

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

NEUROLOGIX INC/DE

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UNITED STATES
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): December 16, 2011

Neurologix, Inc.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other Jurisdiction of Incorporation)	<u>000-13347</u> (Commission File Number)	<u>06-1582875</u> (IRS Employer Identification No.)
<u>One Bridge Plaza, Fort Lee, New Jersey</u> (Address of Principal Executive Offices)	<u>07024</u> (Zip Code)	

Registrant's telephone number, including area code: (201) 592-6451

(Former name or former address 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:

- 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))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

Bridge Financing

On December 16, 2011, Neurologix, Inc. (the “Company”) entered into a Second Amendment to Note and Warrant Purchase Agreement and Promissory Notes and First Amendment to Security Agreement (the “Second Amendment”) with General Electric Pension Trust (“GEPT”), Corriente Master Fund, L.P. (“Corriente”) and Palisade Concentrated Equity Partnership II, L.P. (“Palisade” and, together with GEPT and Corriente, the “Investors”).

The Investors, or affiliated entities thereof, are each existing stockholders of the Company and each, or affiliated entities thereof, beneficially owns greater than 10% of the Company’s outstanding common stock, par value \$0.001 per share (the “Common Stock”), on an as-converted basis.

The Second Amendment amends that certain Note and Warrant Purchase Agreement, dated as of December 6, 2010, by and among the Company and the Investors (the “Original Purchase Agreement”), as amended by that certain First Amendment to Note and Warrant Purchase Agreement and Secured Senior Convertible Promissory Notes, dated as of October 28, 2011, by and among the Company and the Investors (the “First Amendment”).

Pursuant to the Original Purchase Agreement, the Investors provided a bridge loan to the Company on December 6, 2010 in the aggregate principal amount of \$7,000,000, accruing interest thereon at an annual rate of 10% (the “Original Loan”). An amount equal to 1.2 times the Original Loan, plus accrued and unpaid interest thereon, was scheduled to mature on October 31, 2011 (the “Original Maturity Date”). The Original Maturity Date was extended to December 31, 2011 (the “Extended Maturity Date”) pursuant to the First Amendment. The material terms of the Original Loan were disclosed in a Current Report on Form 8-K that the Company filed with the Securities and Exchange Commission on December 6, 2010 (the “December 2010 8-K”). The material terms of the First Amendment were disclosed in a Current Report on Form 8-K that the Company filed with the Securities and Exchange Commission on October 31, 2011 (the “October 2011 8-K”).

As of December 15, 2011, and prior to issuing the Tranche B Loan as defined and described under the subheading “*Tranche B Loan*” below, the Company had cash on hand of approximately \$289,887, and short-term liabilities of approximately \$11,818,275, of which approximately \$9,145,225 represents outstanding principal and accrued interest under the Original Loan.

Tranche B Loan

Pursuant to the Second Amendment, the Investors loaned to the Company, on December 16, 2011, an additional aggregate amount of \$500,000 (the “Tranche B Loan”) and the Company issued to the Investors Amended and Restated Notes (the “Amended and Restated Notes”), which amend, restate and substitute the promissory notes that were issued to the Investors under the Original Purchase Agreement (the “Original Notes”). The Amended and Restated Notes set forth each Investor’s outstanding principal amount of the Original Loan (hereafter referred to as the “Tranche A Loan”) and each Investor’s outstanding principal amount of the Tranche B Loan. On December 16, 2011, the Investors sold to Reginald Hardy, a director of the Company, or one of his affiliates, a participation in the Tranche B Loan in the aggregate principal amount of \$125,000 (see “Reginald Hardy Employment” under this Item 1.01 below).

The Tranche B Loan bears interest at 16% per annum from the date of issuance, matures on February 16, 2012 (the “New Maturity Date”), and is secured by substantially all of the Company’s assets, subject to certain exceptions. The outstanding principal and accrued interest of the Tranche B Loan will be automatically converted into a new series of the Company’s preferred stock if such stock is senior to all other equity securities of the Company with respect to liquidation and dividend rights and is sold by the Company in a transaction or series of transactions in which the Company receives proceeds of at least \$30 million (excluding proceeds attributable to conversion of any promissory notes issued under the Original Purchase Agreement, as amended by the First Amendment, the Second Amendment, and as may be further amended or modified and in effect at the time of such preferred stock issuance) (the “Next Preferred Equity Financing”).

Pursuant to the Second Amendment, the maturity date of the Tranche A Loan has been extended to the New Maturity Date. All other terms of the Tranche A Loan, including, without limitation, the interest rate thereunder, the payment terms and convertibility feature thereof, and the security interests granted thereby, remain unmodified from those set forth in the Original Purchase Agreement, the First Amendment and the Original Notes.

It is contemplated that the Tranche B Loan will give the Company additional time to explore potential sale or strategic partnership opportunities with third parties that have recently expressed interest in engaging in discussions regarding such potential transactions with the Company. Based on current projections, the Company estimates that the Tranche B Loan will enable the Company to continue operating for an additional thirty (30) days (the “Initial Period”), during which time the Company will make only critical expenditures. If the Company is unable to consummate a transaction or raise additional funds during the Initial Thirty Day Period, the Company may not be able to continue operating (see “Bridge Financing – *Tranche C Loan*” under this Item 1.01 below).

Tranche C Loan

In the event that certain parties, identified by the Company and the Investors, notify the Company or its financial advisors, at any time between January 12, 2012 and January 15, 2012, that any such party is actively pursuing and working towards proposing an acquisition of, or strategic investment or licensing transaction with, the Company, the Investors have agreed to loan the Company an additional \$500,000 on or before January 16, 2012 (the “Tranche C Loan”). The Tranche C Loan will carry the same terms as the Tranche B Loan, be secured by the same assets as the Tranche B Loan, and will mature on the New Maturity Date. Mr. Hardy has agreed to buy a participation from the Investors in the Tranche C Loan in the aggregate principal amount of \$125,000 (see “Reginald Hardy Employment” under this Item 1.01 below).

It is contemplated that the Tranche C Loan would give the Company, based on current projections, an additional thirty (30) day period after the Initial Period in which to continue to explore, and potentially consummate, an acquisition, investment or licensing transaction. The Company would expect to continue to make only critical expenditures during this additional thirty (30) day period. If the Company is unable to consummate a transaction or raise additional funds within such additional thirty (30) day period, the Company will not be able to pay amounts due on the New Maturity Date, and may not be able to continue operating.

Effects of Extension of New Maturity Date

If, pursuant to certain provisions contained in that certain Summary of Terms executed on December 16, 2011, among the Company and the Investors (the "Summary of Terms"), the Investors agree to extend the New Maturity Date at the Company's request, then (i) the annual interest rate on the Tranche A Loan will be increased, on a going-forward basis, from ten percent (10%) per annum to sixteen percent (16%) per annum, (ii) the amount to be paid at maturity with respect to the Tranche A Loan, the Tranche B Loan and the Tranche C Loan will increase to 1.3 times principal plus accrued interest, (iii) the conversion ratio of the Tranche A Loan, the Tranche B Loan and the Tranche C Loan, in the event of a Next Preferred Equity Financing, will increase to 1.5 times principal plus accrued interest, and (iv) the Company will be required to issue to the Investors warrants exercisable for an aggregate of 4,861,110 shares of Common Stock at an exercise price equal to 1.15 times the weighted-average trading price of Common Stock over the preceding 30-day period (the actions described in clauses (i) – (iv) above are hereafter referred to as the "Maturity Date Extension Effects").

