

AVATAR HOLDINGS INC

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**Predix Pharmaceuticals Announces Findings From Preclinical Cognition Studies at the
10th International Conference on Alzheimer's Disease**

PRX-03140 is expected to enter into a Phase II clinical trial later this year

LEXINGTON, Mass., July 18, 2006 Predix Pharmaceuticals, which recently announced a definitive agreement to merge with EPIX Pharmaceuticals (Nasdaq: EPIX), announced today that preclinical data from studies in Alzheimer's disease with PRX-03140, a highly selective, proprietary serotonin 4 (5-HT₄) receptor agonist, will be featured in an oral presentation at the 10th International Conference on Alzheimer's Disease in Madrid, Spain from July 15-20, 2006. The Conference, part of the Alzheimer's Association research program, brings together more than 5,000 researchers to share information and resources on the etiology, pathology and treatment of Alzheimer's disease and related disorders. Predix will present data from several preclinical models suggesting that PRX-03140 significantly improved cognitive performance and working memory. Study findings also showed that PRX-03140 increased levels of acetylcholine (ACh) in the brain and demonstrated a trend towards reducing levels of specific amyloid proteins. PRX-03140 was further found to increase levels of brain nerve growth factor, a protein that regulates nerve cell development, repair, and regeneration, and brain-derived neurotrophic factor, a protein that promotes cell growth and survival.

We are pleased to present these findings from several well-established preclinical models that show the cognitive enhancing effect of PRX-03140, said Michael G. Kauffman, M.D., Ph.D., president and CEO of Predix. We believe there is a significant unmet medical need for a well-tolerated, effective treatment for Alzheimer's disease that can be given once daily, and we are excited about the data we have seen in Phase I trials of PRX-03140 in over 100 patients and healthy volunteers.

About PRX-03140

PRX-03140 is Predix's second of four clinical drug candidates discovered utilizing computer-based G-Protein Coupled Receptors (GPCR) models and optimized with integrated computational-medicinal chemistry. PRX-03140 is highly selective for the 5-HT₄ receptor in the brain, and preclinical studies have shown that it improves cognitive function, as well as increases levels of acetylcholine, soluble amyloid precursor protein (sAPP) and brain-derived neurotrophic factor (BDNF) in regions of the brain known to be important for memory.

About Alzheimer's Disease

Alzheimer's disease is a debilitating neurodegenerative disorder characterized by progressive loss of memory and cognitive function, affecting 4.5 million Americans according to the Alzheimer's Association, and over 9 million worldwide according to the Alzheimer's Disease International Association. The U.S. National Institute of Aging estimates that about 5% of the population aged 65-74 and as many as 50% of those over age 85 have the disease. According to U.S. Census data, the 65 and older population will double over the next 25 years, to over 70 million, when the youngest post-

World War II baby boomers turn older than 65. A recent study in the journal *Neurology* showed that this growth in the elderly population is expected to result in a 44% average increase in Alzheimer's disease patients in the United States by 2025. The global market for Alzheimer's disease drugs is growing rapidly, from \$3 billion in 2004 to nearly \$7 billion expected in 2010, as estimated by Espicom.

Acetylcholinesterase (AChE) inhibitors, a class of drugs approved for the treatment of Alzheimer's disease, are active in patients provided that endogenous production of ACh is sufficient to maintain local levels. As Alzheimer's disease progresses, ACh production declines, and brain levels of this critical neurotransmitter decline. In parallel with effective therapeutics in other neurodegenerative diseases (e.g., Parkinson's Disease), replacement of the prominent neurotransmitter lost in Alzheimer's disease should provide significant clinical benefit. However, neither ACh nor its components can be given in sufficient quantities to increase brain ACh levels with tolerable side effects. The search for agents which increase the production and/or release of ACh, which can be used alone or in combination with AChE inhibitors, may therefore yield a drug candidate with significant clinical benefit. Early data suggest PRX-03140 may meet this need.

About Predix Pharmaceuticals Holdings, Inc.

