Predix on August 16, 2006. Prior to the closing of the merger, Mr. Smith served as a member of Predix's board of directors from May 2005 through August 2006. Mr. Smith is currently Executive Vice President and Chief Financial Officer of Vertex Pharmaceuticals Incorporated. He began as Vice President and Chief Financial Officer in October 2001, and was promoted to Executive Vice President and Chief Financial Officer in November 2003. Prior to joining Vertex, Mr. Smith was a partner in the Life Science and Technology Practice of Ernst & Young, LLP since 1999. He had various responsibilities in Ernst & Young's accounting, auditing and mergers and acquisitions groups. Mr. Smith initially joined Ernst & Young's U.K. firm in 1987, and then joined its Boston office in 1995. Mr. Smith currently serves on the board of directors of Acorda Therapeutics, Inc. Mr. Smith holds a B.A. in Accounting and Finance from Manchester Metropolitan University, U.K., is a member of the American Institute of Certified Public Accountants and is a Chartered Accountant of England and Wales.

CORPORATE GOVERNANCE AND BOARD MATTERS

Independence of Members of the Board of Directors

The board of directors has determined that each of Frederick Frank, Michael Gilman, Ph.D., Mark Leuchtenberger, Gregory D. Phelps and Ian F. Smith, CPA, comprising five of its six members, is an independent director within the meaning of the director independence standards of The NASDAQ Stock Market, or NASDAQ. Furthermore, the board of directors has determined that all of the members of the audit committee, compensation committee and nominating and governance committee are independent within the meaning of the director independence standards of NASDAQ and the rules of the SEC applicable to each such committee. Robert J. Perez, former member of the board of directors who resigned as of February 28, 2009, was also an independent director within the meaning of the director independence standards of NASDAQ.

Executive Sessions of Independent Directors

Executive sessions of the independent directors are generally scheduled following each regularly scheduled in-person meeting of the board of directors. Executive sessions did not include our non-independent director, Michael G. Kauffman, Ph.D., M.D. who resigned from the Company as of July 25, 2008, and are chaired by the chairman of the board. The independent directors of the board of directors met in executive session eight times in 2008.

Policies Governing Director Nominations

Director Qualifications

The nominating and governance committee of the board of directors is responsible for reviewing with the board of directors from time to time the appropriate qualities, skills and characteristics desired of members of the board of directors in the context of the needs of the business and current make-up of the board of directors. This assessment includes consideration of the following minimum qualifications that the nominating and governance committee believes must be met by all directors:

nominees must have high ethical standards, integrity and sound business judgment;

nominees must be well-regarded and experienced participants in their field(s) of specialty;

nominees must be familiar at the time of their appointment with our business;

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nominees must be willing to devote the time and attention necessary to deepen and refine their understanding of our company and the issues we face; and

nominees must have an understanding of the demands and responsibilities of service on a public company board of directors.

In addition, nominees who, based on biotechnology and/or pharmaceutical industry experience, have proven capabilities or knowledge in the key areas relating to our management and business, will be given particular consideration.

The board of directors seeks members from diverse professional backgrounds who combine a broad spectrum of relevant industry and strategic experience and expertise that, in concert, offer us and our stockholders diversity of opinion and insight in the areas most important to us and our corporate mission. In addition, nominees for director are selected to have complementary, rather than overlapping, skill sets. All candidates for director nominee must have time available to devote to the activities of the board of directors. The nominating and governance committee also considers the independence of candidates for director nominee, including the appearance of any conflict in serving as a director.

Candidates for director nominee who do not meet all of these criteria may still be considered for nomination to the board of directors, if the nominating and governance committee believes that the candidate will make an exceptional contribution to us and our stockholders.

Process for Identifying and Evaluating Director Nominees

The board of directors is responsible for selecting its own members. The board of directors delegates the selection and nomination process to the nominating and governance committee, with the expectation that other members of the board of directors, and of management, will be requested to take part in the process as appropriate.

Generally, the nominating and governance committee identifies candidates for director nominee in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the nominating and governance committee deems to be helpful to identify candidates. Once candidates have been identified, the nominating and governance committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the nominating and governance committee. The nominating and governance committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the nominating and governance committee deems to be helpful in the evaluation process. The nominating and governance committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the board of directors. Based on the results of the evaluation process, the nominating and governance committee recommends candidates for the board of directors approval as director nominees for election to the board of directors. The nominating and governance committee also recommends candidates to the board of directors for appointment to the committees of the board of directors.

