

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

NEUROLOGIX INC/DE

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 27, 2005

Neurologix, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE

0-13347

06-1582875

(State or other jurisdiction of
incorporation or organization)

(Commission
File Number)

I.R.S. Employer
Identification No.)

ONE BRIDGE PLAZA, FORT LEE, NEW JERSEY

07024

(Address of principal executive offices)

(Zip Code)

(201) 592-6451

(Registrant's telephone number,
including area code)

None

(Former name, former address and former fiscal year,
if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[] Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)

[] Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)

[] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Item 1.01 Entry into a Material Definitive Agreement

On April 27, 2005, Neurologix, Inc. (the "Company") issued and sold 1,141,552 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"), and a warrant to purchase 285,388 shares of Common Stock (the "Warrant") to Medtronic International, Ltd., a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Medtronic, Inc., a Minnesota corporation ("Medtronic"), pursuant to a Stock Purchase Agreement, dated as of April 27, 2005 (the "Stock Purchase Agreement"), a warrant certificate (the "Warrant Certificate" or the "Warrant") and a Registration Rights Agreement, dated as of April 27, 2005, by and among the Company and the Purchaser (the "Registration Rights Agreement"). The Company also entered into a Development and Manufacturing Agreement, dated as of April 27, 2005 with Medtronic (the "Development Agreement").

The following is a brief summary of the transactions and the operative agreements. This summary is qualified in its entirety by reference to the full text of the Stock Purchase Agreement, the Warrant Certificate and the Registration Rights Agreement, which are attached hereto as Exhibits 10.1, 10.2, and 10.3, respectively.

Stock Purchase Agreement

Pursuant to the Stock Purchase Agreement, the Company issued and sold to Purchaser 1,141,552 shares of Common Stock for a price of \$1.752 per share or an aggregate price of \$2,000,000. In addition, the Company issued and sold to Purchaser the Warrant to purchase a total of 285,388 shares of Common Stock (see "Warrant" below).

The Stock Purchase Agreement provides that the Purchaser may transfer Common Stock only in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and that shares of Common Stock shall bear an appropriate legend regarding the restriction on transferability.

Registration Rights Agreement

The Registration Rights Agreement provides for registration rights for all the shares of Common Stock previously held by the Purchaser, the shares of Common Stock purchased by the Purchaser pursuant to the Stock Purchase Agreement, and the shares of Common Stock underlying the Warrant (collectively, the "Registrable Securities"). If the Company registers any equity securities for sale to the public on any form which permits the inclusion of securities held by the holder, the holder may request their Registrable Securities to be

included in such registration.

The Registration Rights Agreement provides that the Company shall become listed on the Nasdaq Smallcap Market or another nationally-recognized exchange or quotation system as soon as it is eligible to do so. As soon as the Company becomes eligible to file a shelf registration statement on Form S-3, the Company shall provide notice to the holder. The Company shall file a shelf registration statement within thirty days of a written request by the holder to do so, and generally keep such registration statement effective for a two year period.

At any time following August 4, 2005, the holders of a majority of the Registrable Securities may request in writing that the Company effect the registration of all of their Registrable Securities. The Company will be required to effect up to two such registrations, and the second registration generally may not be requested until six months after the first registration becomes effective. No such request for registration may be made after a shelf registration statement becomes effective.

The Registration Rights Agreement also provides that the Company will not grant to any other person or entity registration rights more favorable than the rights granted to the Purchaser.

Warrant

As described above, pursuant to the Stock Purchase Agreement, the Company has issued the Warrant to purchase a total of 285,388 shares of Common Stock substantially in the form attached hereto as Exhibit 10.2. The Warrant may be exercised, in full or in part, at any time prior to the fifth anniversary of the issuance thereof, at an exercise price of \$2.19 per share of underlying Common Stock (the "Warrant Shares"). The Company has the option to call the Warrant following the thirtieth month after the date of issuance, provided that at such time there will be a shelf registration statement effective for at least six months covering the shares of Common Stock underlying the Warrant. If the holder does not exercise the Warrant once the call option requirements have been met, the Company may redeem the Warrant at a price of \$0.01 per Warrant Share.

The Warrant and the underlying Common Stock may not be transferred by the holder thereof, except pursuant to the Securities Act. The underlying Common Stock, when issued, must bear a legend reflecting this restriction on transfer.

Development Agreement

The Development Agreement provides that the Company will use its experience in technology relating to biologics for the treatment of Parkinson's Disease and temporal lobe epilepsy and Medtronic will use its experience in delivery systems for biologic and pharmaceutical compositions to collaborate on

a project through which Medtronic will develop a system for delivering biologics (the "Product").

Pursuant to the Development Agreement, the Company will pay certain development costs to Medtronic over the course of the project based upon development milestones. Following regulatory approval and commercialization of the Product, Medtronic and the Company will have a revenue sharing arrangement based on sales of the Product.

The Development Agreement will be in place for two years and will renew automatically for successive one-year periods thereafter, unless either party gives the other at least sixty days prior written notice of its intent not to renew.

The Development Agreement provides that the Company will use Medtronic products for clinical studies relating to Parkinson's Disease and temporal lobe epilepsy.

The Development Agreement further provides that each of the parties shall have certain ownership rights to portions of the intellectual property associated with the project.

Item 3.02 Unregistered Sales of Equity Securities

As disclosed under Item 1.01 hereof and Item 1.01 of the Current Report on Form 8-K filed by the Company on April 8, 2005, between April 8, 2005 and April 27, 2005, the Company sold 1,180,014 shares of Common Stock and warrants to purchase 295,003 shares of Common Stock. The aggregate consideration received by the Company in connection with these transactions was \$2,050,000. No underwriting discounts or commissions were paid by the Company in connection with these transactions. The transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, and Section 506 of Regulation D promulgated thereunder. The Company relied, as applicable, upon the representations made by the purchasers of such securities in determining that such exemptions were available.

The description of the Warrant set forth in Item 1.01 above as well as the description of the warrants set forth in Item 1.01 of the Current Report on Form 8-K filed by the Company on February 10, 2005 are incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

On May 2, 2005, the Registrant issued a press release announcing that on April 27, 2005 it consummated the transactions described in Item 1.01 hereto. A copy of such press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

See Exhibit Index below.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NEUROLOGIX, INC.

Date: May 2, 2005

By: /s/ Mark S. Hoffman

Name: Mark S. Hoffman

Title: Secretary and Treasurer

EXHIBIT INDEX

Number	Title
10.1	Stock Purchase Agreement, dated as of April 27, 2005, by and among Neurologix, Inc. and Medtronic International, Ltd.
10.2	Warrant Certificate
10.3	Registration Rights Agreement, dated as of April 27, 2005, by and among Neurologix, Inc. and Medtronic International, Ltd.
99.1	Press Release, dated May 2, 2005

STOCK PURCHASE AGREEMENT

dated as of April 27, 2005

by and among

NEUROLOGIX, INC.,

and

Medtronic International, Ltd.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of this 27th day of April, 2005 by and among Neurologix, Inc., a Delaware corporation (the "Company") and Medtronic International, Ltd., a Delaware corporation (the "Purchaser").

WHEREAS, the Company desires to issue and to sell to the Purchaser, and the Purchaser desires to purchase from the Company, shares (the "Shares") of the Company's common stock, par value \$0.001 per share (the "Common Stock"), and a warrant to purchase shares of Common Stock (the "Warrant") pursuant to the warrant certificate substantially in the form attached hereto as Exhibit A (the "Warrant Certificate"), all in accordance with the terms and provisions of this Agreement;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Purchaser hereby agree as follows:

Section 1. Purchase and Sale of Securities.

(a) Upon the terms and subject to the conditions herein contained, at the Closing (as defined in Section 2.1), the Company shall issue and sell to Purchaser, and Purchaser shall purchase from the Company, One Million, One Hundred Forty-One Thousand, Five Hundred Fifty-Two (1,141,552) Shares of the Company's Common Stock at a price per share of One and 752/1000 Dollars (\$1.752) and for an aggregate purchase price of Two Million and NO/100 Dollars (\$2,000,000.00) (the "Purchase Price") and a warrant to acquire Two Hundred Eighty-Five Thousand, Three Hundred Eighty-Eight (285,388) Shares of the Company's Common Stock at an exercise price of Two and 19/100 Dollars (\$2.19) per Share pursuant to the terms of the Warrant Certificate.

Section 2. The Closing.

2.1 The Closing.

(a) The issuance, sale and purchase of the Shares and the Warrant by the Purchaser upon the terms and conditions hereof shall take place at a closing (the "Closing"), the Closing shall be held, subject to the satisfaction (or waiver) of the conditions thereto set forth in Section 2.2(b) and Section 2.2(a) below, at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036 at 10:00 a.m. on April 27, 2005 or such other date, time and place as may be mutually agreed upon by the Company and the Purchaser. The date on which the Closing actually occurs is referred to herein as the "Closing Date."

(b) The Company shall have provided wire transfer instructions to Purchaser for the payment of the Purchase Price prior to the Closing.

(c) The Closing shall be subject to the satisfaction or waiver by the Company and each Purchaser of the conditions set forth in Sections 2.2(b) and (a), respectively.

2.2 Conditions to Closing.

(a) The Company's obligation to complete the purchase and sale of the Shares and Warrants is subject to the satisfaction, at or before the Closing of each of the following conditions, provided that these conditions are for the sole benefit of the Company and may be waived in writing by the Company at any time in its sole discretion:

(i) receipt by the Company of immediately available funds in the full amount of the Purchase Price from Purchaser, in accordance with the wire transfer instructions delivered by the Company to Purchaser pursuant to Section 2.1(b);

(ii) the accuracy in all material respects of the representations and warranties made by each Purchaser in Section 4 below as of the date hereof and the Closing Date and the fulfillment

in all material respects of those undertakings of each Purchaser in this Agreement to be fulfilled on or prior to the Closing Date;

(iii) Purchaser's execution and delivery of the Warrant Certificate and the Registration Rights Agreement substantially in the form attached hereto as Exhibit B (the "Registration Rights Agreement"); and

(iv) the contemporaneous execution by the Company and Medtronic, Inc., a Minnesota corporation ("Medtronic") of that certain Development and Manufacturing Agreement (the "Development Agreement") of even date herewith.

(b) Purchaser's obligation to complete the purchase and sale of the Shares and Warrants is subject to the satisfaction, at or before the Closing of each of the following conditions, provided that such conditions are for the Purchaser's sole benefit and may be waived in writing by the Purchaser at any time in the Purchaser's sole discretion:

(i) the Company's delivery to Purchaser of one or more certificates representing the Shares being purchased by Purchaser, and one or more Warrant Certificates representing the Warrants being purchased by such Purchaser;

(ii) the Company's execution and delivery of this Agreement and the Registration Rights Agreement;

(iii) the contemporaneous execution by the Company and Medtronic of the Development Agreement;

(iv) the Common Stock shall be listed on the OTCBB, the Nasdaq National Market ("NNM"), the Nasdaq SmallCap Market ("SmallCap"), the New York Stock Exchange ("NYSE"), the OTC Bulletin Board or successor entity (e.g., BBX Market) ("OTCBB") or the American Stock Exchange ("AMEX") and trading in the Common Stock thereon (or any such exchange, market, automated quotation system generally) shall not have been suspended;

(v) the accuracy in all material respects of the representations and warranties made by the Company in Section 3 below as of the date hereof and the fulfillment in all material respects of those undertakings of the Company in this Agreement to be fulfilled on or prior to the Closing Date;

(vi) no statute, rule, regulation, executive order, decree, ruling, injunction, action or proceeding shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which questions the validity of, challenges or prohibits the consummation of, any of the transactions contemplated by this

Agreement; and

(vii) The Secretary of the Company shall deliver to the Purchaser at the Closing a certificate stating that all Board of Directors and stockholder approvals necessary to authorize the performance by the Company of its obligations contemplated by this Agreement have been obtained and attaching thereto: (i) a copy of the Certificate of Incorporation (with any and all certificates of designation) and the Bylaws (as amended through the date of the Closing), certified by the Secretary of the Company as the true and correct copies thereof as of the Closing; and (ii) a copy of the resolutions of the Board of Directors and, if required, the stockholders of the Company, authorizing the execution and delivery of this Agreement and the Registration Rights Agreement, the issuance of the Securities and other matters contemplated hereby.

2.3 Anti-Dilution Provision.

(a) If the Company shall, at any time prior to the first anniversary of the Closing Date, issue any shares of Common Stock, options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities for consideration per share less than One and 752/1000 Dollars (\$1.752) (as appropriately adjusted for any stock split, combination, reorganization, recapitalization, reclassification, stock dividend or stock distribution), then within 14 days of such issuance, the Company shall issue to Purchaser a number of shares of Common Stock such that the total number of shares of Common Stock issued to Purchaser pursuant to Section 1 and this Section 2.3 is equal to Purchaser's Purchase Price divided by the Adjusted Per Share Purchase Price. For the purposes of this Section 2.3, "Adjusted Per Share Purchase Price" shall mean (a) One and 752/1000 Dollars (\$1.752) multiplied by (b) a fraction of which (x) the numerator shall be the sum of (i) the number of shares of Common Stock outstanding on a fully-diluted basis immediately prior to such issuance and (ii) the number of additional shares of Common Stock which the aggregate consideration for the number of shares of Common Stock so offered would purchase at a price of One and 752/1000 Dollars (\$1.752) per share and (y) the denominator shall be the number of shares of Common Stock outstanding on a fully-diluted basis immediately after such issuance.

