

NEUROLOGIX INC/DE
Form DEF 14A
April 08, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Neurologix, Inc.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

As filed with the Commission on April 8, 2011

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April 8, 2011

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Neurologix, Inc. to be held at the offices of Winston & Strawn LLP at 200 Park Avenue, New York, New York 10166 on Tuesday, May 10, 2011, at 10:00 a.m. At this meeting, we will ask you to consider and vote upon the election of two Class II directors and one Class III director.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we recommend that you complete, sign, date and return the enclosed proxy card to ensure that your shares are represented at the Annual Meeting. The enclosed proxy statement provides you with detailed information about the proposals submitted for your consideration. We urge you to read it carefully.

On behalf of your Board of Directors, I thank you for your support and appreciate your consideration.

Very truly yours,

/s/ CLARK A. JOHNSON

Clark A. Johnson
President and Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 10, 2011**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Neurologix, Inc., a Delaware corporation (the "Corporation"), will be held at the offices of Winston & Strawn LLP at 200 Park Avenue, New York, New York 10166 on Tuesday, May 10, 2011, at 10:00 a.m., Eastern time, for the following purposes:

1. To elect two Class II directors to hold office for a term of three years and to elect one Class III director to hold office for a term of one year.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE IN FAVOR OF THE PROPOSAL PRESENTED IN THE PROXY STATEMENT.

The Board of Directors has fixed the close of business on April 1, 2011 as the record date for the determination of stockholders who are entitled to notice of and to vote at the meeting.

A copy of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010 is enclosed.

To assure your representation at the meeting, please sign, date and return your proxy in the enclosed envelope, which requires no postage if mailed in the United States.

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ MARC L. PANOFF

Marc L. Panoff
Chief Financial Officer, Secretary and Treasurer

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**One Bridge Plaza
Fort Lee, New Jersey 07024**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS MAY 10, 2011

This Proxy Statement is furnished by the Board of Directors (the Board) of Neurologix, Inc., a Delaware corporation (the Corporation). This Proxy Statement is being sent to the Corporation's stockholders in connection with the solicitation of proxies by the Board, on behalf of the Corporation, to be used at the Annual Meeting of Stockholders (the Annual Meeting), which will be held at the offices of Winston & Strawn LLP at 200 Park Avenue, New York, New York 10166 on Tuesday, May 10, 2011, at 10:00 a.m., Eastern time. The Corporation's offices are located at One Bridge Plaza, Suite 605, Fort Lee, New Jersey 07024.

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and proxy card are being mailed to the Corporation's stockholders on or about April 8, 2011. A copy of the Corporation's Annual Report to Stockholders on Form 10-K for the year ended December 31, 2010 is also enclosed.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 10, 2011. The Notice of Annual Meeting of Stockholders, Proxy Statement, Form of Proxy, Annual Report and directions to the Annual Meeting are available at <http://www.neurologix.net>.

You are requested to complete, date and sign the accompanying proxy and return it to the Corporation in the enclosed envelope. The proxy may be revoked at any time prior to the meeting by written notice to the Corporation bearing a later date than the date on the proxy or by attending the meeting and voting in person. The Corporation may solicit proxies in person, by mail, telephone, facsimile, e-mail or other similar means. Where instructions are indicated, proxies will be voted in accordance therewith. Where no instructions are indicated, proxies will be voted for the proposal set forth below.

The Board has fixed the close of business on April 1, 2011 as the record date (the Record Date) for the determination of stockholders who are entitled to notice of and to vote at the meeting. As of the Record Date, the outstanding number of voting securities of the Corporation was 28,932,540 shares, consisting of 27,918,148 shares of common stock, par value \$0.001 per share (Common Stock), 645 shares of Series A convertible preferred stock, par value \$0.10 per share (Series A Preferred Stock), 278,849 shares of Series C convertible preferred stock, par value \$0.10 per share (Series C Preferred Stock), and 734,898 shares of Series D convertible preferred stock, par value \$0.10 per share (Series D Preferred Stock). Holders of a majority of our outstanding shares of Common Stock, Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock, considered as a single class, on an as-converted basis, must be present or represented by proxy at the meeting to constitute a quorum. For each share held as of the Record Date, each holder of Common Stock is entitled to one vote per share of Common Stock, each holder of Series A Preferred Stock is entitled to one vote per share of Series A Preferred Stock, each holder of Series C Preferred Stock is entitled to 22.012579 votes per share of Series C Preferred Stock and each holder of Series D Preferred Stock is entitled to 30.172414 votes per share of Series D Preferred Stock.

