


Substitute Form PTO-1595
Attorney Docket No.: 13498-005003
Client's Ref. No.: MET-4 2nd Continuation

RECORDATION FORM COVER SHEET PATENTS ONLY

Commissioner for Patents: Please record the attached original document(s) or copy(ies).	
1. Name of conveying party(ies): Epix Medical, Inc. 71 Rogers Street Cambridge, MA 02142-1118 Additional name(s) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2. Name and address of receiving party(ies): Schering Aktiengesellschaft Muellerstrasse 170-178 13342 Berlin GERMANY Additional names/addresses attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other: Execution Date: 05/26/2003	
4. Application number(s) or patent number(s): If this document is being filed with a new application, the execution date of the application is: A. Patent Application No(s): 10/354,723 B: Patent No(s): Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
5. Name/address of party to whom correspondence concerning document should be mailed: MONICA MCCORMICK GRAHAM, PH.D. Fish & Richardson P.C., P.A. 60 South Sixth Street Suite 3300 Minneapolis, MN 55402	6. Total number of applications/patents involved: 1 7. Total fee (37 CFR §3.41): \$40 <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to charge Deposit Account. 8. Deposit Account No.: 06-1050 Please apply any additional charges, or any credits, to our Deposit Account No. 06-1050.
DO NOT USE THIS SPACE	
9. Statement and Signature: <i>To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.</i> Monica McCormick Graham, Ph.D. Reg. No. 42,600 Name of Person Signing  Signature 6/18/03 Date	
Total number of pages including coversheet, attachments and document: 19	

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CERTIFICATE OF TRANSMISSION BY FACSIMILE

I hereby certify that this correspondence is being transmitted by facsimile to the Patent and Trademark Office on the date indicated below.

June 18, 2003
Date of Transmission


Signature

Jill Huso
Typed Name of Person Signing Certificate

700033861

REEL: 013748 FRAME: 0357

~~EXHIBIT A~~ 91**PATENT COLLATERAL ASSIGNMENT**

This Agreement is made on the 2nd day of May, 2003 between EPDX MEDICAL, INC. a Delaware corporation having a mailing address at 21 Rogers St., Cambridge, Massachusetts ("Assignor") and SCHERING AKTIENGESELLSCHAFT, a German corporation having a mailing address at 13342 Berlin, Germany ("Lender").

BACKGROUND

Assignor has executed and delivered its promissory note to the Lender pursuant to a certain Loan Agreement of even date herewith between Assignor and the Lender (as amended from time to time, the "Loan Agreement"). In order to induce the Lender to execute and deliver the Loan Agreement, Assignor has agreed to collaterally assign to Lender certain patent rights, all as more fully set forth in that certain Security Agreement of even date herewith between Assignor and Lender, a true copy of which is attached hereto as Exhibit A (the "Security Agreement").

NOW, THEREFORE, in consideration of the premises, Assignor hereby agrees with Lender as follows:

1. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement or the Security Agreement.
2. To secure the complete and timely satisfaction of all Obligations of Assignor to Lender, Assignor has granted, assigned and conveyed to Lender, pursuant to the terms and conditions of the Security Agreement, a security interest in Assignor's entire right, title and interest in and to, among other things, the Patents, Applications, Reissued Patents, Royalties, Claims and Proceeds thereof, including but not limited to those Patents and Applications listed in Schedule 1 attached to the Security Agreement that is attached hereto.
3. Assignor has agreed that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement or patent assignment) which is inconsistent with Assignor's obligations and covenants under the Security Agreement.
4. Assignor authorizes Lender to modify this Agreement by amending Schedule 1 attached to the Security Agreement that is attached hereto to include any future Patents and Applications.
5. If any Event of Default shall have occurred and be continuing, Assignor hereby authorizes and empowers Lender to make, constitute and appoint any officer or agent of Lender, as Lender may select in its exclusive discretion, as Assignor's true and lawful attorney-in-fact, with the power to endorse Assignor's name on all Applications, documents, papers and instruments necessary for Lender to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any third person, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to any third person.

Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

WITNESS the execution hereof under seal as of the day and year first above written.

ATTEST:

ASSIGNOR:

EPIX MEDICAL, INC.