Tranche D Loan

Pursuant to certain binding provisions contained in the Summary of Terms, the Company may request, on or before the New Maturity Date, and the Investors may provide, in their sole discretion, an additional loan in the aggregate principal amount of \$500,000 (the "Tranche D Loan"). The Tranche D Loan will bear interest at sixteen percent (16%) per annum from the date of issuance, will mature on March 31, 2012, will be secured by the same assets as the Tranche B Loan and the Tranche C Loan, will be payable at maturity in an amount equal to 1.3 times outstanding principal plus accrued interest on the Tranche D Loan, and will be convertible into the preferred stock issued in the Next Preferred Equity Financing at a rate of 1.5 times the outstanding principal plus accrued interest on the Tranche D Loan.

The making of the Tranche D Loan will trigger the Maturity Date Extension Effects with respect to the Tranche A Loan, the Tranche B Loan and the Tranche C Loan and the maturity date of the Tranche A Loan, the Tranche B Loan and the Tranche C Loan will be extended to March 31, 2012 upon the making of the Tranche D Loan.

The preceding summary of the "Bridge Financing" is qualified in its entirety by reference to the full text of the Second Amendment attached hereto as Exhibit 10.1 and the Form of Amended and Restated Note attached hereto as Exhibit 10.2, each of which is incorporated herein by reference.

Reginald Hardy Employment

On December 16, 2011, the Company appointed Reginald Hardy, one of the Company's directors, as a Vice President, and, in connection therewith, entered into a letter agreement with Mr. Hardy (the "Hardy Letter Agreement").

Pursuant to the Hardy Letter Agreement, Mr. Hardy's responsibilities will primarily involve assisting the Company in exploring, negotiating, and consummating a potential sale or strategic partnership transaction (collectively, a "Liquidity Event"). Mr. Hardy's employment may be terminated by the Company at any time for any reason and by Mr. Hardy upon 15 days' prior notice to the Company.

Pursuant to the Hardy Letter Agreement, Mr. Hardy will not receive a salary or other benefits or perquisites for serving as a Vice President and performing the services previously described, but he will receive a fee if the Company achieves a Liquidity Event with a pharmaceutical, biotechnology or medical device company during the term of his employment or within six (6) months after his termination, other than a termination by Mr. Hardy or a termination by the Company as a result of Mr. Hardy's material breach of the Hardy Letter Agreement. In such event, Mr. Hardy will receive (i) four percent (4%) of any up-front payment received by the Company in such Liquidity Event and (ii) four percent (4%) of any future milestone payments received by the Company in such Liquidity Event. In the event that there is only one payment in such Liquidity Event, Mr. Hardy will receive four percent (4%) of such payment received by the Company.

Pursuant to the Hardy Letter Agreement, Mr. Hardy has agreed to purchase from one or more of the Investors a \$125,000 participation interest in each of the Tranche B Loan and the Tranche C Loan. In accordance therewith, Mr. Hardy purchased a \$125,000 participation in the Tranche B Loan on December 16, 2011.

The preceding summary of the Hardy Letter Agreement is qualified in its entirety by reference to the full text of the Hardy Letter Agreement attached hereto as Exhibit 10.3, which is incorporated herein by reference.

Item 2.03(a) Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information in Item 1.01 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

See Exhibit Index below.

EXHIBIT INDEX

Number	Title
10.1	Second Amendment to the Note and Warrant Purchase Agreement and Promissory Notes and First Amendment to Security Agreement, dated as of December 16, 2011, by and among Neurologix, Inc., General Electric Pension Trust, Corriente Master Fund, L.P. and Palisade Concentrated Equity Partnership II, L.P.
10.2	Form of Amended and Restated Secured Senior Convertible Promissory Note
10.3	Hardy Letter Agreement, dated December 16, 2011

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: December 21, 2011

By: /s/ Marc L. Panoff

Name: Marc L. Panoff

Title: Chief Financial Officer, Secretary and
Treasurer

**SECOND AMENDMENT TO
NOTE AND WARRANT PURCHASE AGREEMENT AND
PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT**

THIS SECOND AMENDMENT TO NOTE AND WARRANT PURCHASE AGREEMENT AND PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT (this "Amendment" or "Second Amendment") is entered into as of December 16, 2011, by and among Neurologix, Inc., a Delaware corporation (the "Company"), General Electric Pension Trust, Corriente Master Fund, L.P. and Palisade Concentrated Equity Partnership II, L.P. (each individually a "Lender," and collectively the "Lenders").

Reference is made to that certain Note and Warrant Purchase Agreement, dated as of December 6, 2010, by and among the Company and the Lenders, as amended by the First Amendment to the Note and Warrant Purchase Agreement and Secured Senior Convertible Promissory Notes, dated as of October 28, 2011, by and among the Company and the Lenders (as in effect immediately prior to the effectiveness of this Amendment, the "Existing Purchase Agreement"; and as hereby and may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"). Defined terms used herein but not otherwise defined shall have the meaning ascribed to them in the Purchase Agreement (including as amended hereby).

RECITALS

WHEREAS, pursuant to the Existing Purchase Agreement, the Company sold and issued to the Lenders secured senior convertible promissory notes in the aggregate principal amount of Seven Million Dollars (\$7,000,000) (the "Existing Notes"), together with warrants (as heretofore, hereby or hereafter amended, restated, supplemented or otherwise modified from time to time, the "Warrants") to purchase common stock of the Company determined in accordance with the terms thereof and as provided therein; and

WHEREAS, the Company wishes to increase the aggregate outstanding principal amount of the Existing Notes by \$500,000 on the terms and conditions set forth herein; and

WHEREAS, the Company and the Lenders desire to amend certain other terms of the Existing Purchase Agreement, the Existing Notes and the Security Agreement, and the Lenders have agreed to waive all Events of Default and covenant breaches outstanding under the Existing Purchase Agreement, and to waive the Company's obligation to obtain consents from certain security holders with respect to the transactions contemplated by this Amendment; and

WHEREAS, the Lenders constitute the holders of all of the aggregate principal amount of Existing Notes outstanding.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to Purchase Agreement. Effective as of the date hereof, the Existing Purchase Agreement is hereby amended as follows:

1.1 Section 1 (Definitions) of the Purchase Agreement is amended to delete the letter designations “(a)” through “(o)” therein without deleting any of the text that follows each such letter.

1.2 The following new definitions are added to Section 1 of the Purchase Agreement in appropriate alphabetical order:

“Amended and Restated Notes” shall mean those Amended and Restated Secured Senior Convertible Promissory Notes, in substantially the form annexed to the Second Amendment as Exhibit 1, issued to the Lenders on the date of the closing of the transactions under the Second Amendment.

“Consideration (Tranche B)” shall mean the aggregate consideration paid, concurrently with the execution and delivery of the Second Amendment, by specified Lenders purchasing the Tranche B Portion as set forth on the Schedule of Lenders.

“Consideration (Tranche C)” shall mean the aggregate consideration paid by those Lenders purchasing the Tranche C Portion as specified under the Second Amended and Restated Notes (if applicable) in the respective amounts set forth on Exhibit 3 annexed to the Second Amendment.

“Second Amended and Restated Notes” shall mean those Second Amended and Restated Secured Senior Convertible Promissory Notes, in substantially the same form as the Amended and Restated Notes but reflecting the Tranche C Portion, that may be issued to the Lenders pursuant to Section 4 of the Second Amendment.