A plurality of the votes of the total number of the shares of Common Stock, Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock present at the meeting will be necessary to approve the Proposal regarding the election of two Class II directors of the Corporation and one Class III director of the Corporation. Under applicable Delaware law, in tabulating votes, abstentions (including broker non-votes) will be disregarded and will have no effect on the outcome of the vote.

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As of the Record Date, the persons and entities listed below were, to the knowledge of the Corporation, the only beneficial owners of more than five percent of the outstanding shares of Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Corriente Master Fund, L.P.	16,858,224(2)	37.65%
General Electric Pension Trust	14,262,192(3)	33.81%
Palisade Private Partnership, L.P.	6,801,890(4)	24.36%
Chrysler Group LLC Master Retirement Trust	5,083,843(5)	15.49%
ATEC Trust	3,432,608(6)	12.30%
Martin J. Kaplitt, M.D.	2,418,901(7)	8.66%
Medtronic International, Ltd.	2,036,171(8)	7.29%

- (1) As calculated in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended.
- (2) Consists of warrants to purchase 3,927,202 shares of Common Stock and 428,571 shares of Series D Preferred Stock (presently convertible into 12,931,022 shares of Common Stock). Based on information provided in the Schedule 13D filed on November 29, 2007, the Schedule 13D/A filed on April 30, 2008 and the Schedule 13G filed on February 14, 2011 by Corriente Advisors, LLC (CA), an investment advisory and management services limited liability company formed under the laws of Delaware, and Mark L. Hart (Hart), (i) Corriente Master Fund, L.P. (CMF) is an investment limited partnership formed under the laws of Delaware, (ii) CA acts as an investment advisor to, and manages investment and trading accounts of, other persons, including CMF, (iii) Hart is the chairman and chief executive officer of CA, (iv) CA and Hart may be deemed to beneficially own the shares owned by CMF, (v) CA and Hart have shared voting and dispositive power of the shares held for the account of CMF, and (vi) the address of CA and Hart is 201 Main Street, Suite 1800, Fort Worth, Texas 76102. Based on information provided to the Corporation, the address of CMF is 201 Main Street, Suite 1800, Fort Worth, Texas 76102.
- (3) Consists of warrants to purchase 2,951,706 shares of Common Stock, 93,940 shares of Series C Preferred Stock (presently convertible into 2,067,861 shares of Common Stock), and 306,327 shares of Series D Preferred Stock (presently convertible into 9,242,625 shares of Common Stock). Based on information provided in the Schedule 13G/A filed on February 18, 2009 and the Schedule 13G/A filed on February 14, 2011 by General Electric Pension Trust (GEPT), GE Asset Management Incorporated (GAM), a corporation formed under the laws of Delaware, and General Electric Company (GE), a corporation formed under the laws of New York, (i) GAM is the investment manager of GEPT and may be deemed to beneficially own the shares owned by GEPT, (ii) GAM and GEPT have shared voting power and shared dispositive power, (iii) GAM is a wholly-owned subsidiary of GE, (iv) GE expressly disclaims any voting or dispositive power over the shares owned by GEPT, (v) GEPT's and GAM's address is 3001 Summer Street, Stamford, Connecticut 06905, and (vi) GE's address is 3135 Easton Turnpike, Fairfield, Connecticut 06828.
- (4) Based on information provided in the Schedule 13D/A filed on March 7, 2008 and the Schedule 13D/A filed on February 3, 2011 by Palisade Private Partnership, L.P. (PPP), an investment limited partnership formed under the laws of Delaware, Palisade Private Holdings, LLC (PPH), a Delaware limited liability company, Palisade Capital

Management, L.L.C. (PCM), a New Jersey limited liability company and Dennison T. Veru (Veru), (i) PPH is the general partner of PPP, (ii) PCM acts as an investment manager, (iii) Veru is a managing member of PPP and a principal of PPH and PCM, (iv) PPP, PPH, PCM and Veru have shared voting and dispositive power of the shares owned by PPP and may be deemed to beneficially own the shares owned by PPP, and (v) each of PPP, PPH, PCM and Veru have as their address One Bridge Plaza, Suite 695, Fort Lee, New Jersey 07024.

- (5) Consists of warrants to purchase 926,966 shares of Common Stock, 180,891 shares of Series C Preferred Stock (presently convertible into 3,981,877 shares of Common Stock) and 175,000 shares of Common Stock. Based on information provided in the Schedule 13G/A filed on February 18, 2009 by Chrysler LLC Master Retirement Trust (Chrysler LLC) and Chrysler LLC Master Retirement Trust Investment Committee (the Investment

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Committee), (i) Chrysler LLC and the Investment Committee share voting and dispositive power on the shares owned by Chrysler LLC, (ii) Chrysler LLC's address is c/o State Street Corporation, Institutional Investor Services, Two World Financial Center, 225 Liberty Street, 24th Floor, New York, New York 10281, and (iii) the Investment Committee's address is 1000 Chrysler Drive, Auburn Hills, Michigan 48326.