[Handwritten signature]

By Michael D. Webb

LENDER:

SCHERING AKTIENGESELLSCHAFT

By W. J. [Handwritten]
By [Handwritten]

CERTIFICATE OF ACKNOWLEDGEMENT

COMMONWEALTH OR STATE OF Massachusetts
COUNTY OF Middlesex

Before me, the undersigned, a Notary Public in and for the country aforesaid, on this 26 day of May, 2003, personally appeared Michael Webb to me known personally, and who, being by me duly sworn, deposes and says that he/she is the CEO of EPIX Medical, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said CEO acknowledged said instrument to be the free act and deed of said corporation.

[Handwritten signature]
Notary Public

My commission expires:

Commission Expires 5/21/04

[Handwritten mark]

Final Version

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, supplemented, restated or otherwise modified, the "Security Agreement") is entered into as of May 26, 2003, between EPIX MEDICAL, INC., a Delaware corporation, with its principal offices in Cambridge, Massachusetts (the "Debtor"), and SCHERING AKTIENGESELLSCHAFT, a German corporation having its principal offices at 13342 Berlin, Germany (the "Secured Party").

WHEREAS, on and as of the date hereof, the Debtor and Secured Party have executed and delivered a certain Loan Agreement providing for a maximum principal amount of loans of _____ Dollars such Loan Agreement, and any and all amendments, modifications, extensions, restatements, renewals, refinancings and/or replacements thereof from time to time is hereinafter referred to as the "Loan Agreement"; and the Debtor has executed and delivered to Secured Party a certain Non-Negotiable Note ("Note") with a maximum principal amount of _____ Dollars (such note, and any and all amendments, modifications, extensions, restatements, renewals, refinancings and/or replacements thereof from time to time being herein referred to as the "Note");

WHEREAS, the indebtedness evidenced by the Note is secured as hereinafter provided; and

WHEREAS, Debtor, in consideration of and in order to induce Secured Party, from time to time and in accordance with and subject to the provisions set forth in the Loan Agreement, to make advances aggregating to a maximum principal amount of _____ Dollars has determined that it is in the best interest of Debtor to execute, deliver and perform this Security Agreement;

NOW, THEREFORE, for valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Debtor and the Secured Party hereby agree as follows:

1. Definitions. As used in this Security Agreement, and in addition to terms defined elsewhere in this Security Agreement, the following terms have the following meanings:

"Event of Default" shall mean (a) a breach or default by Debtor under this Security Agreement or (b) an Event of Default as defined in the Loan Agreement.

"Proceeds" has the meaning assigned to it under the Uniform Commercial Code provided that Proceeds shall also be deemed to include (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Debtor from time to time with respect to any of the Secured Assets, and (ii) any and all payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Secured Assets by any Governmental Authority (or any Person acting under color of Governmental Authority), provided further that with respect to whatever is collected on, or distributed on account of Secured Assets, Proceeds shall mean exclusively any and all royalties from time to time paid or payable under or in connection with any of the Secured Assets after the date hereof.

"relating to" means "arising out of, in connection with or otherwise relating to", and "relates to" and "related to" each has a substantially similar meaning.

"Secured Assets" shall mean and include (i) all of the Debtor's right, title and interest in and to (a) any and all letters patent, or other patents, whether issued in the United States or any other country, and the inventions described and claimed therein relating to magnetic resonance imaging ("MRI"), including but not limited to those set forth on Schedule 1 attached hereto, whether in good standing or expired, whether now existing or hereinafter arising or created, and whether owned by Debtor singly or jointly with another Person (including but not limited to the "Joint Patents" as that term is defined in the Research Agreement (defined below)) or employed by Debtor pursuant to license or other grant (hereinafter referred to collectively as the "Patents"); (b) all applications for Patents and any Patent which may be issued upon any of said applications and any future patent applications of Debtor and all applications for re-instatement of any expired Patents (hereinafter referred to collectively as the "Applications"); (c) any reissue, extension, division or continuation of the Patents or the Applications (such reissues, extensions, divisions and continuations being herein referred to collectively as the "Reissued Patents"); (d) all future royalties or other fees paid or payment or payments made or to be made to the Debtor in respect of the Patents (the "Royalties"); and (ii) Proceeds of any and all of the foregoing (the Patents, Applications, Reissued Patents and Royalties and Proceeds being herein referred to collectively as the "Patent Rights"); (iii) all rights, interests, claims and demands that the Debtor has or may have in existing and future profits and damages for past and future infringements of the Patent Rights (such rights, interests, claims and demands being herein called the "Claims") (the Patent Rights and Claims collectively referred to as the "Patent Collateral"); (iv) all license and other agreements pursuant to which such Patent Rights were acquired; (v) all other intangible assets, including know-how, of every kind and description (including rights under any license agreement pursuant to which such know-how was granted), now owned or hereafter acquired by the Debtor, and whether now existing or hereafter arising, relating to any products involving MRI, and (vi) all books and records relating to the assets described in clauses (i), (ii), (iii), (iv) and (v), whether in writing or electronic form.