“Second Amendment” shall mean the Second Amendment to Note and Warrant Purchase Agreement and Promissory Notes and First Amendment to Security Agreement dated as of December 16, 2011 by and among the Company and the Lenders.

“Tranche A Portion” shall mean the aggregate original principal amount of \$7,000,000 in Secured Senior Convertible Promissory Notes originally issued by the Company on December 6, 2010 to the Lenders under this Agreement, which Secured Senior Convertible Promissory Notes were replaced by the Amended and Restated Notes on the closing of the transactions under the Second Amendment.

“Tranche B Portion” shall mean a loan in the aggregate original principal amount of \$500,000 made to the Company on the date of the Second Amendment, represented by the Consideration (Tranche B), with each Lender’s share, if any, of the Tranche B Portion reflected on such Lender’s Amended and Restated Note.

“Tranche C Portion” shall mean a loan in the aggregate original principal amount of \$500,000 that may be made to the Company by participating Lenders pursuant to and subject to the satisfaction of certain conditions set forth in the Second Amendment represented by the Consideration (Tranche C), with each Lender’s share, if any, of the Tranche C Portion, reflected on such Lender’s Second Amended and Restated Note, if issued.

1.3 The definition of “Maturity Date” in Section 1 of the Purchase Agreement is amended by replacing clause (iii) with the following: “(iii) February 16, 2012”.

1.4 The definition of “Notes” in Section 1 of the Purchase Agreement is deleted in its entirety and replaced by the following:

“Notes” shall mean the Amended and Restated Notes and, upon issuance, the Second Amended and Restated Notes.”

1.5 The text of Section 2.2(a) (Note Conversion) is deleted in its entirety and replaced by the following:

“(a) Next Equity Financing. Any unpaid principal and unpaid accrued interest of each Note shall automatically be converted into Conversion Shares upon the closing of the Next Preferred Equity Financing. The number of Conversion Shares to be issued upon such conversion shall be equal to:

“(i) the quotient obtained by dividing (A) (I) the product of 1.2 and the outstanding principal amount on the share of the Tranche A Portion represented by a Note (for purposes of this Section 2.2, such Note’s “Tranche A Share”) to be converted on the date of conversion, plus (II) the unpaid accrued interest on such Tranche A Share, by (B) the Conversion Price; plus

(ii) the quotient obtained by dividing (A) (I) the outstanding principal amount on the share of the Tranche B Portion represented by a Note (for purposes of this Section 2.2, such Note’s “Tranche B Share”) and the outstanding principal amount on the share of the Tranche C Portion represented by a Note (for purposes of this Section 2.2, such Note’s “Tranche C Share”) to be converted on the date of conversion, plus (II) the unpaid accrued interest on such Tranche B Share and Tranche C Share, by (B) the Conversion Price.

At least five (5) days prior to the closing of the Next Preferred Equity Financing, the Company shall notify the holder of each Note in writing of the terms under which the Equity Securities of the Company will be sold in such financing. The issuance of Conversion Shares pursuant to the conversion of each Note shall be upon and subject to the same terms and conditions applicable to the New Preferred Stock sold in the Next Preferred Equity Financing.”

1.6 Sections 8.3 (Use of Proceeds) is amended to delete the text following the words “working capital” and replace such text with a period.

1.7 Section 8.9 (Disclosure) shall not apply to the transactions contemplated by or referred to in this Amendment, including, without limitation, the issuance of the Amended and Restated Notes and the issuance of any Second Amended and Restated Notes.

1.8 The text of Section 8.6 (Rule 144) is deleted and the words “Intentionally Deleted” are inserted in lieu thereof.

1.9 The text of Section 8.7 (Issuance and Quotation) is deleted and the words “Intentionally Deleted” are inserted in lieu thereof.

1.10 Section 8.11(e) (Right of First Refusal) is amended to delete the period contained at the end of clause (vii) thereof and replace it with “; and” and to insert the following clause (viii) after clause (vii) contained therein:

“(viii) any promissory notes that may be issued pursuant to the Second Amendment.”

1.11 Section 9.2 (Pro Rata Treatment) is amended and restated to read in its entirety as follows:

“9.2 Pro Rata Treatment. Whether or not a default or Event of Default exists, each payment or prepayment of principal (scheduled or unscheduled) or premium, if any, of the Notes and each payment of interest on the Notes shall be allocated among the Lenders in accordance with the following procedures:

(a) any prepayments made between the date hereof and the Maturity Date in respect of the Tranche A Portion shall be for an amount equal to (A) 1.2 multiplied by the then outstanding Tranche A Portion, plus (B) the unpaid accrued interest thereon,

(b) any prepayments made between the date hereof and the Maturity Date in respect of the Tranche B Portion shall be for an amount equal to (A) the then outstanding Tranche B Portion, plus (B) the unpaid interest thereon,

(c) any prepayments made between the date hereof and the Maturity Date in respect of the Tranche C Portion, if applicable, shall be for an amount equal to (A) the then outstanding Tranche C Portion, plus (B) the unpaid interest thereon and

(d) any payments and/or prepayments must (A) first, be made pro rata to each holder of the Tranche B Portion and Tranche C Portion (or a Participant thereof (as defined in the Second Amendment) designated by the Lenders) based on the ratio that the aggregate principal value of such holder’s portion of the Tranche B Portion and Tranche C Portion bears to the aggregate principal value of the Tranche B Portion and Tranche C Portion issued pursuant to this Agreement and (B) next, be made pro rata to each holder of the Tranche A Portion based on the ratio that the aggregate principal value of such holder’s portion of the Tranche A Portion bears to the aggregate principal value of the Tranche A Portion issued to all Lenders pursuant to this Agreement. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.”

1.12 Section 9.4 (Governing Law) is amended to change the reference to “New York” in the first sentence thereof to read “Delaware”.

2. **Security Agreement.**

2.1 The initial paragraph of the Security Agreement is amended to restate the definition of the Purchase Agreement to read in its entirety as follows: “(as amended, restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”)”.

2.2 The absence of any consents or approvals to grant security interests in “Excluded Contract Rights” (as defined in the Security Agreement) (including those which are no longer “Excluded Contract Rights” based on prior receipt of consents or approvals) shall not constitute an Event of Default, nor shall the Company be obligated to seek such consents or approval, nor shall their existence constitute the subject matter of any representation or warranty (or be deemed to constitute a misrepresentation) in or relating to the Purchase Agreement or the Security Agreement or any related documents. If any such consents or approvals are required for granting a security interest with respect to the Tranche B Portion or the Tranche C Portion and such consents or approvals are not obtained, the applicable “Excluded Contract Rights” shall not secure the Company’s obligations under the Tranche B Portion or the Tranche C Portion.

3. **Tranche B Portion and Amended and Restated Notes.**

3.1 In return for the Consideration (Tranche B) paid by the applicable Lenders (or a Participant thereof (as defined below) designated by the Lenders), in the respective amounts set forth on the Schedule of Lenders attached to this Amendment, concurrently with execution and delivery of this Amendment, the Company shall issue to each Lender, including those who are not participating in the Tranche B Portion, one or more Amended and Restated Notes. Each such Amended and Restated Note shall constitute an amendment and restatement of and substitution for the respective Existing Notes heretofore issued on December 6, 2010 to each respective Lender under the Existing Purchase Agreement. Each Lender shall, upon receipt from the Company of the Amended and Restated Note as herein provided, mark its Existing Note “Replaced by Amended and Restated Note” and return such Existing Note to the Company.