- (6) Based on information provided in the Form 4 filed on January 29, 2008 by ATEC Trust (ATEC), (i) ATEC is a trust organized under the laws of New Zealand, (ii) Warwick J. Greenwood is the trustee of ATEC and disclaims beneficial ownership of the shares owned by ATEC, and (iii) ATEC's address is c/o Auckland Technology Enabling Corporation Limited, P.O. Box 10-359, 8th Floor, Lumley House, 93 The Terrace, Q2, Wellington, New Zealand.
- (7) Martin J. Kaplitt's address is the address of the Corporation.
- (8) Based on information provided in the Schedule 13D filed on May 6, 2005 by Medtronic, Inc. (Medtronic), a corporation formed under the laws of Minnesota, and Medtronic International, Ltd. (Medtronic International), a corporation formed under the laws of Delaware, and a wholly-owned subsidiary of Medtronic, (i) Medtronic, through Medtronic International, has sole voting and dispositive power of all of the shares held by Medtronic International and (ii) the address of Medtronic and Medtronic International is 710 Medtronic Parkway N.E., Minneapolis, Minnesota 55432.

SECURITY OWNERSHIP OF BOARD AND MANAGEMENT

The following table shows: (i) the number of shares of Common Stock that each of the Corporation's directors, nominees and executive officers beneficially owned or had the right to acquire beneficial ownership of as of, or within sixty days of, the Record Date; and (ii) the percentage ownership of the outstanding shares of Common Stock represented thereby. The address for each of such persons is the address of the Corporation.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Cornelius E. Golding	263,333(2)	*
Reginald L. Hardy	80,000(3)	*
Clark A. Johnson	891,508(4)	3.16%
Martin J. Kaplitt, M.D.	2,418,901	8.66%
Jeffrey B. Reich, M.D.	266,000(5)	*
Elliott H. Singer	285,000(6)	1.01%
John E. Mordock	0(7)	*
Marc L. Panoff	558,333(8)	1.96%
Christine V. Sapan, Ph.D.	593,333(9)	2.08%
Officers and Directors as a Group (9 persons)	5,356,408	17.80%

* Represents less than 1% of the outstanding shares.

- (1) As calculated in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended.

- (2) Includes 233,333 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.
- (3) Includes 50,000 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.
- (4) Includes 280,000 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.
- (5) Includes 240,000 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.
- (6) Includes 245,000 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.

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- (7) John E. Mordock's 800,000 stock options expired unexercised on March 10, 2011 and the Corporation believes that Mr. Mordock sold the 20,000 shares of Common Stock he previously owned, as reflected in the Corporation's definitive Proxy Statement in connection with the 2010 Annual Meeting of Stockholders.
- (8) Includes 548,333 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.
- (9) Includes 583,333 shares of Common Stock which may be acquired upon the exercise of stock options which are or become exercisable within sixty days of the Record Date.

PROPOSAL: ELECTION OF DIRECTORS

The Corporation's certificate of incorporation and by-laws provide that the Board is divided into three classes: Class I directors, Class II directors and Class III directors. The stockholders will elect two Class II directors at the meeting, each to serve for a three-year term expiring at our Annual Meeting of Stockholders in 2014 or until his successor has been elected and qualified, or until the earliest of his death, resignation or retirement. The stockholders will also elect one Class III director at the meeting, to serve for a one-year term expiring at our Annual Meeting of Stockholders in 2012 or until his successor has been elected and qualified, or until the earliest of his death, resignation or retirement. The Corporation's certificate of incorporation provides that the total number of directors constituting the entire Board shall not be less than three nor more than twelve, with the then authorized directors being fixed from time to time by the Board.

The Class III director, originally scheduled to stand for election as a Class II director at this Annual Meeting, is being nominated for election as a Class III director in order to equalize the number of directors in each class of the Board so as to carry out the purposes set forth in the Corporation's certificate of incorporation and by-laws.

Nominees For Election As Class II Directors

Unless instructed otherwise, the proxies named on the enclosed proxy card intend to vote the shares that they represent to elect Cornelius E. Golding and Elliott H. Singer to serve as Class II directors.