"Uniform Commercial Code" means the Uniform Commercial Code as the same may from time to time be in effect in the State of Delaware.

2. Definitions Incorporated. All capitalized terms used herein, unless otherwise specifically defined, shall have the meaning ascribed to such terms in the Loan Agreement, in the Note or in the Collaborative Research Agreement by and between the Debtor and the Secured Party, dated as of May 26, 2003, as thereafter amended, supplemented, restated or otherwise modified from time to time (the "Research Agreement"). It is agreed that in connection therewith, the Parties shall look first to the Loan Agreement, then to the Note and then to the Research Agreement. In the event of any conflict or inconsistency between the terms of the Loan Agreement, the Note, the Research Agreement and this Security Agreement, the Loan Agreement shall prevail.

3. Security Interest. The Debtor hereby grants to the Secured Party a security interest in all of the Debtor's right, title and interest in and to the Secured Assets to secure (i) the prompt and complete payment when due of all principal of and interest heretofore or hereafter owing or outstanding under the Loan Agreement and/or the Note, (ii) the prompt and complete payment when due by the Debtor of all costs and expenses (including reasonable attorney's fees

and expenses) incurred by the Secured Party in the collection of amounts due under and/or in enforcing its rights under the Loan Agreement, the Note and/or this Security Agreement and (iii) the prompt and complete performance when due by the Debtor of all its obligations under the Loan Agreement, the Note and/or this Security Agreement (the obligations listed in (i), (ii) and (iii) being referred to collectively herein as the "Obligations").

4. Debtor Remains Liable. Anything herein to the contrary notwithstanding, (i) Debtor shall remain liable under all contracts and agreements of every kind and nature whatsoever ("contracts and agreements" or "contracts or agreements") included in the Secured Assets to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (ii) the exercise by the Secured Party of any of its rights hereunder shall not release Debtor from any of its duties or obligations under the contracts and agreements included in the Secured Assets, and (iii) unless the Secured Party in its exercise of any rights or remedies expressly assumes by written agreement any of the contracts or agreements, the Secured Party shall not have any obligation or other Liability under the contracts and agreements included in the Secured Assets including without limitation to be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

5. Records. Debtor will at all times keep accurate and complete records of all items included in the Secured Assets, and the Secured Party shall have the right at all reasonable times, following reasonable advance notice without material disruption to the business of the Debtor, to examine and inspect the same and to make copies thereof.

6. Representations, Warranties and Covenants of the Debtor. With respect to the Secured Assets, Debtor hereby represents, warrants and covenants to the Secured Party as follows:

(i) (A) Debtor is the sole owner of the Secured Assets, except for the assets listed in Schedule 6(i) attached hereto. No Subsidiary or Affiliate of Debtor owns or will own any Patent Rights rights under contracts or agreements or other rights or assets of any kind or nature relating to MRI.

(B) The Secured Assets listed in Schedule 6(i) hereof are licensed to Debtor and pursuant to the license agreements identified on that Schedule, true and complete copies of which license agreements have previously been provided to Lender. Debtor is in material compliance with all of each such license agreement, and each such license agreement is in full force and effect, enforceable in accordance with its terms, and has not been varied, amended or modified in any manner.

(ii) Until all principal and interest which may be outstanding under the Loan Agreement is indefeasibly paid in full, Debtor will have such rights of ownership or other rights to each item of the Secured Assets as Debtor has on and as of the date hereof; the same will be used solely in connection with the Debtor's business; all of the Secured Assets are free and clear of all Liens, including any security interests or collateral interests of any other party.

(iii) Debtor hereby authorizes Secured Party to file all financing statements and amendments and supplements thereto, if any, including continuation statements with respect to the Secured Assets reasonably necessary in the judgment of the Secured Party to perfect the

security interest in the Secured Assets granted hereby. At the written request of the Secured Party, Debtor will attend to the filing of any and all continuation statements, as may be reasonably requested by the Secured Party in order to continue the perfection of the security interests of the Secured Party hereunder.

(iv) Debtor shall, from time to time as requested by the Secured Party, take such action, including without limitation to execute and deliver to the Secured Party all such instruments, assignments, supplements, further assurances and security or other agreements, as may be reasonably required or reasonably requested by the Secured Party in order to perfect and continue the Secured Party's security interest in the Secured Assets hereunder and to provide the Secured Party with the full benefits contemplated by this Agreement.

