

EPIX Pharmaceuticals, Inc.
Corporate Governance Principles and Guidelines

The Nominating and Governance Committee of the Board of Directors for EPIX Pharmaceuticals, Inc. (the “Company”) has developed and the Board of Directors of the Company has adopted certain corporate governance principles (the “Guidelines”), which establish a common set of expectations to assist the Board and its committees in performing their duties in compliance with applicable requirements. These Guidelines, together with the charters adopted by the Audit Committee and the Nominating and Governance Committee, provide the framework for the governance of the Company. In recognition of the continuing discussions about corporate governance, the Nominating and Governance Committee will review and, if appropriate, revise these Guidelines from time to time.

A. *Director Responsibilities*

Members of the Board are responsible to:

- Represent the interests of the Company’s shareholders in maintaining and enhancing the success of the Company’s business, including optimizing long-term financial returns to increase shareholder value.
- Select and evaluate a well-qualified Chief Executive Officer (“CEO”) of high integrity and approve the succession plan for Chief Executive Officer as recommended by the Nominating and Governance Committee.
- Oversee the performance of senior management with respect to key aspects of the Company’s business, including strategic planning, management development and succession, operating performance, and shareholder returns.
- Provide strategic advice, counsel and guidance to the Company’s CEO and senior executives.
- Hold regularly scheduled executive sessions of independent directors.
- Disclose any actual or potential conflicts of interest that they may have with respect to matters that come before the Board for its consideration.
- Directly and through its Audit Committee, provide oversight of the integrity of the financial statements of the Company; the independent accountants’ qualifications and independence; the performance of the Company’s internal audit function and independent accountants; and the compliance by the Company with related legal and regulatory requirements.

Regular attendance at Board meetings is mandatory. The Company will make every effort to distribute meeting materials in advance of each meeting, which materials should be reviewed by each Director prior to attending the meeting. Each Director is encouraged to make every reasonable effort to participate in the annual meeting of stockholders of the Corporation.

In discharging the duties of a Director, including duties as a Committee member, Delaware law requires that a Director shall act: (1) in good faith; (2) with care an ordinary prudent person in a like position would exercise under similar circumstances; and (3) in a manner he or she believes to be in the best interests of the Company.

B. Director Qualification Standards

The Nominating and Governance Committee is responsible for making recommendations to the Board with respect to nominees for Board membership.

As an integral part of the selection and nomination process, the Nominating and Governance Committee shall review the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members, the specific needs of the Company and the Board and the requirements relating to Board membership as set forth in the Nominating and Governance Committee's charter. Independent directors shall comprise a majority of the Board.

A person may be deemed to be independent for purposes of his or her service as a Director if he or she meets the criteria included in the definition of an independent director as adopted by the Nasdaq Global Market from time to time in its listing standards. In making a determination regarding a proposed Director's independence, the Board shall consider all relevant facts and circumstances, including the Director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time.

The number of boards on which a Director may sit concurrently may be reviewed by a case-by-case basis by the Nominating and Governance Committee. It will be the objective of such review to ensure that each Director has and devotes the requisite time, effort and attention to make active and valuable contributions to the advancement of the Company's best interests.

The Board has not established term limits for Directors. Although term limits can promote the inclusion on the Board of people with diverse perspectives, the Board believes that the selection process implemented by the Nominating and Governance Committee will achieve the same result. Moreover, term limits may have the disadvantage of causing the Company to lose the contributions of Directors who have been able to develop increasing insight into the Company and its operations over a period of service to the Board.

A Director should be prepared to offer, in writing, to resign if there is any significant change in his or her personal circumstances, including a fundamental change in his or her job responsibilities. The Chairman of the Nominating and Governance Committee may recommend, to the full Board, acceptance or rejection of such an offer after consultation with the Committee members and the Chairman of the Board.

C. Board Committees

The Board shall at all times have a Nominating and Governance Committee, an Audit Committee and a Compensation Committee. Each of such committees shall be comprised solely of independent directors. The specific responsibilities and activities of each Committee shall be

governed by the written charters adopted by each Committee, or in the absence of such a charter, by the principles of governance agreed upon by the members of such Committee.

The Board shall evaluate and determine the circumstances under which to form new committees.

D. Director Access to Management and Independent Advisors

The Board is expected to interact frequently with members of the Company's senior management. From time to time and as appropriate, executive officers and other members of senior management who report directly to the CEO may be invited to be present at Board meetings. The Board encourages such executive officers and senior management to make presentations to the Board, or to include in discussions at Board meetings managers and other employees who (1) can provide insight into the matters being discussed because of their functional expertise and/or personal involvement in such matters and/or (2) are individuals with high potential whom such executive officers and senior management believe the Directors should have the opportunity to meet and evaluate.

Directors are authorized to consult with independent advisors, as is necessary and appropriate, without consulting management. The ability of the separate Committees to retain and consult with independent advisors is set forth in the charters of each Committee, or in the absence of such a charter, in the principles of governance agreed upon by the members of each Committee.

E. Director Orientation and Continuing Education

The Board shall implement and maintain an orientation program for newly elected directors.

All Directors will be expected to engage in an ongoing process of education with respect to the Company's business, the biopharmaceutical industry, and their roles and responsibilities as Directors. Such educational efforts may include, as applicable, focusing on issues of accounting and finance, leadership, crisis management and response, industry practices, general management issues, strategic planning, the evolving responsibilities of Directors under applicable law, and best practices in corporate governance. The Nominating and Governance Committee will make suggestions to Directors concerning useful continuing education programs in which the Directors may be interested in participating.

F. Management Issues and CEO Compensation

The Board, together with the Compensation Committee, is responsible for evaluating, on an ongoing basis, the capabilities and performance of management in advancing the interests of the Company. In this regard, the Board and the Compensation Committee will focus their review on senior managers and their potential for advancement within the Company. The CEO shall provide a report to the Board from time to time with an assessment of the performance of the Company's senior managers, and such report shall be reviewed by the Compensation Committee.

The Compensation Committee is responsible for evaluating the CEO's performance against the annual and long-term performance goals that have been set for the CEO, and setting the CEO's compensation levels based on that performance.

G. Annual Performance Evaluation of the Board

The Board and its Committees will conduct self-evaluations at least annually to determine whether it and its Committees are functioning effectively.

The Board will also review the Nominating and Governance Committee's periodic recommendations concerning the performance and effectiveness of the Board and its Committees.

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