CORNELIUS E. GOLDING Mr. Golding, age 63, has been a director of the Corporation since August 2006 and currently serves as the Chairman of the Audit Committee. From 1981 to 2003, Mr. Golding served in various financial roles at Atlantic Mutual Insurance Company (Atlantic Mutual), a property and casualty insurance company in Madison, New Jersey. During his tenure with Atlantic Mutual, Mr. Golding first served as vice president of internal audit and comptroller before being appointed as senior vice president. Mr. Golding was promoted to chief financial officer in 1994 and served in this role until his retirement in 2003. Mr. Golding is currently a financial consultant to various property and casualty insurance companies and serves on the boards of directors of Hudson City Bancorp, Inc., a holding company for Hudson City Savings Bank, a federally chartered stock savings bank, and various private companies, including the United Auto Insurance Group of North Miami Beach, Florida and the John A. Forster Trust. Mr. Golding previously served on the boards of directors of the National Atlantic Holding Corp., a property and casualty insurance company in New Jersey and the Somerset Hills Bank Corp., a holding company for the Bank of Somerset Hills, a New Jersey bank. Mr. Golding is also an officer of the Mary Golding Trust of St. Catherine, a not-for-profit organization. Mr. Golding is a Certified Public Accountant and holds a B.B.A. in accounting from Saint John Fisher College and an M.B.A. in finance from Fairleigh Dickenson University. Mr. Golding's extensive financial and accounting experience positions him well to serve as a director and to fill the critical roles of financial expert and Chairman of the Audit Committee. Mr. Golding's experience in the insurance industry has provided, and is expected to continue to provide, the Board with insight and guidance in assessing risks associated with its business and operations.

ELLIOTT H. SINGER Mr. Singer, age 70, has been a director of the Corporation since November 14, 2005 and currently serves as the Chairman of the Compensation Committee. Mr. Singer is a Managing Director of FairView Advisors, a financial services firm that he founded in September 2001. Mr. Singer founded and served as the Chief Executive Officer of A+ Network (formerly A+ Communications), which was acquired by Metrocall in 1996. Mr. Singer serves on the board of directors of Ameritrans Capital Corporation, a closed-end investment company that is regulated as a business development company under the Investment Company Act of 1940.

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Mr. Singer also serves on the boards of directors of several privately held companies. Mr. Singer holds a B.A. from Tulane University and an MBA from the Leonard R. Stern School of Business at NYU. Mr. Singer has brought and is expected to continue to bring invaluable operational and transactional experience to the Board. As the Corporation explores future opportunities to raise funds or enter into joint ventures to support its product development, Mr. Singer's financial experience will be a great asset to the Corporation.

Nominee For Election As Class III Director

Unless instructed otherwise, the proxies named on the enclosed proxy card intend to vote the shares that they represent to elect Martin J. Kaplitt, M.D. to serve as a Class III director.

MARTIN J. KAPLITT, M.D. Dr. Kaplitt, age 72, has been the Chairman of the Board of the Corporation since February 2004. Dr. Kaplitt served as the Executive Chairman of the Corporation from September 2004 until February 23, 2007. He also served as President of the Corporation from February 2004 to September 2004 and was previously a director and president of Neurologix Research, Inc., the Corporation's predecessor, from August 1999 to February 2004. Dr. Kaplitt has been associated with North Shore University Hospital for over 30 years and has held a variety of positions including: Chief of Thoracic and Cardiovascular Surgery from 1971 to 1978, Associate Attending in Cardiovascular Surgery from 1978 to 2001 and Adjunct Associate Attending in Surgery from 2001 to present. He was also a clinical associate professor of surgery at Cornell University Medical College. Dr. Kaplitt was a director of the Trust Company of New Jersey from 1985 through May 2004, when it was acquired by North Fork Bankcorp of Long Island, NY. Dr. Kaplitt attended Cornell University and the State University of New York, Downstate Medical Center. Dr. Kaplitt is a fellow of the American College of Surgeons and the American College of Cardiology. Dr. Kaplitt's strong medical background enables him to advise the Corporation on many aspects of the procedures under development by the Corporation. In addition, his long tenure with the Corporation and knowledge of all aspects of the Corporation's business and operations position him well to serve as Chairman of the Board.

Election of the Class II directors and the Class III director of the Corporation will require the affirmative vote of a plurality of voting shares held by stockholders present in person or represented by proxy at the meeting and entitled to vote thereat.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF ITS NOMINEES FOR CLASS II DIRECTORS AND CLASS III DIRECTOR.

BOARD OF DIRECTORS AND COMMITTEES

Other Directors

The terms of the Class I and Class III directors expire in 2013 and 2012, respectively. Accordingly, these directors are not up for re-election at the meeting.