(b) Exceptions. Section 2.3 shall not apply to (i) any shares of Common Stock issuable upon the conversion of shares of the Company's currently outstanding convertible preferred stock; (ii) securities issued pursuant to a strategic acquisition by the Company approved by the Board of Directors of any product, technology, know-how or business by merger, asset purchase, stock purchase or any other reorganization; provided, the Company is the surviving corporation after such transaction; (iii) securities issued to employees or directors of the Company pursuant to an employee stock option plan or stock incentive plan approved by the Board of Directors; (iv) securities issued to banks, landlords, lenders or equipment lessors in connection with debt financings approved by the Board of Directors; or (v) securities issued to

a strategic partner as an equity incentive, if approved by the Board of Directors, where the primary purpose of the transaction is not a financing.

(c) For purposes of this Section 2.3, "fully diluted basis" shall be determined in accordance with Generally Accepted Accounting Principles.

Section 3. Representations and Warranties of the Company.

The Company hereby represents and warrants to Purchaser as of the Closing Date (or such other date specified below) as follows:

3.1 Organization and Qualification. Each of the Company and Neurologix Research, Inc., a Delaware corporation and wholly-owned Subsidiary of the Company ("NRI"), is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. All of the outstanding shares of capital stock of the Company and NRI are validly issued, fully paid and non-assessable, and all such shares of NRI are owned by the Company free and clear of any liens, claims or encumbrances and not subject to any option or right to purchase any such shares. Except for NRI, and 38,840 shares of common stock of Alacra, Inc. held by the Company, the Company has no other equity interest in any corporation, partnership, joint venture, limited liability company or other Person (as defined below). Each of the Company and NRI is duly qualified as a foreign corporation to do business and is in good standing (to the extent such concepts are applicable) in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect (as defined below).

(a) For the purposes of this Agreement:

(i) "Subsidiary" shall mean any corporation, association, trust, limited liability company, partnership, joint venture or other business association or entity (i) at least 50% of the outstanding voting securities of which are at the time owned or controlled, directly or indirectly, by the Company; or (ii) with respect to which the Company possesses, directly or indirectly, the power to direct or cause the direction of the affairs or management of such Person.

(ii) "Person" shall mean an individual, corporation, limited liability company, joint venture, partnership, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable law.

(iii) "Material Adverse Effect" shall mean any material adverse effect, or any development that could reasonably be expected to result in a material adverse effect, on the business, properties, assets, operations, results of operations or condition

(financial or otherwise) of a Person and its Subsidiaries, taken as a whole, or on the transactions contemplated hereby or by the agreements and instruments to be entered into in connection herewith, or on the authority or ability of such Person to timely perform its obligations under this Agreement, the Registration Rights Agreement and the Warrant Certificate (collectively, the "Transaction Documents").

3.2 Authorization, Enforcement and Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under the Transaction Documents and to issue the Shares, the Warrants and the shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares") in accordance with the terms thereof. The execution and delivery by the Company of the Transaction Documents and the consummation by it of the transactions contemplated thereby have been duly authorized by the Company's Board of Directors and no further consent or authorization is required of the Company's Board of Directors. No authorization or consent by any stockholders of the Company is required for execution and delivery by the Company of the Transaction Documents and the consummation by it of the transactions contemplated thereby. Upon the execution and delivery of such Transaction Documents, such Transaction Documents shall constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies or except to the extent indemnification provisions contained in the Transaction Documents may be limited by applicable federal or state securities laws.

3.3 Capitalization. The authorized capital stock of the Company consists of 60,000,000 shares of Common Stock and 5,000,000 shares of preferred stock, par value \$0.10 per share (the "Preferred Shares"), of which 300,000 shares have been designated Series A Preferred Stock (the "Series A Preferred Stock") and 4,000,000 shares have been designated Series B Preferred Stock (the "Series B Preferred Stock"). As of April 22, 2005, (x) 24,953,993 Common Stock shares are issued and outstanding, 645 Series A Preferred Stock are issued and outstanding and no shares of Series B Preferred Stock are issued and outstanding, (y) 2,443,459 shares of Common Stock are reserved for issuance upon exercise of outstanding options to purchase Common Stock shares and (z) 621,478 shares of Common Stock are reserved for issuance upon exercise of warrants to purchase Common Stock (the "Old Warrants"). Except as set forth in this Section 3.3 and as contemplated by this Agreement, there are no outstanding options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. The issuance and sale of the Shares and Warrants hereunder will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities.

3.4 Issuance Of Shares. The Shares and the Warrant Shares are duly authorized and, upon issuance in accordance with the terms of this Agreement and the Warrant Certificate, as the case may be, shall be validly issued, fully paid and non-assessable, and shall not be subject to preemptive rights or other similar rights of any other Person. The Company has duly reserved for issuance upon exercise of the Warrants a number of shares of Common Stock equal to the number of Warrant Shares issuable upon exercise of all Warrants purchased by the Purchasers hereunder.

3.5 No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents to which it is a party and the consummation by the Company of the transactions contemplated thereby will not (i) result in a violation of the Company's certificate of incorporation or bylaws; (ii) conflict with, constitute a default under or give to others any rights of termination, cancellation or amendment or acceleration of, any material agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party; or (iii) result in a violation of any law, rule, regulation, order, judgment or decree applicable to the Company or any of its Subsidiaries, except to the extent that such violation would not have a Material Adverse Effect.

3.6 SEC Documents; Financial Statements. The Company has filed all documents required to be filed by it prior to the date hereof with the Securities and Exchange Commission (the "SEC") pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Securities Act of 1933, as amended (the "Securities Act") (the "SEC Documents"). As of the date of filing thereof, each SEC Document complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Document. None of the SEC Documents, as of the date filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings made prior to the date hereof). As of their respective dates, the financial statements of the Company included in the SEC Documents complied in all material respects with applicable accounting requirements and the published rules and regulations of the SEC applicable with respect thereto. Such financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present the financial position of the Company as of the dates thereof and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to immaterial year-end audit adjustments). Except as set forth in the financial statements of the Company or the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended

December 31, 2004 filed with the SEC on March 30, 2005 (the "2004 Form 10-K"), the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to the date of such financial statements and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under GAAP to be reflected in such financial statements, which liabilities and obligations referred to in clauses (i) and (ii), individually or in the aggregate, are not material to the financial condition or operating results of the Company.

3.7 Litigation. There are no actions, suits, arbitrations or proceedings, including any governmental proceeding, pending, or to the knowledge of the Company, threatened, against, relating to or affecting the Company or any of its Subsidiaries, except as would not have a Material Adverse Effect. To the knowledge of the Company, there are no facts which, if known by a potential claimant or governmental authority, would give rise to a claim or proceeding which, if asserted or conducted, would have a Material Adverse Effect on the Company.

3.8 Absence Of Certain Changes. Since December 31, 2004, there has been no change or development in the business, properties, operations, financial condition or results of operations of the Company which could have a Material Adverse Effect, except as disclosed in the 2004 Form 10-K.

3.9 Brokers or Finders. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by the Transaction Documents based upon arrangements made by or on behalf of the Company.

3.10 Solicitation; Other Issuances of Securities. Neither the Company nor any of its Subsidiaries or affiliates, nor any Person acting on its or their behalf, (i) has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Shares, the Warrants or the Warrant Shares (collectively, the "Securities"), (ii) has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security that would require registration of the Securities under the Securities Act, or (iii) has issued any shares of Common Stock or shares of any series of preferred stock or other securities or instruments convertible into, exchangeable for or otherwise entitling the holder thereof to acquire shares of Common Stock which would be integrated with the sale of the Securities to the Purchasers for purposes of the Securities Act or of any applicable stockholder approval provisions, nor will the Company or any of its Subsidiaries or affiliates take any action or steps that would require registration of any of the Securities under the Securities Act or cause the offering of the Securities to be integrated with other offerings. Assuming the accuracy of the representations and warranties of the Purchasers in Section 4 hereof, the offer and sale of the Securities by the Company to the Purchasers pursuant to this Agreement will be exempt from the registration requirements of the Securities Act.

3.11 Intellectual Property.

(a) Except as set forth on Schedule 3.11 hereto, the Company owns, exclusively, or possesses licenses or otherwise has the right to use all material Intellectual Property necessary for or used in the conduct of its business as such business is described, generally, in the Company's 2004 Form 10-K (the "Company Intellectual Property"), free and clear of any liens of any kind, any charge, any obligation to make royalty payments, security interest, mortgage, pledge, restriction, adverse claim or any other encumbrance whatsoever. No current or former stockholder, employee or consultant of the Company has any rights in or to the Company Intellectual Property. To the best of the Company's knowledge, no person or entity nor such person's or entity's business or products has infringed, misused, misappropriated or conflicted with the Company Intellectual Property or currently is infringing, misusing, misappropriating or conflicting with the Company Intellectual Property.

(b) No claim is pending against the Company or, to the Company's knowledge, threatened to the effect that the operations of the Company infringe upon or conflict with the rights of any Third Party under any Intellectual Property and, to the knowledge of the Company, there is no basis for any such claim. Company Intellectual Property owned or licensed by the Company is, to the knowledge of the Company, valid and enforceable and has not been challenged in any judicial or administrative proceeding and, to the Company's knowledge, there is no basis for any such claim. The Company has made all filings reasonably required to record its interests and has taken reasonable actions to protect the Company Intellectual Property and its rights therein.

(c) To the Company's knowledge, no Third Party with which the Company has entered into any license agreement under which Patent Rights or Know-How material to the Development Agreement are licensed from such Third Party intends to cancel or terminate such license agreement.

(d) Any defined terms used in this Section 3.11 and not defined in this Agreement shall have the meaning ascribed to them in the Development Agreement. "Knowledge" or "knowledge" means actual knowledge of a fact or the knowledge which such person could reasonably be expected to have based on reasonable inquiry and consistent with such person's duties and responsibilities. Solely for the purposes of Section 3.11(b), knowledge of the Company shall be the knowledge, as so defined, of the Company's officers or directors or of Dr. Michael G. Kaplitt or Dr. Matthew During, respectively.

3.12 Acknowledgment Regarding Purchaser's Purchase of the Securities. The Company acknowledges and agrees that the Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement or the transactions contemplated hereby, the relationship between the Company and the Purchaser is "arms-length" and, except for the Purchaser's representations and warranties in Section 4 hereof, any statement made by Purchaser or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereby is

merely incidental to the Purchaser's purchase of the Securities and has not been relied upon by the Company, its officers or directors in any way. The Company further acknowledges that the Company's decision to enter into this Agreement has been based solely on an independent evaluation by the Company and its representatives.

3.13 Tax Status. The Company has timely made or filed all foreign, U.S. federal, state and local income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and has paid all taxes and other governmental assessments and charges, shown or determined to be due on such returns, reports and declarations, as well as any other taxes and other governmental assessments and charges which have become due or payable, except those being contested in good faith, and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes, assessments, charges or penalties claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to any statute of limitations relating to the assessment or collection of any federal, state or local tax. None of the Company's tax returns are presently being audited by any taxing authority.

3.14 Investment Company. The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 4. Representations and Warranties of the Purchaser.

The Purchaser hereby represents and warrants to the Company as of the Closing Date as follows:

4.1 Organization. Purchaser is an entity duly organized and validly existing in good standing under the laws of its jurisdiction of organization.

4.2 Authorization, Enforcement, and Validity. Purchaser has the requisite power and authority to enter into each of the Transaction Documents and to consummate the transactions contemplated thereby. Purchaser has taken all necessary action to authorize the execution, delivery and performance of the Transaction Documents. Each of the Transaction Documents, upon the execution and delivery thereof, shall constitute a valid and binding obligation of Purchaser enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies or except to the extent indemnification provisions contained in the Transaction Documents may be limited by applicable federal or state securities laws.

4.3 Investment Experience. Purchaser is an accredited investor within the meaning of Rule 501 of Regulation D promulgated under the Securities Act.

4.4 Investment Intent And Limitation On Dispositions.

Purchaser is acquiring the Securities for its own account for investment only and has no intention of selling or distributing any of such Securities or any arrangement or understanding with any other Persons regarding the sale or distribution of such Securities except in accordance with the provisions of Section 5 hereof and except as would not result in a violation of the Securities Act. Purchaser shall not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Securities except in accordance with the provisions of Section 5 or pursuant to and in accordance with the Securities Act.

4.5 Information And Risk.

(a) Purchaser has had an opportunity to discuss the Company's business, management and financial affairs with its management and also had an opportunity to ask questions and receive answers of officers of the Company.

(b) Purchaser recognizes that an investment in the Securities involves a high degree of risk, including a risk of total loss of such Purchaser's investment. Such Purchaser is able to bear the economic risk of holding the Securities for an indefinite period, and has knowledge and experience in the financial and business matters such that it is capable of evaluating the risks of the investment in the Securities.

(c) Purchaser has, in connection with such Purchaser's decision to purchase the Securities, not relied upon any representations or other information (whether oral or written) other than as set forth in the representations and warranties of the Company contained herein, the SEC Documents and the other information described in Section 4.5(a) hereto.

4.6 Disclosures to the Company. Purchaser understands that the Company is relying on the statements contained herein to establish an exemption from registration under federal and state securities laws.