Procedures for Recommendation of Director Nominees

The nominating and governance committee will consider director nominee candidates who are recommended by our stockholders. In general, persons recommended by stockholders will be considered on the same basis as candidates from other sources. Stockholders, in submitting recommendations for director nominee candidates, shall follow the

following procedures:

Our secretary must receive any such recommendation for nomination not less than 50 days nor more than 75 days prior to our annual meeting of stockholders; however, if less than 65 days notice is given to stockholders by written notice or by public disclosure, then the written recommendation must be received by the close of business on the 15th day following the notice to stockholders.

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All recommendations for nominations must be in writing and include the following:

Name and record address of the stockholder making the recommendation;

Class and number of shares of our capital stock that are owned beneficially by such stockholder;

Name, age, business and residential address, and principal occupation or employment of the individual recommended for consideration as a director nominee;

Class and number of shares of our capital stock that are owned beneficially by such person; and

All other information relating to the recommended candidate that would be required to be disclosed in solicitations of proxies for the election of directors or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act.

As of and following the date of our 2009 annual meeting of stockholders, our secretary must receive any such recommendation for nomination before an annual or special meeting of stockholders (i) in the case of annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided however, that in the event the annual meeting is first convened more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be received by the secretary not later than the close of business on the later of the 90th day prior to such annual meeting or the 15th day following the day on which public announcement of the day of such annual meeting is first made or (ii) in the case of a special meeting of stockholders, on or prior to the later of the 90th day prior to such special meeting or the 15th day following the day on which public announcement is first made of the date of the special meeting of stockholders. Recommendations for nomination will also need to contain the following additional information:

Name and record address of any beneficial owner, if any, on whose behalf the nomination is being made;

Class and number of shares of our equity that are owned beneficially by such stockholder and its affiliates including all synthetic equity instruments (e.g., derivatives, swaps, hedges, etc.), voting rights, rights to fees, dividends, or other material rights; and

Whether such stockholder will solicit our stockholders and whether such stockholder is party to any voting or other arrangement regarding the nomination.

Nominations must be sent to the attention of our secretary by U.S. mail (including courier or expedited delivery service) to:

EPIX Pharmaceuticals, Inc.
4 Maguire Road
Lexington, MA 02421
Attn: Secretary of EPIX Pharmaceuticals, Inc.

Our secretary will promptly forward any such nominations to the nominating and governance committee. Once the nominating and governance committee receives the nomination of a candidate and the candidate has complied with the minimum procedural requirements above, such candidacy will be evaluated and a recommendation with respect to such candidate will be delivered to the board of directors.

Policy Governing Security Holder Communications with the Board of Directors

The board of directors provides to every security holder the ability to communicate with the board of directors as a whole and with individual directors on the board of directors through an established process for security holder communication as follows:

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For communications directed to the board of directors as a whole, security holders may send such communications to the attention of the chairman of the board of directors by U.S. mail (including courier or expedited delivery service) to:

EPIX Pharmaceuticals, Inc.
4 Maguire Road
Lexington, MA 02421
Attn: Chairman of the Board of Directors, c/o Secretary

For security holder communications directed to an individual director in his or her capacity as a member of the board of directors, security holders may send such communications to the attention of the individual director by U.S. mail (including courier or expedited delivery service) to:

EPIX Pharmaceuticals, Inc.
4 Maguire Road
Lexington, MA 02421
Attn: [Name of the director], c/o Secretary

We will forward any such security holder communication to the chairman of the board of directors, as a representative of the board of directors, or to the director to whom the communication is addressed, on a periodic basis. We will forward such communications by certified U.S. mail to an address specified by each director and the chairman of the board of directors for such purposes or by secure electronic transmission.

Policy Governing Director Attendance at Annual Meetings of Stockholders

Directors are encouraged to be present at our stockholder meetings. All seven of our then-current board members attended the annual meeting of stockholders in 2008.

Board of Directors Evaluation Program

The board of directors performs annual self-evaluations of its composition and performance, including evaluations of its standing committees and individual evaluations for each director. In addition, each of the standing committees of the board of directors conducts its own self-evaluation, which is reported to the board of directors. The board of directors retains the authority to engage its own advisors and consultants.

Code of Ethics

We have adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the Code of Business Conduct and Ethics is available at the Corporate Governance section of our website at <http://www.epixpharma.com>. A copy of the Code of Business Conduct and Ethics may also be obtained, free of charge, from us upon a request directed to: EPIX Pharmaceuticals, Inc., 4 Maguire Road, Lexington, Massachusetts, 02421, Attention: Investor Relations. We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Et