Class I Directors Continuing in Office with Terms Expiring at the 2013 Annual Meeting of Stockholders

REGINALD L. HARDY Mr. Hardy, age 53, has been a director of the Corporation since February 2010. Since 2003, Mr. Hardy has been President and a director of Concordia Pharmaceuticals, Inc. (Concordia), a drug development company focused on innovative cancer drug therapies, which he founded. Since 2009, Mr. Hardy has been the President of Brickell Biotech, Inc. (Brickell), a pharmaceutical company in which Palisade Concentrated Equity Partnership II, L.P., an affiliate of Palisade Capital Management, L.L.C., has a 34% interest. He also serves on the board of directors of Brickell. Previously, Mr. Hardy was the President of Sano Corporation, a publicly traded pharmaceutical company, which was acquired by Elan Corporation PLC. Mr. Hardy earned his B.S. degree in

Pharmacy from the University of North Carolina – Chapel Hill, and his M.B.A from the University of North Carolina Greensboro. Mr. Hardy’s background and executive experience in the pharmaceutical and drug industries are invaluable to the Corporation’s business and strategies relating to its current products and its efforts to finance the development of such products. In particular, the Board looks to Mr. Hardy for assistance in negotiating investment banking and similar transactions.

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JEFFREY B. REICH, M.D. Dr. Reich, age 49, has been a director of the Corporation since February 2005. Since January 2007, Dr. Reich has served as a healthcare portfolio manager at Cramer Rosenthal McGlynn, a New York City-based investment and asset management firm. From 2002 through 2007, Dr. Reich served as a senior analyst and portfolio manager at Merlin Biomed Group, a New York City-based asset management firm that invests globally in public and private healthcare companies. Since October, 2007, Dr. Reich has served on the board of SCOLR Pharma Inc., a specialty pharmaceutical company engaged in the development and licensing of drug delivery technology. Dr. Reich has also served as an assistant professor of clinical neurology at Weill Medical College of Cornell University since 1995. He received his medical degree from Weill Medical College of Cornell University in 1987. Dr. Reich was initially elected to the Board pursuant to the Stock Purchase Agreement, dated as of February 4, 2005 by and among the Corporation, Merlin Biomed Long Term Appreciation Fund LP and Merlin Biomed Offshore Master Fund LP (collectively, Merlin). This agreement originally gave Merlin the right to appoint Dr. Reich to the Board but has since been amended to eliminate this right. The Corporation has, nonetheless, continued to nominate Dr. Reich because of his extensive medical and financial experience and ability to provide guidance to the Board in formulating product strategies and financial objectives. His particular knowledge of the biotech industry provides needed information to the Board and the Corporation's management.

Class III Directors Continuing in Office with Terms Expiring at the 2012 Annual Meeting of Stockholders

CLARK A. JOHNSON Mr. Johnson, age 79, has been a director of the Corporation since February 2004, and its Vice Chairman since 2009. On March 10, 2010, Mr. Johnson became President and Chief Executive Officer of the Corporation. Mr. Johnson served as a director of PSS World Medical, Inc., a national distributor of medical equipment and supplies to physicians, hospitals, nursing homes, and diagnostic imaging facilities, from September 1999 to March 2007, also becoming its Chairman in October 2000. From August 1985 to June 1998, Mr. Johnson served as Chief Executive Officer of Pier 1 Imports, a specialty retailer of imported decorative home furnishings, gifts and related items, also becoming its Chairman in 1988. Currently, Mr. Johnson serves on the boards of directors of various private companies, including World Factory, Inc., an international sourcing and product development company specializing in outdoor living and hardware products, Brain Twist Inc., a specialty drink development company and Lydian Bank & Trust Holding Co., a wealth management firm. Previously, Mr. Johnson served on the boards of directors of REFAC Optical Group, a provider of managed vision and professional eye care products and services and an affiliate of Palisade Capital Management, L.L.C. (PCM) and MetroMedia International Group, an international telecommunications company. Mr. Johnson owns 5% of the preferred, non-voting equity interest in PCM, which is an affiliate of the Corporation. Mr. Johnson has exhibited, through his career, significant success in managing companies and making them profitable. He also has been a substantial investor in various private equity opportunities. His experience in utilizing capital markets to raise funds is extremely helpful as the Corporation seeks to raise capital to support its continued operations.

Board Leadership Structure and Risk Oversight

The Corporation separated the roles of Chief Executive Officer and Chairman of the Board in September 2004. The Corporation has continued to keep these roles separate with Mr. Clark A. Johnson serving as President and Chief Executive Officer and Dr. Martin J. Kaplitt, M.D. serving as Chairman of the Board. The Board believes the separation of these roles enables effective oversight of management and provides checks and balances with respect to the decision making process at the Corporation. It also provides greater interaction and cooperation at the senior most levels of the Corporation's management with respect to its long-term and day-to-day operations.