4.7 Brokers or Finders. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of such Purchaser.

4.8 Acknowledgment Regarding the Company's Sale of the Securities. Purchaser acknowledges and agrees that the Company is not acting as a financial advisor or fiduciary of Purchaser (or in any similar capacity) with respect to this Agreement or the transactions contemplated hereby, the relationship between Purchaser and the Company is "arms-length" and, except for the Company's representations and warranties in Section 3 hereof, any statement made by the Company or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereby is merely incidental to the Company's sale of the Securities and has not been relied upon by Purchaser, its officers or directors in any way. Purchaser further acknowledges that

Purchaser's decision to enter into this Agreement has been based solely on an independent evaluation by Purchaser and its representatives.

Section 5. Compliance with the Securities Act.

5.1 Restrictions on Transferability.

(a) Purchaser agrees that it will not effect any disposition of the Securities that would constitute a sale within the meaning of the Securities Act or pursuant to any applicable state securities or Blue Sky laws, except as contemplated in any registration statement filed pursuant to the Registration Rights Agreement (a "Registration Statement"), pursuant to the requirements of Rule 144 promulgated under the Securities Act of 1933 ("Rule 144") (in which case such Purchaser will provide the Company with reasonable evidence of such Purchaser's compliance therewith) or pursuant to a written opinion of legal counsel reasonably satisfactory to the Company and addressed to the Company to the effect that registration is not required in connection with the proposed transfer; whereupon the holder of such securities shall be entitled to transfer such securities. Each certificate evidencing the securities transferred as above provided shall bear the appropriate restrictive legends as may be required by Section 6 hereof. Purchaser shall cause any proposed transferee of the Securities held by such Purchaser to agree to take and hold such Securities subject to the provisions and upon the conditions specified in this Section 5 if and to the extent that such Securities continue to be restricted securities in the hands of the transferee.

5.2 Termination Of Conditions And Obligations. The conditions precedent imposed by Section 5.1 above regarding the transferability of the Securities shall not apply as to any particular number of the Securities covered by an effective registration statement with respect to such Securities and shall cease and terminate upon the date on which Purchaser is eligible to sell such Securities then held by Purchaser without registration by reason of Rule 144 or any other rule of similar effect.

Section 6. Legend.

(a) Purchaser understands and agrees that each certificate or other document evidencing any of the Shares shall be endorsed with the legend in the form set forth below, and Purchaser covenants that Purchaser will not transfer the shares represented by any such certificate without complying with the restrictions on transfer described in the legend endorsed on such certificate (unless there is in effect a registration statement under the Securities Act covering such proposed transfer, such securities have been sold under Rule 144 or as otherwise permitted by the provisions of Section 5 above) and understands that the Company will refuse to register a transfer of any Shares unless the conditions specified in the following legend are satisfied:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. EXCEPT AS SPECIFIED IN THIS LEGEND, SUCH SHARES MAY NOT BE SOLD,

OFFERED FOR SALE, PLEDGED OR HYPOTHECATED, OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT THERETO UNDER SUCH ACT UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT OR UNLESS SUCH SALE, PLEDGE, HYPOTHECATION OR TRANSFER IS OTHERWISE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS, SUBJECT TO DELIVERY OF A WRITTEN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED IN CONNECTION WITH SUCH SALE OR OTHER TRANSFER."

(b) Such certificates shall not contain any legend (i) following any sale of such Shares pursuant to an effective Registration Statement or Rule 144, or (ii) if such Shares are eligible for sale under Rule 144. At such time as a legend is no longer required for certain Shares, the Company shall promptly following the delivery by a Purchaser to the Company or the Company's transfer agent of a legended certificate representing such securities, deliver or cause to be delivered to such Purchaser a certificate representing such securities that is free from all restrictive and other legends.

Section 7. Covenants.

7.1 Best Efforts. The parties shall use their reasonable best efforts timely to satisfy each of the conditions described in Section 2.2(a) and Section 2.2(b) of this Agreement.

7.2 Board Observation Rights.

(a) For so long as Purchaser (together with any affiliates) beneficially owns at least four percent (4%) of the total number of outstanding shares of the Company's Common Stock, including in such calculation for purposes of determining Purchaser's beneficial ownership percentage, the Warrant Shares, or the Development Agreement is in place, and in any event, for a minimum of three (3) years: (A) the Company shall deliver to Purchaser, at the same time and in the same manner as such information is supplied to members of the Company's Board of Directors, (1) written notice of all meetings of the Company's Board of Directors, including without limitation, telephonic meetings, and all agendas and other information distributed in connection with such meetings, (2) all written actions and consents prepared for distribution to and consideration by the Company's Board of Directors, together with all information distributed in connection with such written actions and consents, and (3) minutes of all meetings of the Company's Board of Directors; and (B) one representative designated by Purchaser (the "Representative") shall be permitted to attend, in a non-voting capacity, all meetings of the Company's Board of Directors. The Company shall make reasonable efforts to permit the Representative to participate in meetings by telephone if the Representative is unable to attend in person. The Company reserves the right not to provide information with respect to and to exclude such Representative from any meeting of the Company's Board of Directors or portion thereof if: (i) the Chairman of the Company's Board of Directors or the Company's Chief Executive Officer reasonably determines in good faith that attendance at such meeting by such

Representative or dissemination of any information at such meeting would compromise or adversely affect the attorney-client privilege between the Company and its legal counsel; or, (ii) the Chairman of the Company's Board of Directors or the Company's Chief Executive Officer reasonably determines in good faith that the topic(s) to be discussed at a meeting of the Board of Directors of the Company will involve subject matter as to which the Purchaser has or would have a conflict of interest that cannot otherwise be resolved or will involve subject matter that is particularly sensitive to the Company; and, in any case (iii) the Company, if at all feasible, delivers written notice to Purchaser and the Representative immediately after such determination is made, explaining in reasonable detail the reasons supporting such determination.

(b) The Representative's attendance at the meetings of the Company's Board of Directors shall be subject to the provisions of Section 7.5, below.

7.3 Reservation of Shares. The Company shall at all times have authorized and reserved for issuance a sufficient number of shares of the Company's Common Stock to provide for the issuance of the Warrant Shares upon exercise of the Warrants.

7.4 Inspection of Properties and Books. For so long as Purchaser (together with any affiliates) beneficially owns at least four percent (4%) of the total number of outstanding shares of the Company's Common Stock, including in such calculation for purposes of determining Purchaser's beneficial ownership percentage, the Warrant Shares, or the Development Agreement is in place, and in any event, for a minimum of three (3) years, Purchaser and its representatives and agents (collectively, the "Inspectors") shall have the right upon reasonable notice to the Company and during business hours, at the Purchaser's expense, to visit and inspect any of the properties of the Company, to examine the books of account and financial records of the Company, to make or be provided with copies and extracts therefrom, to discuss the financial affairs, finances and accounts of the Company with, and to be advised as to the same by, its and their officers, employees and independent public accountants (and by this provision the Company authorizes such accountants to discuss such affairs, finances and accounts, whether or not a representative of the Company is present) all at such reasonable times and intervals and to such reasonable extent as the Purchaser may desire; provided, however, that each Inspector shall be subject to the provisions of Section 7.5 hereof.

7.5 Confidentiality.

(a) Without limiting the application or content of Section 6.5 of the Development Agreement in any way and making specific reference to the provisions thereof, the Purchaser will and will cause the Inspectors, if any, and the Representative to safeguard all confidential information of the Company (the "Information") as Purchaser would safeguard information about itself of like importance, but in any event using no less than reasonable care. Any disclosure of Information that is made to Purchaser's employees or consultants will be made only to those who have a need to know the Information,

will be subject to the provisions of this Section 7.5 and shall be made only to those employees or consultants of Purchaser who have been advised of the confidentiality provisions of this Section 7.5. Purchaser is responsible for any disclosure of Information by the Inspectors, the Representative or Purchaser's employees or consultants other than pursuant to the terms of this Agreement. The Company agrees not to seek damages from an individual employee, officer, or director of the Purchaser except for willful misconduct.

(b) Except to the extent that, on the advice of counsel, the Representative is compelled by law to disclose any item or any Information (as contemplated by Section 7.5(d), below), if any item or any Information that the Company reasonably deems to be particularly sensitive, in light of Representative's employment by Purchaser and Purchaser's presence in and focus on the medical device and medical technology industries, comes to be known by the Representative solely as a result of such Representative's observation of activities of the Company's Board of Directors (a "Disclosure Item"), the Company shall have up to five (5) business days (the "Board Notification Period") from the disclosure thereof to identify the Disclosure Item to the Representative. If the Disclosure Item is identified to the Representative with reasonable specificity by providing written notice (the "Disclosure Notice") thereof prior to the expiration of Board Notification Period, then the Representative shall be bound not to communicate the Disclosure Item to Purchaser or any of Purchaser's other employees or personnel or to otherwise use such a Disclosure Item. Notwithstanding the foregoing, Company will take all reasonable precautions to prevent disclosure of such Disclosure Items to Representative and Representative shall take reasonable precautions to prevent any further communication or use of any item or information which might reasonably be considered a Disclosure Item for at least the duration of any Board Notification Period. In the event that any item or any information is communicated by the Representative to Purchaser or any of Purchaser's other employees or personnel or is otherwise utilized in any fashion prior to the expiration of the Board Notification Period and such item or information is subsequently determined by the Company to be a Disclosure Item and is the subject of a timely Disclosure Notice, the Representative and the Purchaser shall take reasonable precautions to prevent any additional communication or disclosure thereof and to inform any person or entity to whom such disclosure or communication of such a Disclosure Item has been made of the confidential nature of the Disclosure Item.

(c) The preceding Sections 7.5(a) and (b) will not apply to any information that (i) was known to Purchaser before this Agreement, as evidenced by written records, except as may be subject to a separate obligation of confidentiality; (ii) is disclosed without restriction to Purchaser in good faith by a third party who is in lawful possession thereof and who has the right to make such disclosure; (iii) is or will have become public knowledge, by publication or otherwise, through no fault of the Representative, the Inspectors or Purchaser; (iv) is independently developed by Purchaser, completely without utilizing Information; (v) is transmitted by the Company after receiving notification in writing by the receiving party that the receiving party does not desire to receive any further Information; or (vi) is reasonably related to the Development Agreement.

(d) In the event that, on the advice of counsel, either the Representative, the Inspectors or Purchaser is compelled by law to disclose the Information, Purchaser will notify the Company in advance of such disclosure about the need for, and the exact text of, any such disclosure so that the Company may seek a protective order or other remedy. Purchaser will, and will cause the Inspectors and the Representative to, take every reasonable action to ensure protection of the disclosed Information to the extent allowable by law. Purchaser shall cause its Representative to execute an agreement for the benefit of the Company acknowledging such Representative's understanding of the provisions of this Section 7 and agreeing to be bound by the terms hereof and each of the Purchaser, the Company and the Representative shall agree as to the specific terms and provisions of that agreement.

Section 8. Notices.

(a) All notices, requests, consents and other communications hereunder shall be in writing, shall be mailed by first-class registered or certified airmail, confirmed facsimile or nationally recognized overnight express courier postage prepaid, and shall be as addressed as follows:

if to the Company, to:

Neurologix, Inc.
One Bridge Plaza
Fort Lee, New Jersey
Attention: Mark S. Hoffman
Telephone No.: 201-585-7733
Telecopy No.: 201-585-9798

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
Attention: Stephen M Banker
Telephone No.: (212) 735-2760
Telecopy No.: (917) 777-2760

if to the Purchaser, separate copies addressed to:

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway
Minneapolis, Minnesota 55432-5604
Telecopy: 763-572-5459
Attention: General Counsel

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway

Minneapolis, Minnesota 55432-5604

Telecopy: 763-505-2542

Attention: Vice President and Chief Development
Officer

or at such other address as the parties each may specify by written notice to the others, and each such notice, request, consent and other communication shall for all purposes of this Agreement be treated as being effective or having been given when delivered if delivered personally, upon receipt of facsimile confirmation if transmitted by facsimile, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and postage prepaid as aforesaid.

Section 9. Miscellaneous.

9.1 Amendments. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Purchaser. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Purchaser and each holder of any Securities purchased under this Agreement at the time outstanding (including Securities into which such Securities are convertible), each future holder of all such Securities, and the Company.

9.2 Headings. The headings of the various sections of this Agreement are for convenience of reference only and shall not be deemed to be part of this Agreement.

9.3 Severability. In the event that any provision in this Agreement is held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.4 Governing Law And Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law provisions thereof, and the federal law of the United States of America. The parties hereto agree to submit to the exclusive jurisdiction of the federal and state courts of the State of New York with respect to the interpretation of this Agreement or for the purposes of any action arising out of or related to this Agreement.

9.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same instrument. In the event that any signature is delivered via facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original hereof.

9.6 Entire Agreement. This Agreement contains the entire

understanding of the parties with respect to the matters covered herein, supersedes all prior agreements and understandings with respect to such matters and executed by and among the Company and Purchaser, and, except as specifically set forth herein or therein, neither the Company nor Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters.

9.7 Expenses. Each party hereto shall pay all costs and expenses incurred by it in connection with the execution and delivery of this Agreement, and all the transactions contemplated thereby, including fees of legal counsel. Notwithstanding the foregoing, on the Closing Date, the Company shall reimburse the Purchaser for up to an aggregate of \$40,000 for reasonable legal fees and expenses payable to their outside counsel for legal services provided to them in connection with the transactions completed on the Closing Date pursuant to this Agreement. Such reimbursement may, at the Purchaser's election, be deducted from the Purchase Price payable by the Purchaser.

9.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither party shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party.

