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): May 11, 2011

Excaliber Enterprises, Ltd.

(Exact name of Company as specified in its charter)

Nevada	**000-54014**	**20-5093315**
(State or other jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

384 Oyster Point Boulevard, No. 8	
South San Francisco, California	**94080**
(Address of principal executive offices)	(Zip Code)

Company's telephone number, including area code: (650) 244-9997

(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 Company under any of the following provisions (*see* General Instruction A.2. below):

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

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

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

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On May 11, 2011, Excaliber Enterprises, Ltd., a Nevada corporation ("Excaliber", "we" or "our"), Excaliber Merger Subsidiary, Inc., a California corporation and a newly-formed wholly-owned subsidiary of Excaliber ("Merger Sub"), and VistaGen Therapeutics, Inc., a California corporation ("VistaGen") entered into an Agreement and Plan of Merger (the "Merger Agreement") whereby Merger Sub merged with and into VistaGen, with VistaGen remaining as the surviving corporation and with the shareholders of VistaGen exchanging all of their stock in VistaGen for a total of 6,836,511 shares of common stock of Excaliber, constituting approximately 90% of the outstanding shares of common stock of Excaliber (the "Merger"). Each such VistaGen shareholder received one-half (0.5) of one share of Excaliber's common stock in exchange for each one (1) share of VistaGen common stock. The Merger Agreement provides that our board of directors must, (i) within 15 days of the closing of the Merger, approve a two-for-one (2:1) forward stock split of our common stock, (ii) as soon as practical after the closing of the Merger, file with the U.S. Securities and Exchange Commission ("SEC") a notice of a change in the majority of directors as required by Rule 14f-1 ("Rule 14f-1 Notice") adopted pursuant to the Securities Exchange Act of 1934 whereby H. Ralph Snodgrass, Ph.D., Gregory A. Bonfiglio, J.D. and Brian J. Underdown, Ph.D. shall be appointed to serve as directors of Excaliber effective upon the expiration of the required expiration of the SEC's review period of the Rule 14f-1 Notice (the "Rule 14f-1 Notice Review Period") and (iii) accept the resignations of Stephanie Y. Jones and Matthew L. Jones as directors of Excaliber effective upon the expiration of the Rule 14f-1 Notice Review Period. In addition, we intend to change our name to "VistaGen Therapeutics, Inc." within sixty (60) days of the date of this report. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is filed as an exhibit hereto and incorporated herein by reference.

In addition to the Merger Agreement, Excaliber and VistaGen also entered into the following agreements prior to the Merger.

(a) Agreement Regarding Sale of Shares of Common Stock dated May 9, 2011 by and between Excaliber and Stephanie Y. Jones, whereby Excaliber purchased from Mrs. Jones 4,982,103 shares of Excaliber common stock for $10.00. Prior to the Merger, Mrs. Jones was President and Chief Executive Officer of Excaliber. Mrs. Jones is currently a director of Excaliber and will remain in that role until the expiration of the Rule 14f-1 Notice Review Period.

(b) Agreement Regarding Sale of Shares of Common Stock dated May 9, 2011 by and between Excaliber and Nicole Jones, whereby Excaliber purchased from Nicole Jones 82,104 shares of Excaliber common stock for $10.00.

(c) Joinder Agreement dated May 11, 2011 by and between Excaliber, Platinum Long Term Growth VII, LLC ("Platinum") and VistaGen, whereby we agreed to assume all obligations and indebtedness of VistaGen to Platinum under a loan agreement and the amended and restated promissory note issued by VistaGen to Platinum in the original aggregate principal amount of $4 million (the "Amended and Restated Platinum Note").

(d) VistaGen entered into subscription agreements with certain investors immediately prior to and conditioned upon the Merger pursuant to which VistaGen issued 1,108,056 Units at a price of $3.50 per Unit for aggregate gross proceeds to VistaGen of approximately $3,878,196 ("2011 Private Placement"). Each Unit consisted of one share of VistaGen's Common Stock and a warrant to purchase one fourth of one share of VistaGen's Common Stock at an exercise price of $5.00 per share.