(v) Debtor agrees to pay, and to hold the Secured Party harmless from, any and all Liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) except those caused by the willful misconduct or gross negligence of the Secured Party (1) with respect to, or resulting from, any delay in paying, any and all withholding or other taxes which may be payable or determined to be payable with respect to any of the Secured Assets, and (2) in connection with any of the transactions contemplated by this Security Agreement.

(vi) Debtor will not create, incur or permit to exist, and it will defend the Secured Assets against, and it will take such other action as is necessary, or reasonably requested by the Secured Party, to promptly remove, any Lien or claim on or to the Secured Assets, other than the liens created hereby, and, subject to the terms of any agreements relating to licensed Secured Assets, it will defend the right, title and interest of the Secured Party in and to any of the Secured Assets against the claims and demands of all persons whomsoever.

(vii) Debtor will not sell or otherwise transfer in any manner whatsoever any of the Secured Assets, except upon the advance written consent of the Secured Party or as otherwise permitted under the Loan Agreement.

(viii) Debtor has the power to execute and deliver this Security Agreement and to perform its obligations hereunder and has taken all necessary action and has received all required consents (private and governmental) to authorize such execution, delivery and performance, and this Security Agreement constitutes the legal, valid and binding obligation of the Debtor, enforceable against it in accordance with its terms. Furthermore, the execution, delivery and performance of this Security Agreement by Debtor does not and will not violate any material Law applicable to Debtor in connection with the transactions contemplated hereby.

(ix) The execution, performance and delivery of this Security Agreement does not violate or conflict in any material respect with the terms or provisions of, or the Debtor's performance under, any contract or agreement by or to which the Debtor is a party, bound or subject.

(x) Debtor is not in material default under any contract or agreement by or to which the Debtor is now or hereafter a party, bound or subject that is part of the Secured Assets. Debtor will perform and comply in all material respects with all obligations under all provisions of any Document filed by Debtor with the Securities and Exchange Commission to which Debtor is a party or by which it or any of its assets is bound that relates to the Secured Assets, after giving effect to any applicable grace periods thereto.

37

(xi) Debtor does not transact and has not transacted within the past five (5) years, any part of its business under any trade names, division names, assumed names or other names.

(xii) Debtor is a Delaware corporation whose chief executive office is located at Cambridge, Massachusetts.

(xiii) (a) Debtor is the true and lawful exclusive owner of the Patent Rights set forth on Schedule 1 hereto; (b) the Patent Collateral is valid and enforceable; (c) Debtor has no notice of any suits or actions commenced or threatened against it, or notice of claims asserted or threatened against it, with reference to the Patent Rights and the interests granted herein; and (d) the Patent Rights and all interests granted herein are so granted free from all liens, charges, claims, options, licenses, pledges and encumbrances of every kind and character, except for licenses granted by Debtor set forth on Schedule 6(xiii) hereto.

(xiv) (a) until all of the Obligations have been satisfied in full, Debtor will not enter into any agreement, including without limitation, license agreements, which are inconsistent with Debtor's obligations under this Security Agreement; and (b) if Debtor acquires rights to any new Patent Collateral, the provisions of this Security Agreement shall automatically apply thereto and Debtor shall give the Lender prompt written notice thereof along with an amended Schedule 1.

Notwithstanding anything to the contrary contained herein, including, without limitation, the provisions of clauses (i), (v) and (vi) of this Section 6, Debtor may, prior to the occurrence of an Event of Default, without the consent of the Secured Party, grant licenses to or under the Secured Assets that are consistent with any existing or future license granted by the Debtor to the Secured Party or any of its affiliates, and any payments received by Debtor in connection with the grant of any such license (whether in the form of license fees, upfront payments, milestone payments, royalties or otherwise) shall not be considered Proceeds covered by the security interest granted to the Secured Party hereunder; provided that, all Proceeds from the grant of any such license that are received by the Debtor or which the Debtor is entitled to receive subsequent to the occurrence of an Event of Default shall be considered Proceeds covered by the security interest granted to the Secured Party hereunder.