9.9 Survival. Except where a longer period is required hereunder, the representations and warranties set forth in Sections 3, 4, 7 and 9 hereof shall survive for one (1) year following the Closing notwithstanding any due diligence investigation conducted by or on behalf of the Purchaser, except that the representations and warranties contained in Section 3.11 shall be valid only until August 4, 2005. Moreover, none of the representations and warranties made by one party herein shall act as a waiver of any rights or remedies the other party may have under applicable U.S. federal or state securities laws. Except where a longer period is applicable or is required, all the covenants, agreements, obligations of the parties contained in this Agreement or any other documents, certificate, schedule or instrument delivered in connection herewith shall survive until fully performed or fulfilled. The Company shall indemnify and hold harmless the Purchaser and each of the Purchaser's officers, directors, employees, partners, members, agents and affiliates for all losses or damages (including without limitation reasonable attorneys' fees) arising as a result of or related to any breach or alleged breach by the Company of any of its representations or covenants set forth herein, including without limitation the advancement of expenses as they are incurred. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 9.9 shall be the same as those set forth in Section 2.8 of the Registration Rights Agreement, including, without limitation, those procedures with respect to the settlement of claims and the Company's right to assume the defense of claims.

9.10 Publicity. The Company and the Purchaser shall have the right to approve before issuance any press releases, Current Reports filed on Form 8-K, or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of the Purchaser to make any press release or

Current Report filed on Form 8-K with respect to such transactions as is required by applicable law and regulations (although the Company shall use commercially reasonable efforts to consult with the Purchaser in connection with any such press release and filing prior to its release and shall provide the Purchaser with copies thereof).

9.11 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

[Remainder of Page Left Blank Intentionally - Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized representatives as of the day and year set forth below.

NEUROLOGIX, INC.

By: /s/ Michael Sorell

Name: Michael Sorell

Title: Chief Executive Officer

Dated as of: April 27, 2005

MEDTRONIC INTERNATIONAL, LTD.

By: /s/ Michael D. Ellwein

Name: Michael D. Ellwein

Title: Vice President

Dated as of: April 27, 2005

WARRANT
to Purchase Common Stock of
Neurologix, Inc.

Warrant No. _____
Original Issue
Dated as of: April 27, 2005

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT OR (II) THE TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE ACT AND, IF THE CORPORATION REQUESTS, AN OPINION REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL.

Warrant No. _____

Warrant
to Purchase 285,388 Shares (Subject to Adjustment) of Common Stock of
Neurologix, Inc.

THIS IS TO CERTIFY THAT Medtronic International, Ltd. (the

"Purchaser"), or its registered assigns, is entitled, at any time prior to the Expiration Date to purchase from Neurologix, Inc., a Delaware corporation, Two Hundred Eighty-Five Thousand, Three Hundred Eighty-Eight (285,388) shares (subject to adjustment as provided herein) of Common Stock, at a purchase price of Two and 19/100 Dollars (\$2.19) per share (the initial "Exercise Price", subject to adjustment as provided herein).

Section 1. DEFINITIONS

As used in this Warrant, the following terms have the respective meanings set forth below:

"Business Day" means any day that is not a Saturday or Sunday or a day on which banks are required or permitted to be closed in the State of New York.

"Call Option" has the meaning assigned to it in Section 2.4 hereof.

"Commission" means the Securities and Exchange Commission or any other federal agency then administering the Securities Act and other federal securities laws.

"Common Stock" means the Common Stock of the Company, par value \$0.001 per share, as constituted on the Original Issue Date, and any capital stock into which such Common Stock may thereafter be changed, and shall also include (i) capital stock of the Company of any other class (regardless of how denominated) issued to the holders of shares of any Common Stock upon any reclassification thereof which is also not preferred as to dividends or liquidation over any other class of stock of the Company and which is not subject to redemption and (ii) shares of common stock of any successor or acquiring corporation received by or distributed to the holders of Common Stock of the Company in the circumstances contemplated by Section 4.7 hereof.

"Company" means Neurologix, Inc., a Delaware corporation, and any successor corporation.

"Company Call Notice" has the meaning assigned to it in Section 2.4(b) hereof.

"Designated Office" has the meaning assigned to it in Section 8 hereof.

"Exercise Date" has the meaning assigned to it in Section 2.1(a) hereof.

"Exercise Notice" has the meaning assigned to it in Section 2.1(a) hereof.

"Exercise Price" means, in respect of a share of Warrant Stock at any date herein specified, the initial Exercise Price set forth in the preamble of this Warrant as adjusted from time to time pursuant to Section 4 hereof.

"Expiration Date" with respect to any Warrant means the earlier of (i) the date that is 5 years after the Original Issue Date and (ii) the date on which such Warrant is called pursuant to Section 2.4.

"Fair Market Value" as of any date means the average closing price per share of the Common Stock as quoted on the primary securities exchange or quotation system on which the Common Stock is then listed or quoted for any ten (10) consecutive Trading Day period ending on the last Trading Day before such date.

"GAAP" means United States generally accepted accounting principles consistently applied.

"Governmental Entity" means any national, federal, state, municipal, local, territorial, foreign or other government or any department, commission, board, bureau, agency, regulatory authority or instrumentality thereof, or any court, judicial, administrative or arbitral body or public or private tribunal.

"Holder" means (a) with respect to this Warrant, the Person in whose name the Warrant set forth herein is registered on the books of the Company maintained for such purpose and (b) with respect to any other Warrant or shares of Warrant Stock, the Person in whose name such Warrant or Warrant Stock is registered on the books of the Company maintained for such purpose.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Uniform Commercial Code or comparable law of any jurisdiction).

"Original Issue Date" means April 27, 2005, the date on which the Original Warrants were issued by the Company pursuant to the Stock Purchase Agreement.

"Original Warrants" means the Warrants originally issued by the Company on April 27, 2005 pursuant to the Stock Purchase Agreement.

"Outstanding" means, when used with reference to Common Stock, at any date as of which the number of shares thereof is to be determined, all issued shares of Common Stock, except shares then owned or held by or for the account of the Company or any Subsidiary, and shall include all shares issuable in respect of outstanding options and warrants or any certificates representing fractional interests in shares of Common Stock.

"Person" shall mean an individual, corporation, limited liability company, joint venture, partnership, trust, unincorporated organization,

government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable law.

"Principal Market" shall mean (a) if the Common Stock is listed or admitted to trading on The Nasdaq Stock Market, The Nasdaq Stock Market; or (b) if the Common Stock is not listed or admitted to trading on either of The Nasdaq Stock Market, then such other securities exchange or over-the-counter market in the United States, or national quotations system in the United States, on or over which the Common Stock trades.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Stock Purchase Agreement" means the Stock Purchase Agreement by and between the Company and the Purchaser dated as of April 27, 2005, as may be amended from time to time.

"Subsidiary" means any corporation, association, trust, limited liability company, partnership, joint venture or other business association or entity (i) at least 50% of the Outstanding voting securities of which are at the time owned or controlled, directly or indirectly, by the Company; or (ii) with respect to which the Company possesses, directly or indirectly, the power to direct or cause the direction of the affairs or management of such Person.

"Trading Day" shall mean (a) if the Common Stock is listed or admitted to trading on a Principal Market, any day on which such Principal Market is open for the transaction of business; provided that the term "Trading Day" shall not include a day on which trading in the Common Stock on the Principal Market has been suspended; or (b) if the Common Stock is not listed or admitted to trading on a Principal Market, any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Transfer" means any disposition of any Warrant or Warrant Stock or of any interest therein, which would constitute a "sale" thereof or a transfer of a beneficial interest therein within the meaning of the Securities Act.

"Warrant Price" means an amount equal to (i) the number of shares of Warrant Stock being purchased upon exercise of this Warrant pursuant to Section 2.1 hereof, multiplied by (ii) the Exercise Price.

"Warrant Stock or Warrant Shares" means the shares of Common Stock issued, issuable or both (as the context may require) upon the exercise of Warrants.

"Warrants" means the Original Warrants and all Warrants issued upon transfer, division or combination of, or in substitution for, the Original Warrants, or any other Warrant subsequently issued to the Holder. All Warrants shall at all times be identical as to terms and conditions, except as to the number of shares of Warrant Stock for which they may be exercised and their

date of issuance.

Section 2. EXERCISE OF WARRANT

2.1. Manner of Exercise.

(a) From and after the Original Issue Date and at any time before 5:00 P.M., New York time, on the Expiration Date, the Holder of this Warrant may from time to time exercise this Warrant, on any Business Day, for all or any part of the number of shares of Warrant Stock (subject to adjustment as provided herein) purchasable hereunder. In order to exercise this Warrant, in whole or in part, the Holder shall (i) deliver to the Company at its Designated Office a written notice of the Holder's election to exercise this Warrant (an "Exercise Notice") substantially in the form attached to this Warrant as Annex A, which Exercise Notice shall be irrevocable and specify the number of shares of Warrant Stock to be purchased, together with this Warrant and (ii) pay to the Company the Warrant Price. The date on which such delivery and payment shall have taken place being hereinafter sometimes referred to as the "Exercise Date".

(b) Upon receipt by the Company of such Exercise Notice, surrender of this Warrant and payment of the Warrant Price (in accordance with Section 2.1(c) hereof), the Company shall, as promptly as practicable, and in any event within five (5) Business Days thereafter, execute (or cause to be executed) and deliver (or cause to be delivered) to the Holder a certificate or certificates representing the shares of Warrant Stock issuable upon such exercise, together with cash in lieu of any fraction of a share, as hereafter provided. The stock certificate or certificates so delivered shall be, to the extent possible, in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Notice and shall be registered in the name of the Holder or, subject to compliance with Section 3.2 below, such other name as shall be designated in the Exercise Notice. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Stock shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares of Warrant Stock for all purposes, as of the Exercise Date.

(c) Payment of the Warrant Price shall be made by delivery of a certified or official bank check or by wire transfer of immediately available funds in the amount of such Warrant Price payable to the order of the Company.

(d) If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing the shares of Warrant Stock being issued, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased shares of Warrant Stock called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(e) All Warrants delivered for exercise shall be canceled by the Company.

2.2. Payment of Taxes. All shares of Warrant Stock issuable upon the exercise of this Warrant pursuant to the terms hereof shall be validly issued, fully paid and nonassessable, issued without violation of any preemptive or similar rights of any stockholder of the Company and free and clear of all Liens. The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issue or delivery thereof, unless such tax or charge is imposed by law upon the Holder, in which case such taxes or charges shall be paid by the Holder. The Company shall not be required to pay any tax or governmental charge which may be imposed as a result of the exercise of this Warrant that is payable in respect of any Transfer involved in the issue and delivery of shares of Warrant Stock in a name other than that of the Holder of the Warrants to be exercised, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

2.3. Fractional Shares. The Company shall not be required to issue a fractional share of Warrant Stock upon exercise of any Warrant. As to any fraction of a share that the Holder of one or more Warrants, the rights under which are exercised in the same transaction, would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash equal to such fraction multiplied by the Fair Market Value of one share of Common Stock on the Exercise Date.

2.4. Company's Call Option.

(a) Notwithstanding Section 2.1, at any time following the thirtieth (30th) month after the Original Issue Date if the Company has filed a registration statement on Form S-3 or any successor form covering the resale from time to time of the Warrant Shares and such registration statement is effective and remains effective for six (6) months after the thirtieth (30th) month after the Original Issue Date, the Company may call any or all of the unexercised Warrants by providing written notice to the Holder as set forth below; provided, that any such Warrant may be called only if the closing price or the average of the bid and asked prices, as the case may be, of the Common Stock on the Principal Market is greater than or equal to \$4.38 per share for 10 consecutive Trading Days within any 30 Trading Day period prior to the date on which such notice is given (the "Call Option").

(b) In order to exercise the Call Option, in whole or in part, the Company shall (i) deliver to the Holder a written notice of the Company's election to exercise the Call Option, which notice shall set forth the instructions for tendering the Warrants (the "Company Call Notice"). Upon delivery of the Company Call Notice, the Holder shall have 5 Business Days to exercise this Warrant pursuant to Section 2.1 hereof. If within such 5 Business Day period, the Company does not receive from the Holder an Exercise Notice pursuant to Section 2.1(a), such Holder shall tender this Warrant to the Company in accordance with the Call Option Notice and the Company shall pay to the Holder an amount equal to the number of Shares purchasable hereunder multiplied by \$0.01 (the "Call Price"), by check or wire transfer of

immediately available funds.

(c) All Warrants delivered by any Holder to the Company pursuant to a Call Option Notice shall be canceled by the Company. Any Warrant not delivered back to the Company pursuant to a Call Option Notice for which an Exercise Notice was not received by the Company during the 5 Business Day period set forth in Section 2.4(b) shall be canceled on the books of the Company and have no further value other than the right to receive payment pursuant to Section 2.4(b).

Section 3. TRANSFER, DIVISION AND COMBINATION

3.1. Compliance with Securities Act. The Holder, by acceptance hereof, agrees to comply in all respects with the provisions of this Section 3.1 and further agrees that this Warrant and the Warrant Shares to be issued upon exercise hereof are being acquired for investment for its own account and that such Holder will not offer, sell or otherwise dispose of this Warrant or any Warrant Stock to be issued upon exercise hereof except under circumstances that will not result in a violation of the Securities Act. This Warrant and all shares of Warrant Stock issued upon exercise of this Warrant (unless registered under the Securities Act) shall be stamped or imprinted with a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT FOR DISTRIBUTION, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. EXCEPT AS SPECIFIED IN THIS LEGEND, SUCH SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED, OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT THERETO UNDER SUCH ACT UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT OR UNLESS SUCH SALE, PLEDGE, HYPOTHECATION OR TRANSFER IS OTHERWISE EXEMPT FROM REGISTRATION AND ANY APPLICABLE STATE SECURITIES LAWS, SUBJECT TO DELIVERY OF A WRITTEN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED IN CONNECTION WITH SUCH SALE OR OTHER TRANSFER."