The Board, in conjunction with the Corporation's officers, is responsible for considering, identifying and managing material risks to the Corporation. The audit committee plays a critical role in evaluating and managing internal controls, financial risk exposure and monitoring the activities of the Corporation's independent registered public accounting firm. The entire Board also receives updates at each Board meeting regarding critical business and

scientific developments and risks from the Corporation's management. At the Board's direction, the Corporation also engages independent consultants to monitor the Corporation's clinical trials and ensure that such trials are conducted in accordance with applicable laws and rules of government agencies, including the Food and Drug Administration.

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Board and Committee Meetings

During 2010, the Board met nine times, the Audit Committee met four times and the Compensation Committee met two times. Each director attended all of the meetings of the Board, except for one meeting of the Board at which one director did not attend, and each director attended each of the meetings of the Audit Committee and the Compensation Committee on which such director then served.

It is the Corporation's policy that directors are invited and encouraged to attend the Annual Meeting of Stockholders. At the time of the 2010 Annual Meeting of Stockholders, the Corporation had six directors, all of whom attended the meeting.

Committees

The Board currently maintains an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and a Compensation Committee. The Corporation does not have a Nominating Committee.

Nominating Process

The Board does not consider it necessary to have a Nominating Committee or written charter since the size of the Board enables all directors to participate in the nominating process, to address the need to attract and retain qualified directors and to fill any vacancies in the Board. Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing Board composition. However, the Board, in making its nominations, considers, among other things, an individual's business experience, industry experience, breadth of knowledge about issues affecting the Corporation, time available for meetings and consultation regarding company matters and other particular skills and experience possessed by the individual.

As of December 31, 2010, the Board consisted of six directors. The Board determined, for 2010, that Reginald L. Hardy, Cornelius E. Golding, Jeffrey B. Reich, M.D. and Elliott H. Singer were independent directors. Although the Corporation is not listed on any exchange or automated quotation system, the Board, in making this independence determination, considered the independence standards for directors set forth in the NYSE Amex LLC Company Guide for its listed companies (the AMEX Rules).

The Board does not have a formal policy that requires it to consider any director candidates that might be recommended by stockholders. The need for such a policy has not arisen since, to date, the Corporation has not received any recommendations from stockholders requesting that the Board consider a candidate for inclusion among the Board's slate of nominees in the Corporation's proxy statement. The absence of a formal policy does not mean, however, that a recommendation would not have been considered had one been received. The Corporation will consider candidates recommended by stockholders. Any stockholder desiring to make such a recommendation should send the recommendation, in writing, to the Corporate Secretary at the address of the Corporation set forth on the first page of this Proxy Statement, by no later than the date by which stockholder proposals for action must be submitted. The recommendation should include the recommended candidate's biographical data, and should be accompanied by the candidate's written consent to nomination and to serving as a director, if elected.

The Board does not have a formal policy regarding consideration of diversity in identifying director nominees. At this stage in its development, the Corporation is primarily focused on the scientific and financial expertise of director nominees. However, the Corporation considers a variety of additional factors appropriate for the focus of the Corporation, including differences of viewpoint, professional experience, education and skill.

Compensation Committee

In 2010, the members of the Compensation Committee were Messrs. Singer (Chair), Golding and Reich, all of whom were determined by the Board to be independent directors. The principal responsibilities of the Compensation Committee are to evaluate the performance of executive officers, establish policies and determine matters involving executive compensation, recommend changes in employee benefit programs, approve the grant of stock options and stock awards under the Corporation's stock plans and provide assistance to management regarding key personnel selection. In order to determine the elements and levels of the Corporation's executive compensation and

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to gain an understanding of any trends impacting compensation generally, the Compensation Committee from time to time gathers information on executive compensation, including salaries, stock options, bonuses and other benefits, from similarly situated biotechnology companies. The Compensation Committee weighs this information and reviews the Corporation's overall performance and makes recommendations regarding compensation to the full Board. To date, no compensation consultant has been engaged to assist the Compensation Committee or the Board in connection with establishing executive compensation. The Board adopted a written charter of the Compensation Committee on February 23, 2007, which is reviewed annually. A copy of the charter is available on the Corporation's website located at <http://www.neurologix.net> under the heading Investor Relations/Corporate Governance/Compensation Committee Charter.