(e) VistaGen entered into that certain Amendment to Letter Loan Agreement dated May 5, 2011 with Platinum whereby Platinum agreed that the Amended and Restated Platinum Note would be convertible upon our consummation of an equity or equity based financing or a series of equity financings resulting in gross proceeds to Excaliber totaling at least $5,000,000 ("$5,000,000 Qualified Financing") into our securities issued in the $5,000,000 Qualified Financing. Platinum further agreed that the approximately $3,878,196 of proceeds (including cancellation of indebtedness) from the 2011 Private Placement shall be deemed to have been received by Excaliber for purposes of the automatic conversion provisions of the Amended and Restated Platinum Note and determining when a $5,000,000 Qualified Financing shall have occurred thereunder.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information in response to this Item 2.01 is keyed to the Item numbers of Form 10.

PART I

FORWARD-LOOKING STATEMENTS

Certain statements in this current report on Form 8-K may be "forward-looking statements." Statements about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indication", "anticipate", "believe", "estimate", "predict", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Discussions containing forward-looking statements in this current report on Form 8-K may be found, among other places, under "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, but not limited to, the factors which are discussed in greater detail in this current report under the section entitled "Risk Factors". However, these factors are not intended to represent a complete list of the factors that could affect us. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding, among other things, our financial performance and research and development activities and may not be appropriate for other purposes.

Furthermore, unless otherwise stated, the forward-looking statements contained in this current report are made as of the date of this report, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this current report are expressly qualified by this cautionary statement. New factors emerge from time to time, and it is not possible for us to predict which factors may arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements in this current report include, but are not limited to:

- our expectation to satisfy post-closing conditions to the Merger Agreement;
- our plans to develop predictive toxicology screening assay systems based on our pluripotent stem cell biology platform;
- our belief that assay systems based upon our pluripotent stem cell biology platform can become capable of discovering, validating and prioritizing drug candidates, or efficiently screening libraries of chemical compounds and drug candidates for potential therapeutic utility or toxicity;
- our anticipation that the recognition of the value of pluripotent stem cell technology for drug rescue, including our *Human Clinical Trials in a Test Tube*™ platform, will markedly increase at pharmaceutical companies in the coming years;
- our expectation that we will gain access to drug rescue candidates through collaborations with pharmaceutical companies or selective licensing and acquisition transactions;
- our expectation that we be successful in identifying those factors which make a drug candidate toxic to the heart or liver;

- our expectation that we will be able to engage medicinal chemistry partners to assist us in developing drug rescue variants;
- our expectation that we will be able to develop drug rescue variants that are less toxic than the original drug candidates from which they are derived;
- our anticipation that our drug rescue collaborations will include terms addressing the ownership of the drug rescue variants we expect to generate during our drug rescue programs and the underlying intellectual property;
- our expectation that we will derive revenues principally from drug rescue collaborations, research and development fees, technology access fees, license fees, milestone payments and royalties from collaborators and government grant awards;
- our belief that we will have sufficient capital to fund our operations for 12 months from the date of this current report;
- our expectation that we will license or sell drug rescue variants developed by us, or on our behalf by our medicinal chemistry collaborators, to pharmaceutical companies;
- our ability to produce stem cell-derived human liver cells within 12 months after the date of this current report, and our ability to develop a predictive toxicity assay system for liver toxicity using this technology;
- our expectation that we will leverage our stem cell biology platform to develop assay systems for applications beyond predicting heart or liver toxicity of drug candidates, including stem cell therapy;
- our expectations with respect to preclinical stem cell therapy initiatives focused on pluripotent stem cell-based cartilage, heart and liver repair and reconstitution and next-generation autologous bone marrow transplantation; and
- our expectation that we will complete Phase I clinical development of AV-101 in the United States in 2011.