3.2. Transfer.

(a) Each new certificate evidencing the Warrant and/or Warrant Stock so transferred shall bear the appropriate restrictive legends set forth in Section 3.1 hereof, except that such certificate shall not bear such restrictive legend, if, in the opinion of counsel for the Company, such legend is not required in order to establish or assist in compliance with any provisions of the Securities Act or any applicable state securities laws. Upon compliance with the provisions of this Section 3.2, each transfer of this Warrant and all rights hereunder, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office and compliance with the terms hereof, together with a written assignment of this Warrant in the form of Annex B

hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes described in Section 2.2 in connection with the making of such transfer. Upon such compliance, surrender and delivery and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned and this Warrant shall promptly be cancelled.

(b) Notwithstanding anything herein to the contrary, this Warrant may not be transferred by the Holder hereof except to a direct or indirect subsidiary of Medtronic, Inc., a Minnesota corporation and the owner of all of the outstanding capital stock of the Purchaser (which shall specifically exclude the Medtronic Foundation). Further, the Holder, by acceptance hereof, agrees not to sell or transfer any Warrant Shares for at least thirty-two (32) days after the exercise of this Warrant which results in the issuance of such Warrant Shares.

3.3. Mutilation or Loss. Upon receipt by the Company from any Holder of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and an indemnity reasonably satisfactory to it (it being understood that the written indemnification agreement of or affidavit of loss of the Holder shall be a sufficient indemnity) and, in case of mutilation, upon surrender and cancellation hereof, the Company will execute and deliver in lieu hereof a new Warrant of like tenor to such Holder; provided, however, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

3.4. Expenses. The Company shall prepare, issue and deliver at its own expense any new Warrant or Warrants required to be issued hereunder.

3.5. Maintenance of Books. The Company agrees to maintain, at the Designated Office, books for the registration and transfer of the Warrants.

Section 4. ANTIDILUTION PROVISIONS

The number of shares of Warrant Stock for which this Warrant is exercisable and the Exercise Price shall be subject to adjustment from time to time as set forth in this Section 4.

4.1. Upon Stock Dividends, Subdivisions or Splits. If, at any time after the Original Issue Date, the number of shares of Common Stock Outstanding is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, following the record date for the determination of holders of Common Stock entitled to receive such stock dividend, or to be affected by such subdivision or split-up, the Exercise Price shall be appropriately decreased by multiplying the Exercise Price by a fraction, the numerator of which is the number of shares of Common Stock Outstanding immediately prior to such increase and the denominator of which is the number of shares of Common Stock Outstanding immediately after

such increase in Outstanding shares.

4.2. Upon Combinations or Reverse Stock Splits. If, at any time after the Original Issue Date, the number of shares of Common Stock Outstanding is decreased by a combination or reverse stock split of the Outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, following the record date to determine shares affected by such combination or reverse stock split, the Exercise Price shall be appropriately increased by multiplying the Exercise Price by a fraction, the numerator of which is the number of shares of Common Stock Outstanding immediately prior to such decrease and the denominator of which is the number of shares of Common Stock Outstanding immediately after such decrease in Outstanding shares.

4.3. Upon Reclassifications, Reorganizations, Consolidations or Mergers. In the event of any capital reorganization of the Company, any reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or any consolidation or merger of the Company with or into another Person (where the Company is not the surviving Person or where there is a change in or distribution with respect to the Common Stock), each Warrant shall after such reorganization, reclassification, consolidation, or merger be exercisable for the kind and number of shares of stock or other securities or property of the Company or of the successor Person resulting from such consolidation or surviving such merger, if any, to which the holder of the number of shares of Common Stock deliverable (immediately prior to the time of such reorganization, reclassification, consolidation or merger) upon exercise of such Warrant would have been entitled upon such reorganization, reclassification, consolidation or merger. The provisions of this clause shall similarly apply to successive reorganizations, reclassifications, consolidations, or mergers. The Company shall not effect any such reorganization, reclassification, consolidation or merger unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such reorganization, reclassification, consolidation or merger, shall assume, by written instrument, the obligation to deliver to the Holders of the Warrant such shares of stock, securities or assets, which, in accordance with the foregoing provisions, such Holders shall be entitled to receive upon such conversion.

4.4. Upon Issuance of Common Stock.

(a) If the Company shall, at any time or from time to time between the Original Issue Date and the first anniversary thereof, issue any shares of Common Stock, options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities for consideration per share less than Two and 19/100 Dollars (\$2.19) (as appropriately adjusted for any stock split, combination, reorganization, recapitalization, reclassification, stock dividend or stock distribution), then the Exercise Price shall be appropriately decreased by multiplying:

(i) the Exercise Price in effect immediately prior to the issuance of such Common Stock by

(ii) a fraction of which (x) the numerator shall be the sum of (i) the number of shares of Common Stock Outstanding on a fully-diluted basis immediately prior to such issuance and (ii) the number of additional shares of Common Stock which the aggregate consideration for the number of shares of Common Stock so offered would purchase at the Exercise Price in effect immediately prior to such issuance and (y) the denominator shall be the number of shares of Common Stock Outstanding on a fully-diluted basis immediately after such issuance.

(b) For purposes of this Section 4.4, "fully diluted basis" shall be determined in accordance with GAAP.

4.5. Deferral in Certain Circumstances. In any case in which the provisions of this Section 4 shall require that an adjustment shall become effective immediately after a record date of an event, the Company may defer until the occurrence of such event (a) issuing to the Holder of any Warrant exercised after such record date and before the occurrence of such event the shares of capital stock issuable upon such exercise by reason of the adjustment required by such event and issuing to such Holder only the shares of capital stock issuable upon such exercise before giving effect to such adjustments, and (b) paying to such Holder any amount in cash in lieu of a fractional share of capital stock pursuant to Section 2.3 above; provided, however, that the Company shall deliver to such Holder an appropriate instrument or due bills evidencing such Holder's right to receive such additional shares or such cash.

4.6. Adjustment of Number of Shares Purchasable. Upon any adjustment of the Exercise Price as provided in Sections 4.1, 4.2 and 4.4 the Holders of the Warrants shall thereafter be entitled to purchase upon the exercise thereof, at the Exercise Price resulting from such adjustment, the number of shares of Warrant Stock (calculated to the nearest 1/100th of a share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Warrant Stock issuable on the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

4.7. Exceptions. Section 4 shall not apply to (i) any shares of Common Stock issuable upon the conversion of shares of the Company's currently outstanding convertible preferred stock; (ii) securities issued pursuant to a strategic acquisition by the Company approved by the Board of Directors of any product, technology, know-how or business by merger, asset purchase, stock purchase or any other reorganization; provided, the Company is the surviving corporation after such transaction; (iii) securities issued to employees or directors of the Company pursuant to an employee stock option plan or stock incentive plan approved by the Board of Directors; (iv) securities issued to banks, landlords, lenders or equipment lessors in connection with debt financings approved by the Board of Directors; or (v) securities issued to a strategic partner as an equity incentive, if approved by the Board of

Directors, where the primary purpose of the transaction is not a financing.

4.8. Notice of Adjustment of Exercise Price. Whenever the Exercise Price is adjusted as herein provided:

(i) the Company shall compute the adjusted Exercise Price and the adjusted number of shares of Warrant Stock acquirable in accordance with this Section 4 and shall prepare a certificate signed by the treasurer or chief financial officer of the Company setting forth the adjusted Exercise Price and the adjusted number of shares of Warrant Stock acquirable and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed at the Designated Office; and

(ii) a notice stating that the Exercise Price and the number of shares of Warrant Stock acquirable has been adjusted and setting forth the adjusted Exercise Price and the adjusted number of shares of Warrant Stock acquirable shall forthwith be prepared by the Company, and as soon as practicable after it is prepared, such notice shall be mailed by the Company at its expense to all Holders at their last addresses as they shall appear in the warrant register.

Section 5. NO IMPAIRMENT; REGULATORY COMPLIANCE AND COOPERATION; NOTICE OF EXPIRATION

5.1. The Company shall not by any action, including, without limitation, amending its charter documents or through any reorganization, reclassification, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other similar voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company shall take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Warrant Stock upon the exercise of this Warrant, free and clear of all Liens, and shall use its best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Section 6. RESERVATION AND AUTHORIZATION OF COMMON STOCK

6.1. The Company shall at all times reserve and keep available for issuance upon the exercise of the Warrants such number of its authorized but unissued shares of Common Stock as will be required for issuance of the Warrant Stock. All shares of Warrant Stock issuable pursuant to the terms hereof, when issued upon exercise of this Warrant with payment therefor in accordance with the terms hereof, shall be duly and validly issued and fully paid and nonassessable, not subject to preemptive rights and shall be free and clear of all Liens. Before taking any action that would result in an adjustment

in the number of shares of Warrant Stock for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction over such action. If any shares of Warrant Stock required to be reserved for issuance upon exercise of Warrants require registration or qualification with any Governmental Entity under any federal or state law (other than under the Securities Act or any state securities law) before such shares may be so issued, the Company will in good faith and as expeditiously as possible and at its expense endeavor to cause such shares to be duly registered.

6.2. Before taking any action that would cause an adjustment reducing the Exercise Price below the then par value (if any) of the shares of Warrant Stock deliverable upon exercise of the Warrant or that would cause the number of shares of Warrant Stock issuable upon exercise of the Warrant to exceed (when taken together with all other Outstanding shares of Common Stock) the number of shares of Common Stock that the Company is authorized to issue, the Company will take any corporate action that, in the opinion of its counsel, is necessary in order that the Company may validly and legally issue the full number of fully paid and non-assessable shares of Warrant Stock issuable upon exercise of the Warrant at such adjusted exercise price.

Section 7. NOTICE OF CORPORATE ACTIONS; TAKING OF RECORD; TRANSFER BOOKS

7.1. Notices of Corporate Actions.

In case:

(a) the Company shall grant to the holders of its Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class; or

(b) of any reclassification of the Common Stock (other than a subdivision or combination of the Outstanding shares of Common Stock), or of any consolidation, merger or share exchange to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(c) of the voluntary or involuntary dissolution, liquidation or winding up of the Company; or

(d) the Company or any Subsidiary shall commence a tender offer for all or a portion of the Outstanding shares of Common Stock (or shall amend any such tender offer to change the maximum number of shares being sought or the amount or type of consideration being offered therefor);

then the Company shall cause to be filed at the Designated Office, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the warrant register, at least 20 days prior to the applicable record, effective or expiration date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend,

distribution or granting of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record who will be entitled to such dividend, distribution, rights or warrants are to be determined, (y) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up, or (z) the date on which such tender offer commenced, the date on which such tender offer is scheduled to expire unless extended, the consideration offered and the other material terms thereof (or the material terms of the amendment thereto). Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Exercise Price and the number and kind or class of shares or other securities or property which shall be deliverable or purchasable upon the occurrence of such action or deliverable upon exercise of the Warrants. Neither the failure to give any such notice nor any defect therein shall affect the legality or validity of any action described in clauses (a) through (d) of this Section 7.1.

7.2. Taking of Record. In the case of all dividends or other distributions by the Company to the holders of its Common Stock with respect to which any provision hereof refers to the taking of a record of such holders, the Company will in each such case take such a record and will take such record as of the close of business on a Business Day.

7.3. Closing of Transfer Books. The Company shall not at any time, except upon dissolution, liquidation or winding up of the Company, close its stock transfer books or warrant transfer books so as to result in preventing or delaying the exercise or transfer of any Warrant.

Section 8. OFFICE OF THE COMPANY

As long as any of the Warrants remain outstanding, the Company shall maintain an office or agency, which may be the principal executive offices of the Company (the "Designated Office"), where the Warrants may be presented for exercise, registration of transfer, division or combination or tendered as provided in this Warrant. Such Designated Office shall initially be the office of the Company at One Bridge Plaza, Fort Lee, New Jersey 07024. The Company may from time to time change the Designated Office to another office of the Company or its agent within the United States by notice given to all registered Holders at least ten (10) Business Days prior to the effective date of such change.

Section 9. MISCELLANEOUS

9.1. No Implied Waivers. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or

further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9.2. Notices. All notices, requests, consents and other communications required or permitted hereunder shall be in writing and shall be hand delivered or mailed postage prepaid by registered or certified mail or transmitted by facsimile transmission (with immediate telephonic confirmation thereafter),

(a) If to the Holder, with separate copies addressed to:

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway
Minneapolis, Minnesota 55432-5604
Telecopy: 763-572-5459
Attention: General Counsel

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway
Minneapolis, Minnesota 55432-5604
Telecopy: 763-505-2542
Attention: Vice President and Chief Development
Officer

or (b) If to the Company:

Neurologix, Inc.
One Bridge Plaza
Fort Lee, NJ 07024
Attn: Mark S. Hoffman
Facsimile No.: (201) 585-9798

with a copy to:
Skadden, Arps, Slate Meagher & Flom LLP
Four Times Square
New York, NY 10036-6522
Attn: Stephen M Banker, Esq.
Facsimile No.: (212) 735-2000

or at such other address as the parties each may specify by written notice to the others, and each such notice, request, consent and other communication shall for all purposes of the Warrant be treated as being effective or having been given when delivered if delivered personally, upon receipt of facsimile confirmation if transmitted by facsimile, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained

receptacle for the deposit of United States mail, addressed and postage prepaid as aforesaid.