3.2 Exhibit A (form of Secured Senior Promissory Note) annexed to the Purchase Agreement is hereby deleted and Exhibit 1 annexed to this Second Amendment is hereby substituted therefor.

3.3 The Schedule of Lenders annexed to the Purchase Agreement is hereby amended and restated to read in its entirety as set forth on Exhibit 2 annexed to this Amendment.

3.4 (a) Any Lender may at any time, without the consent of, or notice to, the Company, sell participations to any person or entity approved in writing in advance by the Company (each a “Participant”) in all or a portion of such Lender’s share of the Tranche B Portion and such Lender’s rights and/or obligations under the Tranche B Portion; provided that (i) such Lender’s obligations under the Purchase Agreement and all documents relating thereto or executed and delivered in connection therewith shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Company and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under the Purchase Agreement, the Notes, the Security Agreement, and the other Transaction Documents and (iv) the Company shall be entitled to rely on such Lender’s approval of any amendments, modifications or waivers of any provisions of any of the foregoing agreements, instruments or documents in accordance with the terms of such agreements, instruments or documents.

(b) The Company acknowledges and agrees that (i) for mechanical ease, each Lender shall be entitled to direct the Company to make payments otherwise due to such Lender to a Participant and (ii) for mechanical ease, in connection with the Participant's purchase of participations in the Tranche B Portion, the Lenders may request that the payment owing by the Participant to the respective Lenders instead be sent on behalf of the respective Lenders directly to the Company, provided that it is understood and agreed that no such direction nor the Company's receipt of payments from a Participant, nor the payment to the Company by a Participant as directed in this subsection (b) shall in any respect modify the terms of Section 3.4 in respect of the Company's relationship with the Lenders or confer any rights or obligations upon a Participant, nor shall any such direction cause privity to exist between the Company and the Participant.

(c) Any agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the Purchase Agreement, the Notes (including the Amended and Restated Notes and (if any) Second Amended and Restated Notes, the Security Agreement and the other Transaction Documents.

(d) The Lenders and the Company acknowledge and agree that, on the date of this Second Amendment, one or more Lenders will be selling participations in the Tranche B Portion of the Amended and Restated Notes to a Participant in the aggregate principal amount of \$125,000.

4. Tranche C Portion.

4.1 Effective upon satisfaction of the conditions set forth in Section 4.2 of this Amendment, each of the Lenders purchasing a share of the Tranche B Portion shall, on or before January 16, 2012, pay its Consideration (Tranche C) (as defined in Section 1.2 of this Amendment). Upon payment of its Consideration (Tranche C) by each such Lender (or a Participant thereof designated by such Lender), the Company shall issue to all Lenders (including those who did not participate in the Tranche C Portion) one or more Second Amended and Restated Notes (as defined in Section 1.2 of this Amendment) on the same terms as the respective Amended and Restated Notes issued on the date hereof but reflecting each Lender's share of the Tranche A Portion and Tranche B Portion (if any), and each Lender's share, if any, of the Tranche C Portion, with the Tranche C Portion to bear interest at the same interest rate as the Tranche B Portion from the date of payment of the Consideration (Tranche C) to the Company and otherwise having and payable upon the same terms as the Tranche B Portion. Each such Second Amended and Restated Note shall constitute an amendment and restatement of and substitution for the respective Amended and Restated Notes theretofore issued to each respective Lender. Each Lender shall, upon receipt from the Company of the Second Amended and Restated Note as herein provided, mark its Amended and Restated Note "Replaced by Second Amended and Restated Note" and return such Amended and Restated Note to the Company.

4.2 Conditions to issuance of the Tranche C Portion:

(a) The Lenders' obligation to purchase the Tranche C Portion shall be subject to the satisfaction (or waiver, to the extent permitted under applicable law) of the following conditions:

(i) On or after January 12, 2012 (but prior to January 16, 2012), the Company or its financial advisor receives, from a party set forth in Section 4.2(a) of the Disclosure Schedule, written correspondence stating that such party is actively pursuing, and working towards proposing, a transaction pursuant to which it will (i) acquire, directly or indirectly, the securities or assets of the Company, through a merger, consolidation, tender offer or other business combination, or all or substantially all of the Company's assets, or (ii) enter into a strategic investment or licensing partnership pursuant to which a significant investment will be made in the Company. To the extent that the notice referenced in this Section 4.2(a) is not received, then each Lender may elect in its sole discretion whether to acquire its share of the Tranche C Portion set forth on Exhibit 3 annexed hereto. Each Lender purchasing a share of the Tranche B Portion shall be entitled to acquire the share of the Tranche C Portion of any other Lender that elects not to purchase its share of the Tranche C Portion as set forth on Exhibit 3 annexed hereto, divided pro rata, on the basis of each Lender's share of the Tranche B Portion, in the event that one or more Lenders wish to purchase the non-purchasing Lender's share of the Tranche C Portion.

(ii) As of the date the Second Amended and Restated Notes are issued, the representations in Sections 5.1 and 5.2 of the Existing Purchase Agreement shall be true and correct solely as they relate to the issuance of the Second Amended and Restated Notes, provided that all references therein to "this Agreement" or "the Notes" shall be deemed to refer instead to the Second Amendment and the Second Amended and Restated Notes, and the Lenders shall receive a certificate signed by an authorized officer of the Company stating such.

(b) The Company's obligation to accept payment for, and issue, the Tranche C Portion shall be subject to the satisfaction (or waiver, to the extent permitted under applicable law) of the following condition:

(i) As of the date the Second Amended and Restated Notes are issued, the representations in Section 6 of the Existing Purchase Agreement shall be true and correct solely as they relate to the issuance of the Second Amended and Restated Notes, provided that all references therein to “this Agreement” or “the Notes” shall be deemed to refer instead to the Second Amendment and the Second Amended and Restated Notes, and the Company shall receive a certificate signed by authorized officers of the Lenders stating such.

4.3 If the Second Amended and Restated Notes are issued pursuant to the terms of this Section 4, the Schedule of Lenders annexed to the Purchase Agreement will be amended and restated to include the Consideration (Tranche C), and concurrently with such issuance (if any), Exhibit A to the Purchase Agreement shall be deemed amended and restated to reflect the Second Amended and Restated Notes.

4.4 (a) Any Lender purchasing a share of the Tranche C Portion may at any time, without the consent of, or notice to, the Company, sell participations to a Participant in all or a portion of such Lender’s share of the Tranche C Portion and such Lender’s rights and/or obligations under the Tranche C Portion, provided that all such participations shall be upon the same terms as are provided in Section 3.4 of this Second Amendment as if the references in Section 3.4 to “Tranche B Portion” include “Tranche C Portion” as well.

(b) The Lenders and the Company acknowledge and agree that, on the date (if any) of issuance of the Tranche C Portion, one or more Lenders will be selling participations in the Tranche C Portion of the Second Amended and Restated Notes to a Participant in the aggregate principal amount of \$125,000.