7. Maintenance of Patent and Prosecution of Patent Application.

(a) Debtor shall, at its own expense, diligently maintain all Patents and diligently file and prosecute all Applications relating to the inventions described and claimed in the Patent Collateral in the United States Patent and Trademark Office, and shall pay or cause to be paid in their customary fashion all fees and disbursements in connection therewith, and shall not abandon any such Application prior to the exhaustion of all administrative and judicial remedies or disclaim or dedicate any Patent without the prior written consent of the Lender. Debtor shall not abandon any Patent Collateral without the prior written consent of the Lender, which shall not be unreasonably withheld.

(b) Any and all fees, costs and expenses, including reasonable attorneys' fees and expenses incurred by the Lender in connection with the preparation, modification, enforcement or termination of this Security Agreement and all other documents relating hereto and the consummation of this transaction, the filing and recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or costs otherwise incurred in defending or prosecuting any

actions or proceedings arising out of or related to the Patent Collateral shall be paid by Debtor on demand by the Lender.

(c) Debtor shall have the right to bring suit in the name of Debtor to enforce the Patent Collateral, in which case the Lender may, at the Lender's sole option, be joined as a nominal party to such suit if the Lender shall be satisfied that such joinder is necessary and advisable and that the Lender is not thereby incurring any risk of liability by such joinder. Debtor shall promptly, upon demand, reimburse and indemnify, defend and hold harmless the Lender for all damages, costs and expenses, including reasonable attorneys' fees, incurred by the Lender pursuant to this paragraph and all other actions and conduct of Debtor with respect to the Patent Rights.

8. Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Secured Assets and shall not impose any duty of any kind or nature upon it to exercise any such powers. Secured Party shall have no obligation of any kind or nature to preserve rights against any Person.

9. Default Remedies.

(a) Except as expressly and unambiguously set forth herein, this Security Agreement shall be deemed absolute and without conditions. Upon an Event of Default, the Secured Party may enforce its rights with respect to the Secured Assets without first being required to attempt collection of any sums due from the Debtor. If an Event of Default shall occur, the Secured Party shall have the following rights:

(i) to perform any defaulted covenant or agreement of this Security Agreement, the Loan Agreement and the Research Agreement to such extent as the Secured Party shall reasonably determine and advance such monies as it shall deem reasonably advisable for the aforesaid purpose and all monies so advanced, together with interest thereon from the date advanced until paid at a rate per annum equal to the rate then in effect on the Note, shall be secured hereby and shall be repaid promptly after notice of the amount due without demand; provided, however, that nothing herein contained shall be construed to require the Secured Party to advance money for any of the aforesaid purposes;

(ii) to notify all account debtors, to the extent permitted by applicable Law, to pay directly to the Secured Party or otherwise as the Secured Party may specify all amounts it owes then or thereafter to Debtor until such time as the Secured Party has received all amounts to which it is entitled under the Note and this Security Agreement;

(iii) to take control of any and all proceeds to which the Secured Party may be entitled under this Security Agreement, the Loan Agreement, the Note, or under any applicable laws;

(iv) without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other Person (all and each of which demands, advertisements and/or notices are hereby expressly waived), to take immediate possession of the Secured Assets, and, with or without taking possession of the Secured Assets, to sell, lease,

collect, receive, appropriate, realize upon or otherwise dispose of in any manner whatsoever (or contract to do so), any or all of the Secured Assets or any part thereof, at one or more times, either at public or private sale, upon commercially reasonable terms and in accordance with the UCC, and the Secured Party may become the purchaser thereof at any one or more public sale or sales and, to the extent permitted by Law, upon any one or more private sale or sales, free of any right or equity of redemption in Debtor, such right or equity being hereby released; provided that, any sale may be adjourned at any time and from time to time to a reasonably specified time and place by announcement at the time and place of sale or by publication or otherwise of the time and place of such adjourned sale; provided further that, the proceeds of any sale shall be applied (1) first to the expenses of taking, holding and preparing for sale or disposition, and sale or disposition and the like (including reasonable attorneys' fees), (2) next to the interest due under the Loan Agreement and/or the Note, (3) next to the principal due under Loan Agreement and/or the Note and the other amounts secured under clauses (i) and (ii) of Section 3 hereof, (4) next to all other amounts secured under Section 3 hereof, (5) next to the holder of any subordinate security interest therein if written notification of demand therefor is received and verified by the Debtor before distribution of the proceeds (or, if there is a dispute with respect thereto, the Secured Party can deposit such amount with a court or an appropriate third party) and (6) lastly, any surplus to Debtor and Debtor shall remain liable for any deficiency if the proceeds of any sales or other dispositions of the Secured Assets are insufficient to pay all amounts to which Secured Party is entitled, Debtor also being liable for the reasonable fees and expenses of any attorneys employed by Secured Party to collect such deficiency; and provided that, any such sale or sales, public or private, may be made on credit at the sole discretion of the Secured Party;