9.3. Limitation of Liability. No provision hereof, in the absence of affirmative action by the Holder to purchase shares of Warrant Stock, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder to pay the Exercise Price for any Warrant Stock other than pursuant to an exercise of this Warrant or any liability as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder of the Company and nothing contained in this Warrant shall be construed as conferring upon the Holder the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

9.4. Remedies. Each Holder of Warrants and/or Warrant Stock, in addition to being entitled to exercise its rights granted by law, including recovery of damages, shall be entitled to specific performance of its rights provided under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees, in an action for specific performance, to waive the defense that a remedy at law would be adequate.

9.5. Successors and Assigns. This Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the permitted successors and assigns of the Holder hereof. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and to the extent applicable, all Holders of shares of Warrant Stock issued upon the exercise hereof (including transferees), and shall be enforceable by any such Holder.

9.6. Amendment. This Warrant may be modified or amended or the provisions hereof waived only with the written consent of the Company and the Holder. This Warrant cannot be changed, modified, discharged or terminated by oral agreement.

9.7. Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Warrant.

9.8. Headings. The headings and other captions in this Warrant are for the convenience and reference only and shall not be used in interpreting, construing or enforcing any provision of this Warrant.

9.9. GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL. THE INTERNAL LAWS, AND NOT THE LAWS OF CONFLICTS (OTHER THAN SECTION 5-1401 OF THE

GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), OF NEW YORK SHALL GOVERN THE ENFORCEABILITY AND VALIDITY OF THIS WARRANT, THE CONSTRUCTION OF ITS TERMS AND THE INTERPRETATION OF THE RIGHTS AND DUTIES OF THE COMPANY. ANY SUIT, ACTION OR PROCEEDING SEEKING TO ENFORCE ANY PROVISION OF, OR BASED ON ANY MATTER ARISING OUT OF OR IN CONNECTION WITH, THIS WARRANT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE BROUGHT IN ANY FEDERAL OR STATE COURT LOCATED IN THE COUNTY AND STATE OF NEW YORK, AND THE COMPANY HEREBY CONSENTS TO THE JURISDICTION OF SUCH COURTS (AND OF THE APPROPRIATE APPELLATE COURTS THEREFROM) IN ANY SUCH SUIT, ACTION OR PROCEEDING AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT ANY SUCH SUIT, ACTION OR PROCEEDING WHICH IS BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE SERVED ON THE COMPANY ANYWHERE IN THE WORLD, WHETHER WITHIN OR WITHOUT THE JURISDICTION OF ANY SUCH COURT. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS WARRANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9.10. Entire Agreement. This Warrant contains the entire agreement with respect to the subject matter hereof and supersedes and replaces all other prior agreements, written or oral, with respect to the subject matter hereof.

[Execution Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the day and year first above written.

NEUROLOGIX, INC.

By: /s/ Michael Sorell

Name: Michael Sorell
Title: Chief Executive Officer

MEDTRONIC INTERNATIONAL, LTD.

By: /s/ Michael D. Ellwein

Name: Michael D. Ellwein
Title: Vice President

ANNEX A

SUBSCRIPTION FORM

[To be executed only upon exercise of Warrant]

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for the purchase of _____ shares of Common Stock of Neurologix, Inc. and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant and requests that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable upon such exercise) be issued in the name of and delivered to _____ whose address is _____ and, if such shares of Common Stock shall not include all of the shares of Common Stock issuable as provided in this Warrant, that a new Warrant of like tenor and date for the balance of the shares of Common Stock issuable hereunder be delivered to the undersigned.

(Name of Registered Owner)

(Signature of Registered Owner)

(Street Address)

(City) (State) (Zip Code)

NOTICE:

The signature on this subscription must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

ANNEX B

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Common Stock set forth below:

Name and Address of Assignee	No. of Shares of Common Stock
-----	-----

and does hereby irrevocably constitute and appoint _____
attorney-in-fact to register such transfer onto the books of Neurologix, Inc.
maintained for the purpose, with full power of substitution in the premises.

Dated:

Print Name:

Signature:

Witness:

NOTICE:

The signature on this assignment must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of April 27, 2005 by and among NEUROLOGIX, INC., a Delaware corporation (the "Company") and Medtronic International, Ltd., a Delaware corporation (the "Purchaser"). Capitalized terms used but not defined herein shall have the meanings set forth in the Stock Purchase Agreement, dated as of the date hereof, and as such may be amended pursuant to the terms thereof, by and among the Company and the Purchaser (the "Stock Purchase Agreement").

W I T N E S S E T H:

WHEREAS, the Company has agreed to issue and sell to the Purchasers the Shares and the Warrants in accordance with the terms of the Stock Purchase Agreement and the Purchaser has, separate and apart from its securities purchases pursuant to the Stock Purchase Agreement, an equity interest in the Company's Common Stock;

WHEREAS, in connection with the sale of the Shares and the Warrants to the Purchasers, the Company has agreed to provide the Purchasers with the registration rights set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, the parties hereto hereby agree as follows:

ARTICLE I

Certain Definitions

As used in this Agreement, the following terms shall have the meanings ascribed to them below:

1.1 "Blackout Period" shall have the meaning set forth in Section 2.2(e).

1.2 "Commission" shall mean the Securities and Exchange Commission or any federal agency at the time administering the Securities Act and the Exchange Act.

1.3 "Common Stock" shall mean the common stock of the Company, par value \$0.001 per share.

1.4 "Demand" shall have the meaning set forth in Section 2.3(a).

1.5 "Demand Registration" shall have the meaning set forth in Section 2.3(a).

1.6 "Demand Registration Statement" shall have the meaning set forth in Section 2.3(a).

1.7 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any federal statute then in effect which has replaced such statute.

1.8 "Holder" shall mean the Purchaser and any other Person who is or becomes a Holder or beneficial owner of Registrable Securities for so long as such Person holds or beneficially owns any Registrable Securities.

1.9 "Piggyback Registration" shall have the meaning set forth in Section 2.1(a).

1.10 "Person" shall mean an individual, corporation, limited liability company, joint venture, partnership, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable law.

1.11 "Registrable Securities" shall mean the Shares, the Warrants, the Warrant Shares and all of the shares of the Company's capital stock now owned by the Purchaser or any affiliate of the Purchaser, provided that such securities shall cease to be Registrable Securities when (i) a registration statement registering such Registrable Securities under the Securities Act has been declared or becomes effective and such Registrable Securities have been sold or otherwise transferred by the Holder thereof pursuant to such effective registration statement; (ii) such Registrable Securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Registrable Securities relating to restrictions on the transferability thereof, under the Securities Act or otherwise, is removed by the Company or such Registrable Securities are eligible to be sold pursuant to paragraph (k) of Rule 144; or (iii) such Registrable Securities shall cease to be outstanding.

1.12 "Rule 144" shall mean Rule 144 promulgated under the Securities Act.

1.13 "Securities Act" shall mean Securities Act of 1933, as amended, or any federal statute then in effect which has replaced such statute.

1.14 "Shelf Registration Statement" shall have the meaning set forth in Section 2.2(b).

ARTICLE II

Registration Rights

2.1 Piggyback Registration.

(a) If the Company shall at any time determine to register any equity securities of the Company for sale to the public for its own account or for the account of other holders of equity securities of the Company on any registration form (other than Form S-4 or S-8 or other successor forms) which permits the inclusion of Registrable Securities held by any Holder (a "Piggyback Registration"), then the Company will promptly give each Holder written notice thereof and, subject to Section 2.1(c), shall include in such registration all Registrable Securities requested to be included therein pursuant to the written requests of Holders received within twenty (20) days after delivery of the Company's notice. The Company will use its reasonable best efforts to cause such Registrable Securities as to which registration shall have been requested to be included in the securities to be covered by the registration statement proposed to be filed by the Company, all to the extent requisite to permit the sale or other disposition by the Holder thereof.

(b) If the Piggyback Registration relates to an underwritten public offering, the Company shall so advise the Holders in the written notice given pursuant to Section 2.1(a). In such event, the right of any Holder to participate in such registration shall be conditioned upon such Holder's participation in such underwriting in accordance with the terms and conditions thereof. The Board of Directors shall have the right to select the managing underwriter(s) for any underwritten Piggyback Registration. All Holders proposing to sell their Registrable Securities in such underwritten offering shall (together with the Company) enter into an underwriting agreement in customary form.

(c) If such proposed Piggyback Registration is an underwritten offering and the managing underwriter for such offering advises the Company in writing that in their good faith opinion the securities requested to be included therein exceeds the amount of securities that can be sold in such offering such that the inclusion of such Registrable Securities would adversely affect marketing of the securities to be sold by the Company, any securities to be sold by the Company shall have priority over any Registrable Securities held by Holders, and the number of shares to be included by a Holder and other holders of the Company's securities exercising similar piggyback registration rights as the Holders shall be reduced pro rata on the basis of the percentage of the then outstanding Registrable Securities held by each such Holder and all such other holders exercising similar piggyback registration rights.

Notwithstanding the provisions of this Section 2.1 and Section 2.5, the Company shall have the right at any time after it shall have given written notice to the Holders pursuant to Section 2.1 (irrespective of whether a written request

for inclusion of any such securities shall have been made) to elect not to file any such proposed registration statement, or to withdraw the same after filing, but prior to effectiveness.

2.2 Shelf Registration

(a) As soon as practicable after the Company becomes eligible to do so, the Company shall use its reasonable best efforts to list the Common Stock on The Nasdaq Smallcap Market or another nationally recognized exchange or inter-dealer quotation system.

(b) As soon as practicable after the Company becomes eligible to file a shelf registration statement on Form S-3 or any other appropriate or available form under Rule 415 of the Securities Act or any similar rule that may be adopted by the Commission relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by such Holders and set forth in such shelf registration statement (together with all amendments and supplements to such registration statement, including post-effective amendments, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference thereto, the "Shelf Registration Statement"), the Company shall provide written notice thereof to the Holders. If at any time after receipt of such notice a Holder of Registrable Securities delivers to the Company a written notice requesting that the Company file a Shelf Registration Statement, the Company shall use its reasonable best efforts to prepare and file with the Commission, as soon as practicable, but in any event, no later than the date that is thirty (30) days after receipt of such notice, a Shelf Registration Statement; provided that the Company may also register for sale on its own account or that of any other holder of equity securities of the Company pursuant to the Shelf Registration Statement such additional shares of the Company's stock as it shall desire; provided, further, that if the terms of the underwriting agreement executed in connection with any Piggyback Registration or Demand Registration prohibit the Company from filing any Shelf Registration Statement at any point in time, the Company shall have the right to delay such filing for the required period, which period shall not exceed 90 days. Notwithstanding the foregoing, no Holder shall be entitled to request the Company to file a Shelf Registration Statement if during the period beginning on the date of such request and ending on the first business day following the six month anniversary thereof, such Holder is eligible to sell all of its Registrable Securities pursuant to Rule 144 (notwithstanding the volume limitations set forth in Rule 144(e), if applicable), provided, however, that such Holder may participate in a Shelf Registration requested by another Holder. For the purpose of determining whether a Holder is eligible to sell all of its Registrable Securities subject to the volume limitations set forth in Rule 144(e), the average weekly trading volume shall be deemed to be the average weekly reported volume of trading of the Common Stock on all national securities exchanges and/or automated quotation systems during the twenty-four (24) calendar weeks preceding such determination.

(c) Each Holder of Registrable Securities that wishes to sell Registrable Securities pursuant to a Shelf Registration Statement and related

prospectus agrees to deliver a written notice to the Company at least three (3) business days prior to the intended distribution of Registrable Securities under the Shelf Registration Statement. Provided that the Shelf Registration Statement has been declared effective, the Company shall, as promptly as is practicable after a Holder has delivered such notice and such other information as the Company may reasonably require, (i) if required by applicable law, file with the Commission a post-effective amendment to the Shelf Registration Statement or prepare and, if required by applicable law, file a supplement to the related prospectus or amendment to any document incorporated therein by reference or file any other required document so that such Holder is named as a selling security holder in the Shelf Registration Statement and the related prospectus in such a manner as to permit such Holder to deliver such prospectus to the purchaser of the Registrable Securities in accordance with applicable law and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use its best efforts to cause such post-effective amendment to be declared effective under the Act as promptly as is practicable, (ii) provide such Holder with such number of copies of any documents filed pursuant to the foregoing as the Holder shall reasonably request and (iii) notify such Holder as promptly as practicable after the effectiveness of any post-effective amendment filed hereunder; provided, however, that if such notice is delivered during a Blackout Period, the Company shall so inform the Holder delivering such notice and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Blackout Period in accordance with Section 2.2(e) hereof.

(d) The Company will use its reasonable best efforts to cause the Shelf Registration Statement filed pursuant to Section 2.2(b) to be declared effective and, subject to Section 2.2(e), to remain effective for a period ending on the earlier of (i) the date two years after the effective date of the Shelf Registration Statement and (ii) the date on which there cease to be any Registrable Securities outstanding.