Because the factors discussed in this current report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such forward-looking statements. These statements are subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties relate, among other factors, to:

- our ability to rescue a drug candidate;
- our ability to effectively predict toxicity of drug candidates;
- our internal validation study of our first predictive toxicology screening assay system,*CardioSafe 3D*™, has not been subject to peer review or third party validation;
- whether the assay systems based on our stem cell biology platform are more efficient or accurate at predicting the toxicity of drug candidates than current nonclinical testing models;
- our history of operating losses;
- our ability to obtain additional capital in the future to conduct operations, research and development activities and develop our drug rescue pipeline;
- our ability to obtain government grant funding;

- our ability to find collaborators in the pharmaceutical industry for drug rescue using our stem cell technology;
- our ability to license or acquire drug rescue candidates from pharmaceutical companies on terms and conditions acceptable to us;
- our ability to compete against other companies and research institutions with greater financial and other resources;
- pharmaceutical industry need, acceptance and productive application of our stem cell technologies for drug rescue applications;
- our ability to engage with third party medicinal chemistry providers to develop drug variants and our ability to license potential drug rescue candidates on terms and conditions acceptable to us;
- our ability to secure adequate protection for our intellectual property, especially the intellectual property underlying our stem cell biology platform and the drug rescue variants that are created for us by our medical chemistry collaborators;
- our ability (or the ability of our collaborators) to obtain regulatory approval of drug rescue variants; and
- our ability to attract and retain key personnel.

These and other risks are detailed in this current report under Item 1A, "Risk Factors".

ITEM 1. BUSINESS

Overview of Business of Excaliber Enterprises, Ltd.

On October 6, 2005, we incorporated with the name Excaliber Enterprises, Ltd. under the laws of the State of Nevada tomarket specialty gift baskets to real estate and health care professionals and organizations through the Internet. After assessing both the prospects associated with our original business plan and the opportunities associated with a merger with a business seeking the perceived advantages of being a publicly held corporation, we entered into the Merger Agreement with Merger Sub and VistaGen. Upon completion of the Merger, we adopted VistaGen's business plan.

Overview of Business of VistaGen Therapeutics, Inc.

VistaGen Therapeutics, Inc. ("VistaGen") is our wholly-owned subsidiary and a California corporation based in South San Francisco, California. VistaGen is a biotechnology company applying human pluripotent stem cell technology for drug rescue and cell therapy.

Drug rescue involves the combination of human pluripotent stem cell technology with modern medicinal chemistry to generate new chemical variants ("drug rescue variants") of promising small molecule drug candidates that pharmaceutical companies have discontinued during preclinical development ("put on the shelf") due to heart or liver toxicity. We anticipate that our stem cell technology platform, *Human Clinical Trials in a Test Tube*™, will allow us to assess the heart and liver toxicity profile of new drug candidates with greater speed and precision than nonclinical *in vitro* techniques and technologies currently used in the drug development process. Our drug rescue model is designed to leverage both the pharmaceutical company's prior investment in preclinical development of promising drug candidates put on the shelf and the predictive toxicology and drug development capabilities of our *Human Clinical Trials in a Test Tube*™ platform.

Our *Human ClinicalTrials in a Test Tube* ™ platform is based a combination of proprietary and exclusively licensed stem cell technologies, including technologies developed over the last 20 years by Canadian scientist, Dr. Gordon Keller, and Dr. Ralph Snodgrass, VistaGen's founder and our President and Chief Scientific Officer. Dr. Keller is currently the Director of the University Health Network's McEwen Centre for Regenerative Medicine in Toronto ("UHN"). Dr. Keller's research is focused on understanding and controlling stem cell differentiation (development) and production of multiple types of mature, functional, human cells from pluripotent stem cells, including heart cells and liver cells that can be used in our biological assay systems (drug screening systems) for drug rescue. Dr. Snodgrass has nearly 20 years experience in both academia and industry in the development and application of stem cell differentiation systems for drug discovery and development.

With mature heart cells produced from stem cells, we have developed *CardioSafe 3D*™, a three-dimensional ("3D") bioassay system. We believe *CardioSafe 3D*™ is capable of predicting the *in vivo* cardiac effects, both toxic and non-toxic, of small molecule drug candidates before they are tested in humans. Our immediate goal is to leverage *CardioSafe 3D*™ to generate and monetize a pipeline of small molecule drug candidates through drug rescue collaborations. We intend to expand our drug rescue capabilities by introducing *LiverSafe 3D*™, a human liver cell-based toxicity and metabolism bioassay system.