Audit Committee

In 2010, the members of the Audit Committee were Messrs. Golding (Chair), Reich and Singer, all of whom were determined by the Board to be independent directors. In making this decision, the Board considered Rule 10A-3 of the Exchange Act. The Board has determined that Mr. Golding is an audit committee financial expert, as that term is defined under Item 407(d)(5) of Regulation S-K under the Exchange Act. The Board adopted a written charter of the Audit Committee on March 23, 2004, which was most recently amended and restated on March 24, 2009 and is reviewed annually. A copy of the charter is available on the Corporation's website located at <http://www.neurologix.net> under the heading Investor Relations/Corporate Governance/Audit Committee Charter.

The Audit Committee is responsible for the appointment, compensation and oversight of the work of the Corporation's independent registered public accounting firm and, in this regard, it meets periodically with the independent registered public accounting firm to review plans for the audit and the audit results and reviews financial statements, accounting policies, tax and other matters for compliance with the requirements of the Financial Accounting Standards Board and government regulatory agencies.

Directors Compensation

In 2011, the quarterly fixed retainer paid to each director who is not also an employee or paid consultant of the Corporation will continue to be \$4,000. The Corporation will also continue its policy of paying an additional quarterly retainer of \$1,000 for directors who serve on the Audit Committee and for the Chair of the Compensation Committee. In addition, the Compensation Committee has recommended that the Board, at its annual meeting to be held on May 10, 2011, continue last year's policy of awarding annual stock option grants of 75,000 shares to each director who is not also an employee or paid consultant of the Corporation, with no additional shares granted for service on the Audit Committee or for the Chair of the Compensation Committee. For 2011, Martin J. Kaplitt, M.D., will be granted the same number of stock options that will be granted to directors who are neither employees nor consultants of the Corporation. For 2011, Clark A. Johnson, will be paid the same quarterly fixed retainer and granted the same number of stock options that will be paid and granted to directors who are neither employees nor consultants of the Corporation. Any such compensation will be paid to Mr. Johnson in his capacity as a director and in lieu of any compensation for his service as President and Chief Executive Officer. Upon being elected Vice Chairman, Mr. Johnson was granted 100,000 stock options. Subject to approval by the Board at its 2011 annual meeting of the option grants described above, annual stock option grants for 2011 will be made to directors immediately following such annual meeting.

The following table sets forth the compensation earned by the Corporation's directors in 2010.(1)

Name	Fees Earned in Cash (\$)	Option Awards (\$)(2)	All Other Compensation (\$)	Total (\$)
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Cornelius E. Golding(3)	20,000	42,693		62,693
Martin J. Kaplitt, M.D.(4)			125,000	125,000
Jeffrey B. Reich, M.D.(5)	20,000	42,693		62,693
Elliott H. Singer(6)	23,000	42,693		65,693
Reginald L. Hardy(7)	12,000	42,693		54,693

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- (1) Clark A. Johnson's compensation for his services as a director is reflected in the table entitled "Summary Compensation Table for Named Executives" and his stock option awards outstanding as of December 31, 2010 are reflected in the table entitled "Outstanding Equity Awards at Fiscal Year-End Table." Both such tables are found on the following pages of this Proxy Statement.
- (2) The amounts in the Option Awards column reflect the aggregate grant date fair value of option awards computed in accordance with FASB ASC Topic 718, for awards granted pursuant to the Corporation's 2000 Stock Option Plan. For assumptions in the valuation of these stock options see the footnotes to the Corporation's financial statements in its Annual Report on Form 10-K as filed for the fiscal year ended December 31, 2010. Aggregate total numbers of stock option awards outstanding, as of December 31, 2010, are shown below.
- (3) Cornelius E. Golding had 258,333 stock option awards outstanding as of December 31, 2010.
- (4) Martin J. Kaplitt, M.D. did not receive any cash retainers or stock option grants as a member of the Board. In 2010, he was paid \$125,000 under the terms of a consulting agreement. See "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" for further information. Dr. Kaplitt did not have any stock option awards outstanding as of December 31, 2010.
- (5) Jeffrey B. Reich, M.D. had 265,000 stock option awards outstanding as of December 31, 2010.
- (6) Elliott H. Singer was appointed to the Audit Committee on March 23, 2010. For each quarterly period beginning after March 31, 2010, he earned a cash retainer of \$1,000 for his service on the Audit Committee. Mr. Singer had 270,000 stock option awards outstanding as of December 31, 2010.
- (7) Reginald L. Hardy was appointed to the Board on February 18, 2010. For each quarterly period beginning after March 31, 2010, he earned a cash retainer of \$4,000 for his service as a director. For his service as a director from February 18, 2010 through December 31, 2010, he was granted stock options to purchase 75,000 shares of Common Stock. Mr. Hardy had 75,000 stock option awards outstanding as of December 31, 2010.