(e) Notwithstanding anything to the contrary contained in this Agreement, the Company shall have the right to delay the effectiveness of the Shelf Registration Statement or to suspend, after the lapse of a period of sixty (60) days after the effective date of such Shelf Registration Statement, the right of a Holder to sell Registrable Securities under an effective Shelf Registration Statement, during no more than (2) periods aggregating not more than fifty (50) days in any twelve-month period (a "Blackout Period") in the event that (i) (A) the Company would, in accordance with the reasonable advice of its counsel, be required to disclose in the prospectus information not otherwise required by law to be publicly disclosed, and (B) in the reasonable judgment of the Board of Directors of the Company, there is a reasonable likelihood that such disclosure, or any other action to be taken in connection with the prospectus, would materially and adversely affect or interfere with any material financing, acquisition, merger, joint venture, disposition of assets (not in the ordinary course of business), corporate reorganization or other similar material transaction involving the Company, or (ii) a change to the Shelf Registration Statement is required so that, as of such date, the Shelf Registration Statement and prospectus do not contain an untrue statement of a material fact or omit to state a material fact required to be stated

therein or necessary to make the statements therein not misleading, provided, further, that during any such Blackout Period, the Company shall also delay the filing or effectiveness of any registration statement with respect to any securities of the Company or any other shareholder of the Company. The Company shall promptly give the Holders written notice of such determination containing a general statement of the reasons for such postponement and an approximation of the anticipated delay; and provided further, however, that the implementation of any Blackout Period shall be done in good faith, and not for the purpose or intention of impeding such rights.

(f) The Holders may elect to sell Registrable Securities in an underwritten offering pursuant to Section 2.2 in accordance with the conditions set forth in this Section 2.2(f). In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements with respect thereto will be approved, by the Holders holding a majority of the outstanding Registrable Securities, subject, in each case, to the consent of the Company, which consent will not be unreasonably withheld. The Company shall not be obligated to arrange for more than two underwritten offerings pursuant to the Shelf Registration Statement. No Holder may participate in any underwritten offering hereunder unless such Holder (i) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved pursuant hereto and (ii) completes and executes all other customary questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

2.3 Registration upon Request.

(a) Subject to the terms and conditions hereof, if at any time after August 4, 2005, there shall remain any Registrable Securities issued and outstanding and beneficially owned by the Purchaser or a Holder, then upon the written request (a "Demand") of the Purchaser or the Holders of a majority in interest of Registrable Securities, that the Company effect the registration under the Securities Act of all of the Registrable Securities held by the Purchasers or such Holders, as the case may be, the Company will use its reasonable best efforts, taking into account developments in the Company's business, to effect the registration under the Securities Act of such Registrable Securities (a "Demand Registration"). Such registration statement (a "Demand Registration Statement") shall be on Form S-1, Form SB-1 or such other appropriate or available registration form of the Securities and Exchange Commission as shall be selected by the Company. Subject to Section 2.3(c), the Company may also register for sale for its own account or that of any other holder of equity securities of the Company pursuant to the Demand Registration Statement such additional shares of the Company's stock as it shall desire. Subject to Sections 2.3(b) and (c), upon receipt of any such Demand, the Company shall provide written notice to all Holders not party to the Demand and shall include in such registration all Registrable Securities requested to be included therein pursuant to the written requests of Holders received within 20 days after delivery of the Company's notice. Notwithstanding the foregoing if the terms of the underwriting in connection with any Piggyback Registration or

prior Demand Registration prohibit the Company from filing any Demand Registration Statement, the Company shall have the right to delay such filing for the required period, which period shall not exceed 90 days.

(b) Notwithstanding Section 2.3(a):

(i) In no event shall the Company be required to effect more than two Demand Registrations pursuant to Section 2.3.

(ii) The Company shall not be required to effect any Demand Registration following the date on which any Shelf Registration Statement first becomes effective.

(iii) No Holder shall be entitled to make a Demand if during the period beginning on the date of such Demand and ending on the first business day following the six month anniversary thereof, such Holder is eligible to sell all of its Registrable Securities pursuant to Rule 144 (notwithstanding the volume limitations set forth in Rule 144(e), if applicable), provided, however, that such Holder shall be entitled to participate in a Demand Registration requested by any other Holder or Holders. For the purpose of determining whether a Holder is eligible to sell all of its Registrable Securities subject to the volume limitations set forth in Rule 144(e), the average weekly trading volume shall be deemed to be the average weekly reported volume of trading of the Common Stock on all national securities exchanges and/or automated quotation systems during the twenty-four (24) calendar weeks preceding such determination.

(iv) No Holder may request a second Demand Registration until six months following the date on which the first Demand Registration Statement becomes effective, provided, that no Holder may participate in the second Demand Registration unless such Holder (i) delivered a notice to the Company pursuant to Section 2.3(a) requesting that all of such Holder's Registrable Securities be included in the first Demand Registration and (ii) notwithstanding the consummation of the offering made pursuant to the first Demand Registration, not all of such Holder's Registrable Securities were permitted by the Company to be sold in such offering. Notwithstanding the foregoing, subject to clauses (i)-(iii) above, if the date on which the first Demand Registration Statement becomes effective is more than 90 days after the date on which the Demand was made which resulted in the first effective Demand Registration Statement, the Purchasers or the Holders, as the case may be, may request a second Demand Registration at any time following the 90th day after the date on which the first Demand Registration Statement becomes effective.

(c) In connection with any registration pursuant to this Section 2.3, the Holders may elect to sell Registrable Securities in an underwritten offering in accordance with the conditions set forth in this

Section 2.3(c). In any such underwritten offering, the investment bank that will manage the offering will be selected by, and the underwriting arrangements with respect thereto will be approved, by the Holders holding a majority of the Registrable Securities to be sold pursuant to such offering, subject, in each case, to the consent of the Company, which consent will not be unreasonably withheld. No Holder may participate in any underwritten offering hereunder unless such Holder (i) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved pursuant hereto and (ii) completes and executes all other customary questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements. In the case of any such underwritten offering, the managing underwriter for such offering advises the Company in writing that in their good faith opinion the securities requested to be included therein exceeds the amount of securities that can be sold in such offering such that the inclusion of such Registrable Securities would adversely affect marketing of the securities to be sold pursuant to the offering, the Registrable Securities held by Holders who elect to participate in such offering and other holders of the Company's securities exercising similar demand registration rights shall have priority over any securities to be sold by the Company or any additional holders of the Company's securities, and the number of shares to be included by the Holders and such other holders exercising similar demand registration rights shall be reduced pro rata on the basis of the percentage of the then outstanding Registrable Securities held by each such Holder and the registrable securities held by all other holders exercising similar demand registration rights.

(d) If the Purchaser or a majority of Holders participating in a Demand Registration determine, prior to the effectiveness of the Demand Registration Statement, not to sell Registrable Securities pursuant to such registration, such Holders shall provide written notice to the Company and the Company shall cease all efforts in connection with such Demand Registration; provided, however, that if the Purchaser or any Holders, as applicable, shall request a Demand Registration within six months of such withdrawal, the Company shall bear the costs and expenses incurred prior to such withdrawal and such requesting Holders shall pay in full to the Company, within thirty (30) days after presentation of an invoice by the Company therefor, all reasonable costs and expenses incurred by the Company in connection with the completion of such Demand Registration following such new request, provided however, to the extent that the Company includes any shares of Common Stock in such Demand Registration Statement for sale of the account of the Company, the Company shall pay its pro rata share of any such expenses.

2.4 Expenses of Registration. All expenses incurred in connection with the registrations described herein shall be borne by the Company. The expenses of the Company shall not include the expenses incurred by any Holder, provided that the Company shall reimburse the Holders for no greater than an aggregate of \$20,000 for reasonable legal fees and expenses payable to a single outside counsel for legal services in connection with the Piggyback Registrations, Shelf Registrations and Demand Registrations pursuant to this Agreement, provided, that if there shall be more than one such registration, such reimbursement shall be made with respect to the

registrations in order of their occurrence, provided, further, that no such reimbursement shall be made with respect to any Demand Registration withdrawn pursuant to Section 2.3(d). All underwriting discounts, selling commissions and other similar fees relating to Registrable Securities included in any registration statement of the Company shall be borne by the Holders of such Registrable Securities pro rata on the basis of the amount of Registrable Securities sold by them.

2.5 Registration Procedures. In the case of each registration effected by the Company pursuant to this Article II involving the registration of Registrable Securities, the Company will keep each Holder advised in writing as to the initiation of such registration and as to the completion thereof. At its expense, the Company will use its reasonable best efforts to:

(a) cause such registration to be declared effective by the Commission;

(b) as soon as reasonably possible, prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus included therein (including post-effective amendments, prospectus supplements and pricing supplements) as may be necessary, including in the case of a Shelf Registration Statement such amendments and supplements as are necessary to effect and maintain the effectiveness of such registration statement for the period specified in Section 2.1(d);

(c) provide (i) the Holders of the Registrable Securities to be included in such registration statement, (ii) the underwriters (which term, for purposes of this Agreement, shall include a person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act) if any, thereof, (iii) the sales or placement agent therefor, if any, (iv) counsel for such underwriters or agent, and (v) not more than one counsel for all the Holders of such Registrable Securities the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment or supplement thereto;

(d) (i) register or qualify the Registrable Securities to be included in such registration statement under such securities laws or blue sky laws of such jurisdictions as any Holder of such Registrable Securities and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request, and (ii) take any and all other actions as may be reasonably necessary or advisable to enable each such Holder, agent, if any, and underwriter, if any, to consummate the disposition in such jurisdictions of such Registrable Securities; provided, however, that the Company shall not be required for any other purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 2.5(d) or (2) consent to general service of process or taxation in any such jurisdiction;

(e) furnish such number of prospectuses and other documents incident thereto, including any amendment of or supplement to the prospectus and any documents incorporated by reference therein, as any Holder from time to

time may reasonably request;

(f) promptly notify the selling Holders of Registrable Securities, the sales or placement agent, if any, therefor and the managing underwriter or underwriters, if any, thereof and confirm such advice in writing, (i) when such registration statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and with respect to such registration statement or any post-effective amendment, when the same has become effective, (ii) of any comments by the Commission, the Blue Sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such registration statement or prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or threatening of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for the sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (v) at any time when a prospectus is required to be delivered under the Securities Act, that such registration statement, prospectus, prospectus amendment or supplement or post-effective amendment, or any document incorporated by reference in any of the foregoing, contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(g) obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post-effective amendment thereto at the earliest practicable date;

(h) if requested by any managing underwriter or underwriters, any placement or sales agent or any Holder of Registrable Securities, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such managing underwriter or underwriters, such agent or such Holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including, without limitation, information with respect to the principal amount of Registrable Securities being sold by such Holder or agent or to any underwriters, the name and description of such Holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such Holder or agent or to such underwriters;

(i) cause all Registrable Securities covered by such registration to be listed on each securities exchange or inter-dealer quotation system on which similar securities issued by the Company are then listed;

(j) otherwise comply with all applicable rules and regulations of the Commission and make available to its security holders, as

soon as reasonably practicable but in no event later than eighteen months after the effective date of such registration statement, an earnings statement covering the period of at least twelve months, but not more than 18 months, beginning with the first month after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder; and

(k) make available to any Holder of the Registrable Securities which are being sold in an underwritten offering registered pursuant to this Agreement, to any underwriter of such sale and to any counsel retained by such Holder in connection therewith, at reasonable times and places, all records and documents of the Company that are material to the Company or otherwise reasonably pertinent to the offering of Registrable Securities. The Company shall cause its officers, directors and employees to supply all information reasonably requested by such Holder, underwriter or counsel in connection therewith.

2.6 Delivery of Prospectus Supplement. In the event that the Company would be required, pursuant to Section 2.5 (f) above, to provide notice to the selling Holders of Registrable Securities, the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof with respect to any of the items set forth in Section 2.5(f), the Company shall as soon as reasonably practicable and as required prepare and furnish to each such Holder, to each placement or sales agent, if any, and to each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to initial purchasers of Registrable Securities, such prospectus shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company pursuant to Section 2.5 (f) hereof which would require such Holder to discontinue the disposition of the Registrable Securities pursuant thereto, such Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the registration statement applicable to such Registrable Securities until such Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice.

2.7 Furnishing Information by the Holders. The Company may require each Holder of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding such Holder as required under applicable law and such Holder's intended method of distribution of such Registrable Securities as the Company may from time to time request in writing. Each such Holder agrees to promptly notify the Company of any inaccuracy or change in information previously furnished by such Holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such registration contains or would contain an untrue statement of a material fact regarding such Holder or such Holder's

intended method of distribution of such Registrable Securities or omits to state any material fact regarding such Holder or such Holder's intended method of distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly to furnish information so required so that such prospectus shall not contain, with respect to such Holder or the distribution of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

2.8 Indemnification.

(a) The Company will indemnify each Holder whose Registrable Securities are to be included in a registration pursuant to this Article II, each of such Holder's officers, directors, partners, members, stockholders, agents, employees and representatives and each Person who controls such Holder within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages and liabilities incurred thereby (or actions, proceedings or settlements in respect thereof) (i) arising out of or based on any untrue statement or alleged untrue statement of a material fact contained in any registration statement, any amendment thereto, or other document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus, or any amendment thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, and will reimburse each such indemnified person for any reasonable legal and other expenses reasonably incurred as such expenses are incurred in connection with investigating and defending or settling any such claim, loss, damage, liability or action; provided, however, that the Company will not be liable in any such case to a Holder to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or alleged untrue statement or omission or alleged omission in the registration statement or prospectus made in reliance on and in strict conformity with written information furnished to the Company by such Holder and provided specifically for use in such registration statement, or prospectus or the Holder delivered a registration statement or prospectus in violation of Section 2.6 hereof after written notice was provided by the Company as provided in Section 2.6. It is agreed that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed).