(v) to take immediate possession of the Secured Assets and to use or operate the Secured Assets in order to preserve the same or their value, and collect, receive and use all of the net profits from such use or operation to pay indebtedness secured by such Secured Assets; provided that, any continuing royalties or other similar amounts derived from the commercial sale of any products developed from the Secured Assets under the Research Agreement (as opposed to the sale of any products deriving from intellectual property that may be developed by the Secured Party) shall be allocated between the parties in accordance with Section 7.4.1 of the Research Agreement; provided further that, any sale or license by the Secured Party of any intellectual property included in the Secured Assets to any third party shall be deemed to be solely for the account of the Secured Party and not in any manner or portion for the account of Debtor or distributable to Debtor under and pursuant to the terms of the Research Agreement;

(vi) to require Debtor, to the extent practicable, to assemble the Secured Assets and make them available to the Secured Party at such locations as the Secured Party shall reasonably designate;

(vii) to enter all of the Debtor's facilities to remove the Secured Assets therefrom and take possession of the appropriate portions of the Debtor's books and records and computer hardware and software, and to use all of the same in a manner the Secured Party deems appropriate in order to preserve and sell or otherwise dispose of the Secured Assets;

(viii) to (without assuming any obligations or liability of any kind or nature thereunder), at any time and from time to time, enforce against any licensee or sublicensee all rights and remedies of the Debtor in, to and under any patent, know-how and/or other licenses included in the Secured Assets and, in the exercise of commercial reasonableness, take or refrain from taking any action under any such licenses, and the Debtor hereby releases the Secured Party free and harmless from and against any claims arising out of any lawful action so taken or omitted to be taken under applicable law with respect thereto;

(ix) to proceed to protect and enforce its rights under the Loan Agreement, the Note and this Security Agreement by a suit or suits in equity or at law, whether for specific performance or observance of any terms, provisions, covenants or conditions herein or therein contained in aid of the execution of any power therein or herein granted, for any foreclosure hereunder or thereunder, or for the enforcement of any other proper legal or equitable remedy;

(x) to exercise any such additional and/or different rights or remedies as are provided for in the Loan Agreement and/or the Note; and

(xi) to act as true and lawful attorney-in-fact of the Debtor, with full power of substitution, with full irrevocable power and authority in the place and stead of the Debtor, in the name of the Debtor, or in its own name, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action, including, without limitation, to execute, deliver, record and file any and all Documents which may be reasonably necessary or desirable to accomplish the purposes of this Security Agreement.

(b) The Secured Party shall, in addition, have any and all other rights and remedies provided by law or equity, including, without limitation, the rights and remedies of a secured party under the Uniform Commercial Code. All of the Secured Party's rights and remedies will be cumulative, and no waiver of any default will affect any other subsequent default. The rights and remedies provided in this Security Agreement are cumulative, may be exercised concurrently or separately, may be exercised from time to time and in such order, without any marshalling, as the Secured Party shall determine. Debtor expressly acknowledges that the Secured Party is not obligated to first foreclose its security interest in the Joint Patents, the decision as to the order in which the Secured Assets are to be addressed hereunder being in Lender's sole and absolute discretion. To the extent permitted by applicable Law, Debtor waives all claims, damages and demands against Secured Party arising out of the repossession, retention, sale or other disposition of the Secured Assets. Nothing herein contained shall be construed as preventing the Secured Party from taking all reasonable and lawful actions to protect its interest in the event that liquidation, insolvency, bankruptcy, reorganization or foreclosure proceedings of any nature whatsoever affecting the property or assets of Debtor are voluntarily or involuntarily instituted. The Secured Party's sole duty with respect to the Secured Assets, including, without limitation the custody, safekeeping and physical preservation of the Secured Assets shall be those duties which are imposed by the Uniform Commercial Code and cannot, by contract, be waived or otherwise eliminated. Neither the Secured Party, nor any of its respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Secured Assets or for any delay in doing so or shall be under any

obligation to sell or otherwise dispose of any Secured Assets upon the request of the Debtor or otherwise.

(c) (i) The Debtor expressly acknowledges that the Secured Party may record evidence of this Security Agreement and the security interest created hereby with the appropriate government filing/recording office(s) in such countries as the Secured Party desires in its sole discretion, whether by filing or recording a Patent Collateral Assignment in the form of Exhibit A attached hereto or with such other forms as may be customary, necessary and appropriate for similar use in a particular country. The Debtor agrees to execute and deliver promptly all such forms presented to it by the Secured Party.