In parallel with our drug rescue activities, we plan to advance preclinical development of several cell therapy programs focused on heart, liver and cartilage repair, as well as next-generation autologous bone marrow transplantation. Each of these cell therapy programs is based on the proprietary differentiation and production capabilities of our *Human Clinical Trials in a Test Tube*™ platform.

With grant funding from the U.S. National Institutes of Health ("NIH"), we are developing AV-101, an orally available small molecule prodrug candidate aimed at the multi-billion dollar neurological disease and disorders market. AV-101 is currently in Phase I development in the U.S. for treatment of neuropathic pain, a serious and chronic condition causing pain after an injury or disease of the peripheral or central nervous system. Neuropathic pain affects approximately 1.8 million people in the U.S. alone. To date, we have been awarded over $8.3 million of grant funding from the NIH for preclinical and Phase I clinical development of AV-101. We anticipate expanding our small molecule pipeline beyond AV-101 through *CardioSafe 3D*™ and *LiverSafe 3D*™ drug rescue programs.

We anticipate acquiring rights to drug candidates that pharmaceutical companies have put on the shelf due to heart or liver toxicity, collaborating with contract medicinal chemistry collaborators, and generating a pipeline of proprietary small molecule drug rescue variants which may be as effective and commercially promising as the pharmaceutical company's original (toxic) drug candidate but without the toxicity that caused it to be put on the shelf. We also anticipate having economic participation rights in each lead drug rescue variant generated in connection with our drug rescue programs.

Stem Cell Basics

Human stem cells have the potential to develop into mature cells in the human body. Human pluripotent stem cells can differentiate into any of the more than 200 types of cells in the human body, can be expanded readily, and have diverse medical research, drug development and therapeutic applications. We believe pluripotent stem cells can be used to develop numerous cell types and tissues that can mimic complex human biology, including heart and liver biology for our proposed drug rescue applications.

Pluripotent stem cells are either embryonic stem cells ("ES Cells") or induced pluripotent stem cells ("iPS Cells"). Both ES Cells and iPS Cells have the capacity to be maintained and expanded in an undifferentiated (undeveloped) state indefinitely. We believe these features make them useful research tools and a source of normal cell populations for creating bioassays to test potential toxicity of drug candidates and for cell therapy.

Embryonic Stem Cells (ES Cells)

ES Cells are derived from excess embryos that develop from eggs that have been fertilized in an in vitro fertilization ("IVF") clinic and then donated for research purposes with the informed consent of the donors after a successful IVF procedure. ES Cells are not derived from eggs fertilized in a woman's body. ES Cells are isolated when the embryo is approximately 100 cells, thus long before organs, tissues or nerves have developed.

ES Cells have the greatest and most documented potential to both self-renew (create large numbers of cells identical to themselves) and differentiate (develop) into any of the over 200 types of cells in the body. ES Cells undergo increasingly restrictive developmental decisions during their differentiation. These "fate decisions" commit the ES Cells to becoming only certain types of mature cells and tissues. At one of the first fate decision points, ES Cells differentiate into epiblasts. Although epiblasts cannot self-renew, they can differentiate into the major tissues of the body. This epiblast stage can be used as the starting population of cells that develop into millions of blood, heart, muscle, liver and pancreas cells, as well as neurons. In the next step, the presence or absence of certain growth factors, together with the differentiation signals resulting from the physical attributes of the culture techniques, induce the epiblasts to differentiate into neuroectoderm or mesendoderm cells. Neuroectoderm cells are committed to developing into cells of the skin and cells of the nervous system. Mesendoderm cells are precursor cells that differentiate into mesoderm and endoderm. Mesoderm cells develop into muscle, bone and blood, among other cell types. Endoderm cells develop into the internal organs such as the heart, liver, pancreas and intestines, among other cell types.