(b) Each Holder whose Registrable Securities are included in any registration effected pursuant to this Article II shall severally and not jointly indemnify the Company, each of its directors, each of its officers who has signed the registration statement, agents, employees and representatives,

and each Person who controls the Company within the meaning of Section 15 of the Securities Act, each other such Holder and each of their officers, directors, partners, agents, employees and representatives and each person controlling such Holder, and each underwriter, if any, of such Registrable Securities and each Person who controls any such underwriter, against all expenses, claims, losses, damages and liabilities (or actions, proceedings or settlements in respect thereof) (i) arising out of or based on any untrue statement or alleged untrue statement of a material fact contained in any registration statement, any amendment thereto, or other document incorporated by reference therein, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus, or any amendment thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, or (iii) if the Holder delivered a registration or prospectus in violation of Section 2.6 hereof after written notice was provided by the Company as provided in Section 2.6 and will reimburse such indemnified persons for any reasonable legal or other expenses reasonably incurred in connection with investigating or defending or settling any such claim, loss, damage, liability or expense, in each case to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement or prospectus, in reliance upon and in strict conformity with written information furnished to the Company by such Holder and provided specifically for use therein; provided, that (x) no Holder shall be liable hereunder for any amounts, together with all previous payments under this Section 2.8, in excess of the net proceeds received by such Holder pursuant to such registration, and (y) the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld).

(c) Each party entitled to indemnification under this Section 2.8 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld or delayed), and the Indemnified Party may participate in such defense with one counsel reasonably acceptable to and paid for by the Indemnifying Party but with respect to any other counsel at the Indemnified Party's expense, and provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2.8 to the extent such failure is not materially prejudicial. No Indemnifying Party in the defense of any such claim or litigation shall except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include an unconditional release of such Indemnified

Party from all liability in respect of such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to therein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in an underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

2.9 Other Obligations. With a view to making available the benefits of certain rules and regulations of the Commission which may effectuate the registration of Registrable Securities or permit the sale of Registrable Securities to the public without registration, the Company agrees to:

(a) at such time as any Registrable Securities are eligible for transfer under Rule 144(k), upon the request of the Holder of such Registrable Securities, remove any restrictive legend from the certificates evidencing such Registrable Securities at no cost to such Holder;

(b) make and keep available public information as defined in Rule 144 under the Securities Act at all times;

(c) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(d) furnish any Holder upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the Commission (including Rule 144A) allowing a Holder of Registrable Securities to sell any such Registrable Securities without registration.

2.10 Grant of Registration Rights. For so long as there shall remain any Registrable Securities, the Company hereby covenants and agrees not to grant to any Person other than the Purchaser or any other Holders registration rights or other similar rights more favorable than or inconsistent with the rights granted pursuant to this Agreement, provided that the Company may grant registration rights or other similar rights as favorable as, or less favorable than, and consistent with the rights granted pursuant to this Agreement.

ARTICLE III

Termination

This Agreement shall terminate immediately following the moment at which there exist no securities of the Company that constitute Registrable Securities; provided, however, that Section 2.8 hereof shall survive indefinitely.

ARTICLE IV

Miscellaneous

4.1 Recapitalization, Exchanges, etc. Affecting the Common Stock. The provisions of this Agreement shall apply to the full extent set forth herein with respect to (a) the Registrable Securities and (b) any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution for the Registrable Securities, by reason of any stock dividend, split, reverse split, combination, recapitalization, reclassification, merger, consolidation or otherwise. In the event of any change in the capitalization of the Company as a result of any stock split, stock dividend or stock combination, the provisions of this Agreement shall be appropriately adjusted.

4.2 Injunctive Relief. It is hereby agreed and acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, in addition to any other remedies available under

applicable law, be entitled to injunctive relief, including specific performance, to enforce such obligations, without the posting of any bond, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

4.3 Parties in Interest. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto. In the event that any transferee of any Holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, upon execution hereof, be deemed a party hereto for all purposes and such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement.

4.4 Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statements as to the results thereto) made by or on behalf of any Holder of Registrable Securities, any director, officer, member or partner of such Holder, any agent or underwriter or any director, officer or partner thereof, or any controlling person of any of the foregoing, and shall survive the transfer of Registrable Securities by such Holder.

4.5 Amendment; Waiver.

(a) This Agreement may be amended only by a written instrument signed by the Company and the Purchaser; provided, that if any amendment affects one or more other Holders, if any, differently from the Purchaser, such amendment shall also require the consent of the holders of a majority in interest of the Registrable Securities.

(b) No provision of this Agreement may be waived orally, but only by a written instrument signed by the party against whom enforcement of such waiver is sought. Holders shall be bound from and after the date of the receipt of a written notice from the Company setting forth such amendment or waiver, whether or not the Registrable Securities shall have been marked to indicate such amendment or waiver.

4.6 Notices. Except as otherwise provided in this Agreement, notices and other communications under this Agreement shall be in writing (including a writing delivered by facsimile transmission) and shall be deemed to have been duly given if delivered personally, or sent by either certified or registered mail, return receipt requested, postage prepaid, or by overnight courier guaranteeing next day delivery, or by telex or telecopier, at the following addresses:

if to the Company:

Neurologix, Inc.
One Bridge Plaza
Fort Lee, New Jersey 07029
Attention: Mark S. Hoffman
Telecopier: (201) 585-9798

with a copy to

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, New York 10036
Attention: Stephen Banker
Telecopier: (212) 735-2000

if to the Purchaser, separate copies addressed to:

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway
Minneapolis, Minnesota 55432-5604
Telecopy: 763-572-5459
Attention: General Counsel

Medtronic International, Ltd.
World Headquarters
710 Medtronic Parkway
Minneapolis, Minnesota 55432-5604
Telecopy: 763-505-2542
Attention: Vice President and Chief Development Officer

or at such other address as the parties each may specify by written notice to the others, and each such notice, request, consent and other communication shall for all purposes of this Agreement treated as being effective or having been given when delivered if delivered personally, upon receipt of facsimile confirmation if transmitted by facsimile, or, if sent by mail, at the earlier of its receipt or seventy-two (72) hours after the same has been deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and postage prepaid as aforesaid.

4.7 Inspection. So long as this Agreement shall be in effect, this Agreement and any amendments hereto shall be made available for inspection by any Holder at the principal offices of the Company.

4.8 APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

4.9 Headings. Article, section and paragraph headings are

inserted for convenience only and do not constitute a part of this Agreement.

4.10 Integration. This Agreement and the documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to this subject matter.

4.11 Illegality. In case any provision in this Agreement shall be declared or held invalid, illegal or unenforceable, in whole or in part, whether generally or in any particular jurisdiction, such provision shall be deemed amended to the extent, but only to the extent, necessary to cure such invalidity, illegality or unenforceability, and the validity, legality and enforceability of the remaining provisions, both generally and in every other jurisdiction, shall not in any way be affected or impaired thereby.

4.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth above.

NEUROLOGIX, INC.

By: /s/ Michael Sorell

Name: Michael Sorell
Title: Chief Executive Officer

MEDTRONIC INTERNATIONAL, LTD.

By: /s/ Michael D. Ellwein

Name: Michael D. Ellwein
Title: Vice President

[GRAPHIC OMITTED]

N E U R O L O G I X

Company Contact:
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Michael Sorell, CEO
(201) 592-6451
www.neurologix.net

Investor Relations Contacts:
Lippert/Heilshorn & Associates, Inc.
Kim Sutton Golodetz (kgolodetz@lhai.com)
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(212) 838-3777

NEUROLOGIX AND MEDTRONIC AGREE TO DEVELOP GENE
THERAPY INFUSION CATHETERS

Medtronic makes a further \$2 million equity investment in Neurologix

FORT LEE, N.J. (May 2, 2005) - Neurologix, Inc. (OTCBB: NRGX), which through its subsidiary Neurologix Research, Inc., is engaged in the research and development of proprietary treatments for disorders of the brain and central nervous system (CNS) primarily utilizing gene therapies, announced it has entered into an agreement with Medtronic, Inc. (NYSE: MDT) for the joint development, manufacturing and commercialization of micro-infusion catheters designed to deliver gene therapy into the brain and central nervous system.

Under the terms of the agreement, Medtronic and Neurologix will jointly develop, and Medtronic will manufacture, delivery devices for Neurologix's Parkinson's disease and temporal lobe epilepsy clinical programs, and the two companies will have a revenue-sharing arrangement upon the commercialization of the device. In conjunction with the agreement, Medtronic increased its equity investment in Neurologix by \$2.0 million, purchasing 1,141,552 shares of common stock at a price of \$1.752 per share, plus warrants to purchase 285,388 shares of common stock at an exercise price of \$2.19 per share. In connection with the development agreement, Neurologix will pay development costs to Medtronic over the course of the project, based on development milestones.

"This is a very important collaboration and a significant milestone for Neurologix," said Michael Sorell, M.D., CEO of Neurologix. "In 2002, prior to our beginning human clinical trials, Medtronic made a \$1.75 million equity investment in Neurologix based on our preclinical work. Enrollment in our Phase I study for Parkinson's disease is nearly complete, and we are delighted that Medtronic is continuing to support our work in gene therapy for Parkinson's disease and temporal lobe epilepsy."

Jon Tremmel, president of Medtronic Neurological said, "We are pleased to increase our investment in Neurologix and to collaborate with them in developing a catheter-based delivery system, which we hope will result in a cutting-edge device to help support new treatments for CNS disorders."

Dr. Sorell explained that to date all procedures in the Company's landmark Parkinson's disease trial have been performed using a patent-pending delivery device which is not yet optimized for larger scale manufacture. Among the requirements for commercialization of this innovative treatment is the demonstrated ability to develop and to produce in commercial quantities a user-friendly delivery device for neurosurgeons to easily, reliably and quickly perform this procedure. "Our agreement with Medtronic is instrumental in achieving that requirement," he added.

As recently announced, on April 20, 2005, an update on Neurologix's Phase I clinical trial for the treatment of Parkinson's disease was presented at the American Association of Neurological Surgeons annual meeting in New Orleans. The trial is designed as an open-label dose-escalation study with four patients in each of three escalating dose cohorts. Eleven of twelve patients have now been treated and have been followed for as long as eighteen months. The primary purpose of a Phase I study is to determine safety and to date there have been no treatment-related adverse events in any of the eleven patients in the Neurologix study.

About Neurologix

Neurologix, Inc. is a development-stage company, which through its subsidiary, Neurologix Research, Inc., is engaged in the research and development of proprietary treatments for disorders of the brain and central nervous system primarily utilizing gene therapies. The Company's initial development efforts are focused on gene therapy for treating Parkinson's disease and epilepsy and its core technology, which it refers to as "NLX," is currently being tested in a Company-sponsored Phase I human clinical trial to treat Parkinson's disease.

Cautionary statement regarding forward-looking statements

This news release includes certain statements of the Company that may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and which are made pursuant to the Private Securities Litigation Reform Act of 1995. These forward-looking statements and other information relating to the Company are based upon the beliefs of management and assumptions made by and information currently available to the Company. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events, or performance, as well as underlying assumptions and statements that are other than statements of historical fact. When used in this document, the words "expects," "anticipates," "estimates," "plans," "intends," "projects," "predicts," "believes," "may" or "should," and similar expressions, are intended to identify forward-looking statements. These statements reflect the current view of the Company's management with respect to future events. Many factors could

cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, the following:

- o The Company is still in the development stage and has not generated any revenues. From inception through December 31, 2004, it has incurred net losses and negative cash flows from operating activities of \$8,774,000 and \$7,741,000 respectively. Management believes that the Company will continue to incur net losses and cash flow deficiencies from operating activities for the foreseeable future. Because it may take years to develop, test and obtain regulatory approval for a gene-based therapy product before it can be sold, the Company likely will continue to incur significant losses for the foreseeable future. Accordingly, it may never be profitable and, if it does become profitable, it may be unable to sustain profitability.
- o If the ongoing Phase I clinical trial for treatment of Parkinson's disease using the Company's NLX technology is unsuccessful, future operations and the potential for profitability will be significantly adversely affected and the business may not succeed.
- o Since the Company's existing resources will not be sufficient to enable the Company to obtain the regulatory approvals necessary to commercialize its current or future product candidates, it will need to raise additional funds through public or private equity offerings, debt financings or additional corporate collaboration and licensing arrangements. Availability of financing depends upon a number of factors beyond the Company's control, including market conditions and interest rates. The Company does not know whether additional financing will be available when needed, or if available, will be on acceptable or favorable terms to it or its stockholders.
- o There is no assurance as to when, or if, the Company will be able to successfully complete the required preclinical testing of its gene therapy for the treatment of epilepsy to enable it to file an Investigational New Drug Application with the FDA for permission to begin a Phase I safety trial or that, if filed, such permission will be granted.

Other factors and assumptions not identified above could also cause the actual results to differ materially from those set forth in the forward-looking statements. Additional information regarding factors that could cause results to differ materially from management's expectations is found in the section entitled "Risk Factors" in the Company's 2005 Annual Report on Form 10-KSB. Although the Company believes these assumptions are reasonable, no assurance can be given that they will prove correct.

Accordingly, you should not rely upon forward-looking statements as a prediction of actual results. Further, the Company undertakes no obligation to update forward-looking statements after the date they are made or to conform

the statements to actual results or changes in the Company's expectations.

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