(ii) Contemporaneously herewith, the Debtor shall execute and deliver to the Secured Party a Patent Assignment in the form attached hereto as Exhibit B (and such other forms as may be customary, necessary and appropriate for similar use in a particular country other than the United States of America that the Secured Party may present to the Debtor in the future) permanently assigning all Debtor's rights in the Patent Collateral to the Secured Party. Such assignment document(s) shall be held by the Secured Party in escrow until the occurrence of an Event of Default hereunder or under the Loan Documents. After such occurrence, in addition to all other rights and remedies of the Secured Party set forth herein, the Secured Party may, at its sole option, record such escrowed documents with the United States Patent and Trademark Office and with the appropriate government filing/recording office(s) in such other countries as the Secured Party desires in its sole discretion.

10. General Provisions.

(a) This Security Agreement and the security interests of the Secured Party in the Secured Assets created hereby shall cease and terminate only upon final indefeasible repayment in full of the principal and any accrued interest under and pursuant to the Loan Agreement.

(b) Debtor hereby waives all demands, notices, presentments, claims, defenses and protests of any kind, except (if any) as expressly and unambiguously provided herein and unless not permitted by applicable law.

(c) This Security Agreement shall be construed to be a contract made under and pursuant to the laws of the State of New York, and all of the terms, covenants and conditions contained herein shall be governed by and construed in accordance with such laws, without giving effect to the conflict of laws principles contained in such laws.

(d) This Security Agreement, all supplements hereto and all amendments hereof, shall inure to the benefit of and be binding upon the Debtor, the Secured Party, and their respective successors and assigns, but this Security Agreement may not be assigned by Debtor or the Secured Party without the advance written consent of the other party; provided, however, that the Secured Party may assign this Security Agreement to an Affiliate without the Debtor's advance consent.

(e) No course of dealing between the Debtor and the Secured Party or any delay on the part of the Secured Party in exercising any rights hereunder shall affect the rights of the Secured Party, on any future occasion, to insist on strict compliance with the terms hereof or to exercise any available remedy. All consents and waivers shall be in writing. No waiver by

either party of any term, provision, covenant or condition contained in this Security Agreement, or of any breach of any such term, provision, covenant or condition, shall constitute a waiver by that party of any subsequent breach or justify or authorize the non-observance by the other party on any other occasion of such term, provision, covenant or condition contained in this Security Agreement.

(f) Subject to the provisions of Section 7.4 of the Loan Agreement, the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of any other term or condition hereof or of this Security Agreement as a whole and each such term or condition which is enforceable in part but not enforceable in whole shall be enforced to the maximum extent permitted by applicable law.

(g) Titles of Sections and Subsections are for convenience only, and shall not modify rights and obligations created hereby. All references herein to Sections or Subsections shall refer to the corresponding Sections or Subsections of this Security Agreement unless specific reference is made to Sections or Subsections of another document. Use of the words "hereby", "herein", "hereto", "hereof", "hereunder" and similar words shall be deemed to refer to this Security Agreement in its entirety and not merely to the Sections or Subsections wherein any such word may appear unless otherwise specifically herein provided to the contrary. No one Party shall be deemed or construed as the drafter of this Security Agreement, and this Security Agreement shall not be construed more severely against any Party.

(h) All of the terms, covenants and conditions contained in this Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that Debtor's obligations hereunder may not be delegated to any other person without the prior consent of Secured Party and any such attempted delegation without such consent shall be void.

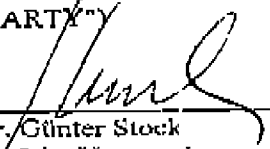
(i) DEBTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY.

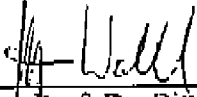
(j) No remedy herein conferred upon the Secured Party is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy provided hereunder or now or hereafter existing at law or in equity.

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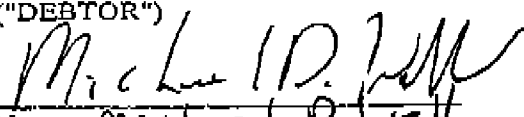
IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed at the time first above written by their officers thereunto duly authorized.