5. Representations and Warranties.

5.1 The Company represents and warrants as of the date hereof that the representations in Sections 5.1 and 5.2 of the Existing Purchase Agreement are true and correct solely as they relate to this Amendment and the specific transactions contemplated hereby, and that all references therein to “this Agreement” or “the Notes” shall be deemed to refer instead to this Amendment and the Amended and Restated Notes (and if applicable when issued, the Second Amended and Restated Notes). The Lenders acknowledge and agree that the Company is not making, and has not made, whether orally or in writing (herein or in any existing agreement or document), any other representations or warranties to the Lenders in connection with the consummation of the transactions contemplated by this Amendment, the issuance of any Notes, the validity, enforceability or perfection of any security interest (in respect of any Excluded Contract Rights or otherwise), or otherwise.

5.2 Each Lender hereby represents and warrants that as of the date hereof the representations in Section 6 of the Existing Purchase Agreement are true and correct with respect to this Amendment as though all references therein to “this Agreement” and “the Notes” referred instead to this Amendment and the Amended and Restated Notes.

6. Waiver. Effective as of the date hereof:

6.1 The Lenders hereby waive each Event of Default that is in existence on the date hereof with the effect that such Events of Default shall not, at any time, be considered an “Event of Default” under the Purchase Agreement. The Lenders hereby waive any existing breach of the covenants in Section 8.6 and Section 8.7 of the Existing Purchase Agreement with the effect that such covenants shall not apply to the Company from and after the date hereof.

6.2 The Lenders hereby waive the Company’s failure to obtain any consents or waivers that may be necessary or appropriate in connection with, or that may be triggered by the consummation of, the transactions contemplated by this Amendment, including, without limitation, the issuance of the Amended and Restated Notes and (if any) the Second Amended and Restated Notes. The Lenders further acknowledge and agree that the Company’s failure to obtain any such consents or waivers shall not constitute an Event of Default under the Purchase Agreement. In furtherance thereof, the Lenders acknowledge and agree that the holders of the Company’s Series C Convertible Preferred Stock, par value \$0.10 per share (the “Series C Stock”), have rights of first refusal (the “Series C Rights”) with respect to the issuance of the Amended and Restated Notes and the potential issuance of the Second Amended and Restated Notes. The Lenders further acknowledge and agree that the Company has not sought waivers of the Series C Rights from the requisite holders of Series C Stock, and that the Company will seek such waivers as soon as reasonably possible after the issuance of the Amended and Restated Notes. In the event that any Series C Rights are exercised, each Lender purchasing an Amended and Restated Note and who has committed to purchase a Second Amended and Restated Note agrees to sell a portion of its Amended and Restated Note and to reduce its commitment for the Second Amended and Restated Notes to the extent necessary for the Company to comply with the Series C Rights; *provided, that*, any such sale or reduction shall be made on a pro rata basis among the applicable Lenders based on each such Lender’s share of the Consideration (Tranche B) or Consideration (Tranche C), as applicable. In such event, the Lenders agree that the Company may take all actions necessary to document and effect the exercise of the Series C Rights.

6.3 The Lenders hereby waive their “rights of first refusal” set forth in Section 8.11 of the Existing Purchase Agreement solely with respect to the issuance of the Amended and Restated Notes and the Second Amended and Restated Notes (if applicable).

6.4 Corriente Master Fund, L.P. hereby consents to the transactions contemplated by this Amendment, and waives its “right of first refusal” solely with respect to the issuance of the Amended and Restated Notes (and the Second Amended and Restated Notes (if applicable)), pursuant to Section 3.1 of that certain Stock and Warrant Subscription Agreement dated as of April 28, 2008.

6.5 Each of General Electric Pension Trust and Corriente Master Fund, L.P. hereby waives its “right of first refusal” solely with respect to the issuance of the Amended and Restated Notes and the Second Amended and Restated Notes (if applicable), pursuant to Section 3.1 of that certain Stock and Warrant Subscription Agreement, dated as of November 19, 2007.

6.6 General Electric Pension Trust hereby waives its “right of first refusal” solely with respect to the issuance of the Amended and Restated Notes and the Second Amended and Restated Notes (if applicable), pursuant to Section 3.1 of the Series C Purchase Agreement.

7. Conditions to Effectiveness. This Amendment shall become effective upon execution and delivery hereof by the Company and each of the requisite Lenders.

8. Acknowledgements and References to and Effect on the Transaction Documents and the Security Agreement.

8.1 On and after the date hereof, each and any reference in the Purchase Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference in each of the Amended and Restated Notes, the Second Amended and Restated Notes (if issued), the Warrants and the Security Agreement to the Purchase Agreement, “thereunder,” “thereof,” “therein” or words of like import, shall mean and be a reference to the Purchase Agreement as amended by this Amendment. Except as specifically amended or waived herein, the Purchase Agreement shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

8.2 On and after the date hereof, each and any reference in the Amended and Restated Notes or the Second Amended and Restated Notes (if issued) to “this Note,” “hereunder,” “hereof,” “herein” or words of like import, and each reference in each of the Purchase Agreement, the Warrants and the Security Agreement to the Notes, “thereunder,” “thereof,” “therein” or words of like import (for avoidance of doubt, in each case other than references in representations and warranties made in respect of the Notes under the Purchase Agreement, the Warrants or the Security Agreement which are no longer in effect, except as and to the extent set forth in Section 5.1 hereof), shall mean and be a reference to the Amended and Restated Notes or, if applicable, the Second Amended and Restated Notes, as they may from time to time be amended, restated, supplemented or otherwise modified.

8.3 (a) The Company acknowledges and confirms that, subject to Section 2.2, the liens and security interests granted pursuant to the Security Agreement secure the indebtedness, liabilities and obligations of the Company to the Lenders under the Existing Purchase Agreement, as amended hereby, whether or not so stated in the Security Agreement, and that the term “Obligations” as used therein (or any other term used therein to describe or refer to the indebtedness, liabilities and obligations of the Company to the Lenders arising in respect of the Purchase Agreement) includes, without limitation, the indebtedness, liabilities and obligations of the Company under the Existing Purchase Agreement, as amended hereby and under the Amended and Restated Notes, the Second Amended and Restated Notes (if applicable), and any other promissory notes issued pursuant to the Purchase Agreement.

(b) On and after the date hereof, each and any reference in the Security Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference in each of the Amended and Restated Notes, the Second Amended and Restated Notes (if issued), the Warrants and the Purchase Agreement to the Security Agreement, “thereunder,” “thereof,” “therein,” or words of like import, shall mean and be a reference to the Security Agreement as amended by this Amendment and as it may hereafter from time to time be amended, restated, supplemented or otherwise modified.

9. Further Assurances. From and after the date of this Amendment, upon the request of a Lender or the Company, the Company and the Lenders shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carryout and to effectuate fully the intent and purpose of this Amendment.

10. Execution in Counterparts; Facsimile or Electronic Delivery. This Amendment may be executed in any number of counterparts and by any combination of the parties hereto in separate counterparts, each of which counterparts shall be an original and all of which taken together shall constitute one and the same Amendment. Execution and delivery of this Amendment by facsimile or electronic exchange bearing the copies of a party’s signature shall constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile or electronic copies shall constitute enforceable original documents.

11. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the choice of law principles thereof.

12. Submission to Jurisdiction. Each party hereto agrees that any legal action or other legal proceeding (whether in tort, contract or otherwise) relating to this Amendment or the enforcement of any provision of this Amendment or any of the transactions contemplated hereby, or in respect of any oral representations made or alleged to be made in connection herewith, shall be brought or otherwise commenced exclusively in any state or federal court located in New York County, New York in accordance with the provisions of Section 9.4 of the Purchase Agreement as if such provisions were incorporated and set forth herein in full.