Induced Pluripotent Stem Cells (iPS Cells)

Over the past several years, developments in stem cell research have made it possible to obtain pluripotent stem cell lines from individuals without the use of embryos. iPS Cells are adult cells, typically human skin or fat cells, that have been genetically "reprogrammed" to behave like ES Cells by being forced to express genes necessary for maintaining the pluripotential property of ES Cells. Although researchers are exploring non-viral methods, most iPS Cells are produced by using various viruses to activate and/or express three or four genes required for the immature pluripotential property similar to ES Cells. It is not yet precisely known, however, how each gene actually functions to induce cellular pluripotency, nor whether each of the three or four genes is essential for this reprogramming. Although ES Cells and iPS Cells are believed to be similar in many respects, including their ability to form all cells in the body and to self-renew, scientists do not yet know whether they differ in clinically significant ways or have the same ability to self-renew and make more of themselves.

Although there are remaining questions in the field about the lifespan, clinical utility and safety of iPS Cells, we believe that the biology and differentiation capabilities of ES Cells and iPS Cells are likely to be comparable. There are, however, specific situations in which we may prefer to use iPS technologies based on the relative ease of generating pluripotent stem cells from:

- individuals with specific inheritable diseases and conditions that predispose the individual to respond differently to drugs; or
- individuals with specific variations in genes that directly affect drug levels in the body or alter the manner or efficiency of their metabolism, breakdown and elimination of drugs.

Because they can significantly affect the therapeutic and/or toxic effects of drugs, these genetic variations have an impact on drug development and the ultimate success of the drug. We believe that iPS technologies may allow the rapid and efficient generation of pluripotent stem cells from individuals with the desired specific genetic variation. These stem cells might then be used to develop stem cell-based bioassays, for both efficacy and toxicity screening, which reflect the effects of these genetic variations, as well as for cell therapy applications.

Current Drug Development Process

The current drug development process is designed to assess whether a drug candidate is both safe and effective at treating the disease to which it is targeted. A major challenge in that process is that conventional animal and *in vitro* testing can, at best, only approximate human biology. A pharmaceutical company can spend millions of dollars to discover, optimize and validate the potential efficacy of a promising lead drug candidate and advance it through nonclinical development, only to see it fail due to unexpected heart or liver toxicity. The pharmaceutical company then often discontinues the development program for the once promising drug candidate and it is simply put on the shelf despite the positive efficacy data indicating its potential therapeutic and commercial benefits. As a result, the pharmaceutical company's significant prior investment may be lost.

It has been estimated that the drug discovery, development and commercialization programs of major pharmaceutical companies have required an average investment of approximately $800 million to $1.7 billion and 12 to 15 years before a new drug candidate reaches the market. It is also estimated that about one-third of all potential new drugs candidates fail in preclinical or clinical trials due to safety concerns. In a 2004 white paper entitled "Stagnation or Innovation", the FDA noted that even only a 10% improvement in predicting the failure of a drug due to toxicity before the drug enters clinical trials could, when averaged over a pharmaceutical company's drug development efforts, avoid $100 million in development costs per marketed drug.

We believe there is an unmet need for predictive toxicology screening assays that more closely approximate human biology. By differentiating stem cells into mature, human cells which can then be used as the basis for our *in vitro* toxicology screening bioassays, we have the potential to identify drug candidates having human toxicity early in the drug development process, resulting in efficient focusing of resources on compounds with the highest probability of success. We believe this has the potential to substantially reduce development costs while producing effective and safer drugs.

Our Human Clinical Trials in a Test Tube™ Platform for Drug Rescue

We intend to leverage investments by pharmaceutical companies in drug candidates that have been put on the shelf by combining our*Human Clinical Trials in a Test Tube*™ platform with medicinal chemistry and 3D "micro-organ" culture systems to create, together with our collaborators, new, safer, proprietary chemical variants of the original drug candidates. We refer to these chemical variants as "drug rescue variants". Drug rescue variants that retain the efficacy of the pharmaceutical company's original drug candidate, but with reduced toxicity, will be the focus of our drug rescue programs. We believe that our drug rescue business model will be able to demonstrate to pharmaceutical companies a potential opportunity to recapture value from their investment in drug candidates which they have put on the shelf during preclinical development.