SCHERING AKTIENGESELLSCHAFT
("SECURED PARTY")


Name: Prof. Dr. Günter Stock
Title: Member of the Vorstand


Name: Prof. Dr. Björn Wallmark
Title: Head of Corporate Research

EPIX MEDICAL, INC.
("DEBTOR")


Name: Michael P. Webb
Title: CEO

- Schedule I Certain Patents and Patent Applications
- Schedule 6(i) Secured Assets that are licensed to Debtor
- Schedule 6(xiii) License in the Secured Assets granted by Debtor
- Exhibit A Form of Patent Collateral Assignment
- Exhibit B Form of U.S. Patent Assignment

of

STATE OF Massachusetts,)
) SS:
COUNTY OF Middlesex)

BE IT REMEMBERED, that on this 23 day of May, 2003, before me the subscriber, a Notary Public of the State of Massachusetts personally appeared, Michael Webb, the CEO of EPIX MEDICAL, INC., a Delaware corporation, who, I am satisfied, is the person who executed the within instrument as the CEO of said company, and he acknowledged that he signed, sealed with the proper corporate seal and delivered the same as such officer, that the within instrument is the voluntary act and deed of said company made by virtue of authority of its board of directors, and that he received a true copy of the within instrument on behalf of said company.

Barbara Murphy
Notary Public to the Commonwealth of Massachusetts
[Seal]

Commission Expires 5/21/04

Handwritten mark

Schedule 1
Secured Assets

The following patent families constitute existing utility applications assigned to EPIX or in the case of the MET-1 patent family exclusively licensed from The General Hospital Corporation of Boston, Massachusetts (Agreement of March 24, 1992 amended July 10, 1995). MET-9 is assigned to Dyax and EPIX with EPIX having exclusive rights to MRI applications (Agreement of June 20, 1997 amended March 17, 2003).

MET-1	US	4,899,755
	US-CIP	4,880,008
	PCT	WO 86/06605
	EPO	222,886
	CANADA	1,264,663
	HONG KONG	1,000,311
	LATVIA	11,981
	SINGAPORE	43,886
MET-3	US	5,582,814
	PCT	WO 95/28179
MET-4	PCT	WO 96/23526
	AUSTRALIA	689,700
	ISRAEL	382,317
	NEW ZEALAND	301,181
	SINGAPORE	44,280
	SOUTH AFRICA	96/0417
	SWAZILAND	RP/17/99
	TAIWAN	90,445
MET-5	US CON Publication	US 2002/0034476
	PCT	WO 97/36619
	EPO	TO ISSUE
	AUSTRALIA	726,914
	CHINA	TO ISSUE
	ISRAEL	125,895
	NEW ZEALAND	331,629
	SINGAPORE	56,316
MET-6	US	5,919,967
	PCT	WO 98/46612
	AUSTRALIA	728,902
	NEW ZEALAND	337,921
MET-7	AUSTRALIA	742,438
	EPO	TO ISSUE
	NEW ZEALAND	503,402

MET-8	US PCT	TO ISSUE WO 01/08712
MET-9	US Application PCT	09/627,806 WO 01/09188
MET-10	US PCT	6,548,044 WO 01/37630
MET-11	PCT	WO 01/52906
MET-12	US PCT	6,549,798 WO 0262220
MET-14	PCT	WO 03/011115
MET-15	PCT	WO 03/13573
MET-16	US Publication PCT	US 2003/002810 WO 02/01113

JT

Schedule 6(i)
Collateral not Owned

EPIX' MET-1 family of world patents listed below is exclusively licensed from The General Hospital Corporation of Boston, Massachusetts (Agreement of March 24, 1992 amended July 10, 1995). There are EPO divisional and Japanese applications being prosecuted by EPIX.

MET-1 Patents	
US	4,899,755
US-CIP	4,880,008
PCT	WO 86/06605
EPO	222,886
CANADA	1,264,663
HONG KONG	1,000,311
LATVIA	11,981
SINGAPORE	43,886

Schedule 6 (xiii)

Licenses Granted by Debtor

Strategic Collaboration Agreement dated June 9, 2000 with Schering AG

Amendment No. 1 to Strategic Collaboration Agreement dated December 22, 2000 with Schering AG

Worldwide License Agreement dated September 25, 2001 with Bracco Imaging SPA

Amended and Restated Strategic Collaboration Agreement dated June 9, 2000 with Tyco/Mallinckrodt Inc

Development and License Agreement dated March 29, 1996, as amended October 4, 1999 with Daiichi Radioisotope Laboratories, Ltd

Reacquisition Agreement dated December 22, 2000 with Daiichi Radioisotope Laboratories, Ltd