13. Expenses. Notwithstanding anything to the contrary in the Transaction Documents and the Security Agreement, each party shall be responsible for the expenses it incurs with respect to the negotiation, execution, delivery and performance of this Amendment and the consummation of the transactions contemplated hereby, including, without limitation, the issuance of the Amended and Restated Notes and the Second Amended and Restated Notes, if applicable.

14. Finder’s Fee. Each party represents that it neither is nor will be obligated for any finder’s fee or commission in connection with this transaction. Each Lender agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder’s fee (and the costs and expenses of defending against such liability or asserted liability) for which such Lender or any of its officers, partners, employees or representatives is responsible. The Company agrees to indemnify and hold harmless each Lender from any liability for any commission or compensation in the nature of a finder’s fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

NEUROLOGIX, INC.

By: /s/ Clark Johnson

Name: Clark Johnson

Title: Chief Executive Officer

By: /s/ Marc L. Panoff

Name: Marc L. Panoff

Title: Chief Financial Officer, Treasurer and
Secretary

[SECOND AMENDMENT TO NOTE AND WARRANT PURCHASE AGREEMENT AND
PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LENDER:

GENERAL ELECTRIC PENSION TRUST

By: GE Asset Management Incorporated,
its Investment Manager

By: /s/ B.C. Sophia Tsai

Name: B.C. Sophia Tsai

Title: Vice President and Managing Director

[SECOND AMENDMENT TO NOTE AND WARRANT PURCHASE AGREEMENT AND
PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LENDER:

CORRIENTE MASTER FUND, L.P.

By: Corriente Capital Management, L.P.,
its Managing Partner

By: Corriente Advisors, LLC,
its General Partner

By: /s/ Robert W. Lydick

Name: Robert W. Lydick

Title: Chief Legal Officer

[SECOND AMENDMENT TO NOTE AND WARRANT PURCHASE AGREEMENT AND
PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LENDER:

**PALISADE CONCENTRATED EQUITY
PARTNERSHIP II, L.P.**

By: Palisade Concentrated Holdings II, LLC,
its General Partner

By: /s/ Jeffrey D. Serkes

Name: Jeffrey D. Serkes

Title: Authorized Signatory

[SECOND AMENDMENT TO NOTE AND WARRANT PURCHASE AGREEMENT AND
PROMISSORY NOTES AND FIRST AMENDMENT TO SECURITY AGREEMENT]

EXHIBIT 1

FORM OF NOTE

(in replacement of current Exhibit A to Purchase Agreement)

Exhibit 1 - Page 1

EXHIBIT 2

SCHEDULE OF LENDERS

Lender	Lender share of Tranche A Portion	Consideration (Tranche B) and Lender share of Tranche B Portion	Aggregate Principal Amount as of date of the Second Amendment
General Electric Pension Trust	\$2,000,000.00	\$142,857.00	\$2,142,857.00
Corriente Master Fund, L.P.	\$2,000,000.00	\$142,857.00	\$2,142,857.00
Palisade Concentrated Equity Partnership II, L.P.	\$3,000,000.00	\$214,286.00	\$3,214,286.00

Exhibit 2 - Page 1

EXHIBIT 3

SCHEDULE OF LENDERS

Lender	Lender share of Tranche A Portion	Consideration (Tranche B) and Lender share of Tranche B Portion	Aggregate Principal Amount as of date of the Second Amendment	Consideration (Tranche C) and Lender share of Tranche C Portion	Aggregate Principal Amount as of the date (if any) of Tranche C Portion issuance
General Electric Pension Trust	\$2,000,000.00	\$142,857.00	\$2,142,857.00	\$142,857.00	\$2,285,714.00
Corriente Master Fund, L.P.	\$2,000,000.00	\$142,857.00	\$2,142,857.00	\$142,857.00	\$2,285,714.00
Palisade Concentrated Equity Partnership II, L.P.	\$3,000,000.00	\$214,286.00	\$3,214,286.00	\$214,286.00	\$3,428,572.00

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

AMENDED AND RESTATED
SECURED SENIOR CONVERTIBLE PROMISSORY NOTE

Total Principal Amount: \$
Tranche A Portion Principal Amount: \$
Tranche B Portion Principal Amount: \$

Date of Issuance
December 16, 2011

FOR VALUE RECEIVED, Neurologix, Inc., a Delaware corporation (the “Company”), hereby promises to pay to the order of [] as nominee (the “holder”), the principal sum of [] (\$[]), together with interest thereon from (a) December 6, 2010 in respect of the Tranche A Portion (as defined below), and (b) the date hereof in respect of the Tranche B Portion (as defined below). Unless earlier converted into Conversion Shares pursuant to Section 2.2 of that certain Note and Warrant Purchase Agreement, dated December 6, 2010, among the Company, Lender and certain other Lenders, and as amended by the Second Amendment (as the same may be further amended, restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”), an amount equal to (i) 1.2 multiplied by the then outstanding principal amount issued prior to December 16, 2011 (the “Tranche A Portion”) on this Note, plus (ii) the principal amount first issued on December 16, 2011 in connection with the Second Amendment (the “Tranche B Portion”) on this Note, plus (iii) the accrued but unpaid interest on the Tranche A Portion and the Tranche B Portion, shall be due and payable by the Company on demand by the holder of this Note at any time after the earlier of (x) the Maturity Date and (y) the declaration of an acceleration of this Note by the Required Note Holders upon the occurrence of an Event of Default. Interest shall accrue daily (i) in respect of the Tranche A Portion at a rate of ten percent (10%) per annum, compounded quarterly and (ii) in respect of the Tranche B Portion at a rate of sixteen percent (16%) per annum, compounded quarterly.

This Note is one of a series of Notes issued pursuant to the Purchase Agreement, and capitalized terms not defined herein shall have the meaning set forth in the Purchase Agreement.

1. Payment. All payments shall be made in lawful money of the United States of America at the principal office of the Company, or at such other place as the holder hereof may from time to time designate in writing to the Company. Payment shall be credited (i) first to Costs (as defined below), if any, (ii) then to accrued interest due and payable on the Tranche B Portion, (iii) then to principal on the Tranche B Portion, (iv) then to accrued interest due and payable on the Tranche A Portion, and (v) any remainder applied to principal on the Tranche A Portion. Prepayment of principal, together with accrued interest, may be made in part or in whole; provided that (i) any prepayments made between the date hereof and the Maturity Date in respect of the Tranche A Portion of the Note shall be for an amount equal to (A) 1.2 multiplied by the then outstanding Tranche A Portion of this Note, plus (B) the unpaid accrued interest thereon, (ii) any prepayments made between the date hereof and the Maturity Date in respect of the Tranche B Portion of the Note shall be for an amount equal to (A) the then outstanding Tranche B Portion of the Note, plus (B) the unpaid interest thereon and (iii) any prepayments must (A) first, be made pro rata to all holders of the Tranche B Portion based on the ratio that the aggregate principal value of such holder's portion of the Tranche B Portion bears to the aggregate principal value of the Tranche B Portion issued pursuant to the Purchase Agreement and (B) next, be made pro rata to all holders of the Tranche A Portion based on the ratio that the aggregate principal value of such holder's portion of the Tranche A Portion bears to the aggregate principal value of the Tranche A Portion issued to all Lenders pursuant to the Purchase Agreement. The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

2. Security. This Note is secured under that certain Security Agreement dated December 6, 2010, as amended by the Second Amendment (and as the Security Agreement may be further amended, supplemented, restated or otherwise modified from time to time, the "Security Agreement") between the Company and the Lenders. Reference is hereby made to the Second Amendment and Security Agreement for a description of the nature and extent of the security for this Note and the rights with respect to such security of the holder of this Note.