Predix, based in Lexington, MA, is a pharmaceutical company focused on the discovery and development of novel, highly selective, small-molecule drugs that target G-Protein Coupled Receptors (GPCRs) and ion channels. Using its proprietary drug discovery technology and approach, Predix has advanced four internally-discovered drug candidates into clinical trials and has five additional programs in preclinical development and discovery. Predix is expected to complete the first of at least two pivotal Phase III clinical trials for generalized anxiety disorder for its lead drug candidate, PRX-00023, in the second half of 2006. In addition to PRX-00023, Predix has three other clinical-stage drug candidates: PRX-03140 for the treatment of Alzheimer's disease, which is expected to enter Phase IIa later this year; PRX-08066 for the treatment of pulmonary hypertension (PH) and PH associated with chronic obstructive pulmonary disease, which recently completed a Phase Ib trial and is expected to enter a Phase II trial in 2006; and, PRX-07034, which recently entered a Phase I trial and is expected to be developed for the treatment of obesity and for cognitive impairment associated with Alzheimer's disease or schizophrenia. Additional information about Predix can be found on the company's website at www.predixpharm.com.

About EPIX Pharmaceuticals, Inc.

EPIX Pharmaceuticals, Inc., based in Cambridge, MA, discovers and develops innovative pharmaceuticals for imaging that are designed to transform the diagnosis, treatment and monitoring of disease. The Company uses its proprietary Target Visualization Technology to create imaging agents targeted at the molecular level, designed to enable physicians to use Magnetic Resonance Imaging (MRI) to obtain detailed information about specific disease processes. On April 3, 2006, EPIX announced a definitive agreement to merge with Predix Pharmaceuticals to create a specialty pharmaceutical company with capabilities in both therapeutics and imaging. To receive the latest EPIX news and other corporate developments, please visit the EPIX website at www.epixpharma.com.

Additional Information About the Merger And Where To Find It

EPIX has filed a registration statement on Form S-4 with the Securities and Exchange Commission containing a joint proxy statement/prospectus in connection with the proposed merger with Predix. Investors and security holders are advised to read the joint proxy statement/prospectus (including any amendments or supplements thereto) regarding the proposed merger because it contains important

information about EPIX, Predix and the proposed transaction and other related matters. The joint proxy statement/prospectus will be sent to stockholders of EPIX and Predix seeking their approval of the proposed transaction. Investors and security holders may obtain a free copy of the joint proxy statement/prospectus and any amendments or supplements thereto and other documents filed by EPIX at the Securities and Exchange Commission's web site at www.sec.gov. The joint proxy statement/prospectus and such other documents may also be obtained for free by directing such request to EPIX Pharmaceuticals, Inc. 161 First Street, Cambridge, Massachusetts, Attn: Investor Relations, tel: (617) 250-6000; e-mail: ahedison@epixpharma.com or Predix Pharmaceuticals Holdings, Inc., 4 Maguire Road, Lexington, Massachusetts 02421, Attn: Investor Relations, tel: (781) 372-3260; e-mail: investors@predixpharm.com.

EPIX and Predix and their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies with respect to the adoption of the merger agreement and the transactions associated with the merger. A description of any interests that EPIX and Predix directors and executive officers have in the merger is included in the registration statement containing the proxy statement/prospectus that has been filed with the Securities and Exchange Commission and is available free of charge as indicated above.

Safe Harbor Statement

Certain statements in this news release concerning Predix's business are considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, those relating to the timing and results of future clinical development of Predix's drug candidates, including PRX-03140, as well as the potential efficacy, safety and tolerability of such drug candidates. Any or all of the forward-looking statements in this press release can be affected by inaccurate assumptions Predix might make or by known or unknown risks and uncertainties, including, but not limited to: the early stage of product development; uncertainties as to the future success of ongoing and planned clinical trials; and the unproven safety and efficacy of products under development. Consequently, no forward-looking statement can be guaranteed, and actual results may vary materially. Predix undertakes no obligation to publicly update forward-looking statements, whether because of new information, future events or otherwise, except as required by applicable law.

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