Stock Option Plan Awards

The following table shows, as of December 31, 2010, the number of shares of Common Stock to be issued upon exercise of outstanding options granted under the Corporation's 2000 Stock Option Plan, the average exercise price of such stock options and the number of shares of Common Stock available for issuance under the Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	4,606,833	\$ 0.93	2,465,352

Policy on Stockholder Communication with Directors

The Board has a written policy on stockholder and interested party communications with directors, a copy of which is available on the Corporation's corporate website located at <http://www.neurologix.net>, under the heading Investor Relations/Corporate Governance/Stockholder Communication with Directors Policy.

Under the policy, stockholders and other interested parties may contact any member (or all members) of the Board, any Board committee or any chair of any such committee by mail. To communicate with the Board, any individual director or any group or committee of directors, correspondence should be addressed to the Board or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent to the Secretary, Neurologix, Inc., One Bridge Plaza, Fort Lee, NJ 07024.

All communications received as set forth in the preceding paragraph will be opened by the Corporation's executive officers for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group or

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committee of directors, the executive officers will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope is addressed.

CODES OF ETHICS

The Board has adopted an Amended and Restated Code of Ethics for its Chief Executive and Senior Financial Officers (the Financial Code of Ethics). The Corporation's Chief Executive Officer and Chief Financial Officer have signed the Financial Code of Ethics and will be held to the standards outlined therein. The Board has also adopted an Amended and Restated Code of Ethics and Conduct applicable to all employees, consultants, officers, scientific advisors and directors of the Corporation (together with the Financial Code of Ethics, the Codes of Ethics). Copies of each of these Codes of Ethics are available at the Corporation's website located at <http://www.neurologix.net> under the heading Investor Relations/Corporate Governance.

EXECUTIVE OFFICERS

The Corporation's current executive officers are: (i) Clark A. Johnson, President and Chief Executive Officer, appointed as of March 10, 2010, (ii) Marc L. Panoff, Chief Financial Officer, Treasurer and Secretary, appointed as Chief Financial Officer and Treasurer on January 23, 2006 and appointed as Secretary on May 9, 2006, and (iii) Christine V. Sapan, Ph.D., Executive Vice President, Chief Development Officer, appointed on July 10, 2006. Until March 10, 2010, John E. Mordock served as President and Chief Executive Officer of the Corporation. For purposes of this Proxy Statement, the term Named Executives shall mean Messrs. Mordock, Johnson, Panoff and Dr. Sapan. Set forth below is a brief description of our executive officers who have not been previously described in this Proxy Statement.

JOHN E. MORDOCK Mr. Mordock, age 65, was a director of the Corporation from November 2005 until March 10, 2010. Mr. Mordock served as the President and Chief Executive Officer of the Corporation from July 17, 2006 until March 10, 2010.

MARC PANOFF Mr. Panoff, age 40, was appointed as the Chief Financial Officer and Treasurer of the Corporation on January 23, 2006 and appointed as Secretary on May 9, 2006. Mr. Panoff was the Chief Financial Officer at Nephros, Inc., a publicly traded medical device company, from July 2004 to January 2006. From August 2001 to July 2004, Mr. Panoff was the Vice President, Finance, at Walker Digital Companies, a privately held research and development company. He also served as Corporate Controller at Medicis Pharmaceutical Corporation, a publicly traded specialty pharmaceutical company, for over seven years. Mr. Panoff received his Bachelor of Science in Business Administration from Washington University in St. Louis and his Masters in Business Administration from Arizona State University. He is also a Certified Public Accountant in the state of New York.

CHRISTINE V. SAPAN, PH.D. Dr. Sapan, age 63, was appointed as the Executive Vice President, Chief Development Officer of the Corporation effective July 10, 2006. Dr. Sapan was previously employed for 18 years until 2005 at Nabi Biopharmaceuticals, a vertically integrated biopharmaceutical company that focuses on serious unmet medical needs including infectious diseases, most recently serving as Vice President, Project Management. Dr. Sapan has a Ph.D. in Experimental Pathology and an M.S. in Human Physiology from the University of North Carolina.

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The following table presents the aggregate compensation for services in all capacities paid by the Corporation and its subsidiaries in respect of the years ended December 31, 2009 and 2010 to the Corporation's Named Executives. Except as set forth herein, the Named Executives did not receive any compensation from the Corporation during 2009 and 2010.

Summary Compensation Table for Named Executives

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Other Annual Compensation (\$)	Total (\$)
John E. Mordock,(2)	2010	\$ 53,881	\$	\$	\$ 294,754	\$ 348,635