3. Priority. This Note and the other Notes shall be senior in all respects (including right of payment) to all other indebtedness of the Company, now existing or hereafter.

4. Conversion of the Notes. This Note and any amounts due hereunder shall be convertible into Conversion Shares in accordance with the terms of Section 2.2 of the Purchase Agreement. As promptly as practicable after the conversion of this Note, the Company at its expense shall issue and deliver to the holder of this Note, upon surrender of the Note, a certificate or certificates for the number of full Conversion Shares issuable upon such conversion.

5. Amendments and Waivers; Resolutions of Dispute; Notice. The amendment or waiver of any term of this Note, the resolution of any controversy or claim arising out of or relating to this Note and the provision of notice shall be conducted pursuant to the terms of the Purchase Agreement.

6. Successors and Assigns. This Note applies to, inures to the benefit of, and binds the successors and assigns of the parties hereto. Any transfer of this Note may be effected only pursuant to the Purchase Agreement and by surrender of this Note to the Company and reissuance of a new note to the transferee. Notwithstanding the foregoing, a holder may sell participations in this Note as set forth in Section 3.4 of the Second Amendment. The holder and any subsequent holder of this Note receives this Note subject to the foregoing terms and conditions, and agrees to comply with the foregoing terms and conditions for the benefit of the Company and any other Lenders.

7. Officers and Directors not Liable. In no event shall any officer or director of the Company be liable for any amounts due and payable pursuant to this Note.

8. Expenses. The Company hereby agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by declaration or otherwise ("Costs"). The Company agrees that any delay on the part of the holder in exercising any rights hereunder will not operate as a waiver of such rights. The holder of this Note shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by the party or parties waiving such rights or remedies.

9. Usury Savings. This Note is subject to the express condition that at no time shall the Company be obligated or required to pay interest on any principal amount at a rate which would subject the holder of this Note to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate (as defined below). If, by the terms of this Note, the Company is at any time required or obligated to pay interest on the principal amount hereunder at a rate in excess of the Maximum Legal Rate, the applicable interest rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to the holder of this Note for the use, forbearance, or detention of the sums due under the Note, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Note does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Note for so long as the Note is outstanding. "Maximum Legal Rate" means the maximum rate of interest designated by applicable law.

10. Governing Law. This Note shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the choice of law principles thereof.

11. Replacement of Notes. This Amended and Restated Secured Senior Convertible Promissory Note is issued in full substitution for and replacement of, but not in payment of, the Secured Senior Convertible Promissory Note dated December 6, 2010 issued by the Company payable to the order of [_____] in the principal amount of [_____] (\$[____]), issued in connection with the Purchase Agreement.

[Signature Page Follows]

NEUROLOGIX, INC.

By: _____
Name: Clark A. Johnson
Title: President and Chief Executive Officer

By: _____
Name: Marc L. Panoff
Title: Chief Financial Officer, Treasurer and
Secretary

SIGNATURE PAGE TO NOTE

NEUROLOGIX, INC.

December 16, 2011

Mr. Reginald Hardy
2600 Southwest Third Avenue, Suite 950
Miami, Florida 33129

Re: Neurologix, Inc. - Prospective Employment and Related Investment

Dear Reg:

This letter agreement ("Agreement") is made effective as of December 16, 2011 ("Effective Date") by and between Neurologix, Inc., a Delaware corporation with an office located at One Bridge Plaza, Fort Lee, New Jersey 07024 ("Corporation") and Reginald Hardy, a Florida resident with a business address located at 2600 Southwest Third Avenue, Suite 950, Miami, Florida 33129 ("Executive").

Background. Corporation and Executive have agreed in principle to terms and conditions under which Corporation shall offer, and Executive shall accept, a position of employment as Vice President of the Corporation, and this Agreement reflects the definitive agreement of Corporation and Executive of such terms and conditions.

This offer of employment is undertaken simultaneously with the closing of the transactions contemplated by that certain Second Amendment to Note and Warrant Purchase Agreement and Promissory Notes and First Amendment to Security Agreement dated December 16, 2011 by and among Palisade Concentrated Equity Partnership II, L.P. ("PCEPII"), General Electric Pension Trust ("GE"), and Corriente Master Fund, L.P. ("Corriente") (the "Bridge Loan"). It is understood that Executive will purchase a participation in the Bridge Loan on the date hereof from one or more of PCEPII, GE or Corriente in the minimum amount of \$125,000.

Corporation and Executive hereby agree as follows:

1. Employment. Corporation hereby offers and Executive hereby accepts the offer to serve as Vice President of Corporation on the terms and conditions set forth herein. The term of employment shall commence upon the Effective Date and shall terminate: (i) upon the closing of a Liquidity Event or (ii) March 31, 2012, whichever is later in time, or (iii) sooner by the parties as further set forth herein. Executive will perform the following services in his capacity as Vice President of Corporation (collectively, the "Services"):

- (a) Advise Corporation on strategy and tactics to be used to engage in discussions with potential strategic parties in order to facilitate the consummation of a Liquidity Event;

- (b) Identify and introduce potential strategic parties to Corporation for purposes of facilitating a Liquidity Event;
Provide advice and assistance in connection with a Liquidity Event, including assisting Corporation in negotiating the
- (c) Liquidity Event and, at Corporation's reasonable request, assist in presentations to and discussions with potential strategic parties and Corporation's Board of Directors; and
- (d) At Corporation's request, meet and work with MTS Health Partners, L.P. ("MTS") to assist MTS in carrying out its services under the engagement letter entered into between MTS and Corporation on February 1, 2010.

For purposes of this Agreement, the term "Liquidity Event" shall mean (i) any merger, consolidation, reorganization or other business combination pursuant to which the business of Corporation is combined with that of one or more purchasers or sellers or one or more persons formed by or affiliated with a purchaser or seller (but, specifically excluding joint venture, collaboration or licensing arrangements not involving more than 50% of the capital stock or assets of Corporation), (ii) the acquisition, directly or indirectly, by one or more purchasers of more than 50% of the capital stock of Corporation, by way of negotiated purchase or any other means (but specifically excluding any purchase of capital stock from Corporation for the purposes of capital raising), (iii) the acquisition, directly or indirectly, by one or more purchasers of all or substantially all of the assets of Corporation, or (iv) any licensing, collaboration, partnership, joint venture, strategic alliance or similar transaction, business association or relationship with one or more strategic parties with respect to the development, commercialization, marketing, promotion, sale and/or distribution of Corporation's gene therapy product for the treatment of Parkinson's disease. Executive and Corporation acknowledge and agree that a "Liquidity Event" shall not include any debt or equity offerings that shall only result in the continued financing and operation of Corporation.

2. Non-Competition/ Conflict of Interest. Executive is presently employed in the pharmaceutical industry by Brickell Biotech, Inc. ("BBI") and is subject to provisions of non-competition that prohibit an employment arrangement between Executive and Corporation without the express approval of the Board of Directors of BBI. Executive has obtained the required consents from BBI to enable Executive to serve as Vice President of Corporation on the terms set forth herein. Executive represents and covenants that his employment by Corporation on the terms set forth herein and compliance with the terms and conditions hereof will not conflict with or result in the breach by him of any agreement to which he is a party or by which he may be bound and in connection with his employment by Corporation and his provision of Services, he will not engage in any unauthorized use of any confidential or proprietary information he may have obtained in connection with his employment with any other employer or his service on the Board of Directors or other similar governing body of any other entity.

3. Reserved.

4. Consideration. In consideration for Executive's Services and specifically conditioned upon the successful achievement of a Liquidity Event with a pharmaceutical, biotechnology or medical device company, and, subject to Section 8 hereof, specifically conditioned upon Executive's continued employment with Corporation, Executive shall receive (i) four percent (4%) of any up-front payment received by Corporation in such Liquidity Event and (ii) four percent (4%) of any future milestone payments received by Corporation in such Liquidity Event. In the event, there is only one payment in such Liquidity Event, Executive shall receive four percent (4%) of such payment received by Corporation. Each payment is due and payable to Executive, in whatever form, within fifteen (15) days of receipt by Corporation (collectively, the "Consideration"). Executive acknowledges and agrees that he shall not be entitled to any other compensation, perquisites or benefits in connection with, or as a condition to, or as consideration for his employment by Corporation and his provision of Services as described under this Agreement.

5. Investment. Executive hereby agrees, either individually or through an entity affiliated with Executive, to invest \$125,000 in the aggregate in the first \$500,000 tranche of the Bridge Loan (if and when such first tranche is purchased by the Bridge Loan investors and issued by Corporation), and to invest \$125,000 in the aggregate in the second \$500,000 tranche of the Bridge Loan (if and when such second tranche is purchased by the Bridge Loan investors and issued by Corporation), with such investments being made upon the same terms and conditions as PCEPII, GE, Corriente and any other Bridge Loan investor. Executive shall possess all of the rights and obligations equivalent to each investor in the Bridge Loan. The parties hereto acknowledge and agree that Executive's investments described above will be made by purchasing a participation or participations in the Bridge Loan from one or more of PCEPII, GE or Corriente, and that the effectiveness of this Agreement, the employment of Executive as Vice President on the date hereof, and his continued employment, are expressly conditioned upon Executive purchasing the participations as described above.

6. Nondisclosure. Executive has previously executed a non-disclosure agreement dated as of February 18, 2010 for the benefit of Corporation (the "Non-Disclosure Agreement") that shall govern the terms of this Agreement and shall survive the termination of this Agreement and Executive's employment with Corporation.

7. Reimbursement of Expenses. Upon the submission of proper substantiation by Executive, and subject to such rules and guidelines as Corporation may from time to time adopt, Corporation shall reimburse Executive for all reasonable expenses actually paid or incurred by Executive during the term of employment in the course of and pursuant to his rendering Services to Corporation. Executive shall account to Corporation in writing for all expenses for which reimbursement is sought and shall supply to Corporation copies of all relevant invoices, receipts or other evidence reasonably requested by Corporation.

8. Termination. Executive shall at all times have the right to terminate his employment upon fifteen (15) days' prior written notice to Corporation and, in the event such notice of termination is given prior to any Liquidity Event, Executive shall not be entitled to the Consideration provided for in Section 4. Corporation may terminate the term of Executive's employment at any time for any reason; provided, however, in the event that Corporation shall enter into a Liquidity Event within six (6) months of Corporation's termination of Executive's employment (other than a lawful termination by Corporation as a result of Executive's material breach of this Agreement, which shall include Executive's failure to invest in the first or second tranches of the Bridge Loan, as described in Section 5 above) with a pharmaceutical, biotechnology or medical device company, Executive shall be entitled to the full Consideration provided for in Section 4.

9. Mediation. In the event a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties hereby agree first to attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Employment Mediation Rules before resorting to litigation or some other dispute resolution procedure.

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Broward County, Florida (if Executive defends) or in Bergen County, New Jersey (if Corporation defends) in accordance with the Rules of the American Arbitration Association then in effect (except to the extent that the procedures outlined below differ from such rules or the parties agree otherwise). Within thirty (30) days after written notice by either party has been given that a dispute exists and that arbitration is required, each party must select an arbitrator and those two arbitrators shall promptly, but in no event later than thirty (30) days after their selection, select a third arbitrator. The parties agree to act as expeditiously as possible to select arbitrators and conclude the dispute. The selected arbitrators must render their decision in writing. The cost and expenses of the arbitration shall be borne equally by both parties. If advances are required, each party will advance one-half of the estimated fees and expenses of the arbitrators. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Although arbitration is contemplated to resolve disputes hereunder, either party may proceed to court to obtain an injunction to protect its rights hereunder, the parties agreeing that either could suffer irreparable harm by reason of any breach of this Agreement. Pursuit of an injunction shall not impair arbitration on all remaining issues.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of law issues.

12. Entire Agreement; Modifications; Counterparts; Facsimile or .PDF Delivery. This Agreement and the Non-Disclosure Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and, upon the Effective Date, shall supersede all prior agreements, understandings and arrangements, both oral and written, between Executive and Corporation (or any of its affiliates) with respect to such subject matter. This Agreement may not be modified in any way unless by a written instrument signed by both Corporation and Executive. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Signatures delivered by facsimile or PDF shall be effective for all purposes.

13. Notices. All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested or sent by confirmed e-mail or facsimile transmission addressed as set forth herein or to such other address as either party hereto may from time to time give notice of to the other.

14. Benefits; Binding Effect; Assignment. This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns, including, without limitation, any successor to Corporation, whether by merger, consolidation, sale of stock, sale of assets or otherwise. Except as otherwise provided below, Executive shall not assign or transfer this Agreement nor any rights hereunder without the consent of Corporation, and any attempted or purported assignment without such consent shall be void; provided, that, Executive shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or other benefit hereunder following Executive's death by giving written notice thereof. In the event of Executive's death or a judicial determination of his incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

15. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

16. Waivers. The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

17. Damages. Subject to Section 10 of this Agreement, nothing contained herein shall be construed to prevent Corporation or Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. In the event that either party hereto brings suit for the collection of any damages resulting from, or the injunction of any action constituting, a breach of any of the terms or provisions of this Agreement, or for the enforcement of any arbitration award under Section 10 of this Agreement, then the party found to be at fault and the non-enforcing party of an arbitration award shall pay all reasonable court costs and attorneys' fees of the other.

18. No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than Corporation, the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

19. Indemnification. Executive shall be entitled to indemnification in his capacity as an officer of Corporation in accordance with the terms of Corporation's Amended and Restated By-Laws, as in effect on the date hereof and as they may be amended, modified or restated in the future. Corporation represents the existence of a director's and officer's insurance policy in full force and effect as of the date of this Agreement, and agrees that such policy shall be maintained with respect to Executive for as long as such policy is maintained with respect to all of Corporation's other directors and officers.

Signature page follows

Should this Agreement satisfactorily represent our business agreement, please sign and execute two copies of this letter, keeping one copy for your records and returning the other to us.

Sincerely,

NEUROLOGIX, INC.

By: /s/ Clark A. Johnson

Name: Clark A. Johnson

Title: Chief Executive Officer

By: /s/ Marc L. Panoff

Name: Marc L. Panoff

Title: Chief Financial Officer

ACKNOWLEDGED AND AGREED:

By: /s/ Reginald Hardy

Reginald Hardy, Individually