Proprietary Stem Cell Differentiation Protocols

Through several years of research, Dr. Keller has developed proprietary stem cell differentiation protocols covering key conditions involved in the differentiation of a pluripotent stem cell. The human cells generated by following these proprietary differentiation protocols are integral to our *Human Clinical Trials in a Test Tube*™ platform as we believe they are more clinically predictive of human biology than animal cells or human tumor cells currently used in drug discovery and development. Our exclusive licenses with NJH and MSSM related to proprietary stem cell differentiation protocols developed by Dr. Keller that cover, among other things, the following:

- specific growth and differentiation factors used in the tissue culture medium, applied in specific combinations, at critical concentrations, and at critical times unique to each desired cell type;

- modified developmental genes and the experimentally controlled regulation of developmental genes, which is critical for determining what differentiation path a cell will take; and

- biological markers characteristic of precursor cells, which are committed to becoming specific cells and tissues, and which can be used to identify, enrich and purify the desired mature cell type.

We believe our *Human Clinical Trials in a Test Tube*™ platform will allow us to assess the toxicity profile of new drug candidates for a wide range of diseases and conditions with greater speed and precision than nonclinical *in vitro* techniques and technologies currently used by pharmaceutical companies in the drug development process.

Growth Factors that Direct and Stimulate the Differentiation Process

The proprietary and licensed technologies underlying our *Human Clinical Trials in a Test Tube*™ platform allow us to direct and stimulate the differentiation process of human pluripotent stem cells. As an example, for pluripotent ES Cells, the epiblast is the first stage in differentiation. One biological factor that controls the first fate decision of the epiblast is the relative concentrations of serum growth factors and activin, a protein involved in early differentiation and many cell fate decisions. Eliminating serum growth factors and adding the optimal amount of activin is an important step in inducing the reproducible development of functional cells and, in our view, is essential for the development of a robust, efficient, and reproducible model of human biological systems suitable for drug rescue applications. The use of activin in these applications is core to many of the claims in the patent applications underlying our licensed technology. Replacing activin with continuous exposure to serum factors results in an inefficient and variable differentiation into cells of the heart, liver, blood and other internal organs. See Item 1, “Business – Mount Sinai School of Medicine Exclusive Licenses.”

In addition to activin, Dr. Keller’s studies have identified a number of other growth and serum-derived factors that play important roles in the differentiation of ES Cells. Some of the patents and patent applications underlying our licensed technology are directed to the use of a variety of specific growth factors that increase the efficiency and reproducibility of the pluripotent stem cell differentiation process. We have exclusive rights to certain patents and patent applications for the use of growth factor concentrations for ES Cell differentiation that we believe are core and essential for our drug rescue and development applications. See Item 1, “Business – Mount Sinai School of Medicine Exclusive Licenses” and “National Jewish Health Exclusive Licenses.”

Developmental Genes that Direct and Stimulate the Differentiation Process

For the purpose of creating our *Human Clinical Trials in a Test Tube*™ platform, we further control the differentiation process by controlling regulation of key developmental genes. By studying natural organ and tissue development, researchers have identified many genes that are critical to the normal differentiation, growth and functioning of tissues of the body. We engineer ES Cells in a way that enables us to regulate genes that have been identified as critical to control and direct the normal development of specific types of cells. We can then mimic human biology in a way that allows us to turn on and off the expression of a selected gene by the addition of a specific compound to a culture medium. By adding specific compounds, we have the ability to influence the expression of key genes that are critically important to the normal biology of the cell.

Cell Purification Approaches

The proprietary protocols we have licensed for our *Human Clinical Trials in a Test Tube*™ platform also establish specific marker genes and proteins which can be used to identify, enrich, purify, and study important populations of intermediate precursor cells that have made specific fate decisions and are on a specific developmental pathway towards a mature functional cell. These protocols enable a significant increase in the efficiency, reproducibility, and purity of final cell populations. For example, we are able to isolate millions of purified specific precursor cells which, together with a specific combination of growth factors, develop full culture wells of functional, beating human heart cells. Due to their functionality and purity, we believe these cell cultures are ideal for supporting our drug rescue activities.

3D "Micro-Organ" Culture Systems

In addition to standard two-dimensional ("2D") cultures which work well for some cell types and assays, the proprietary stem cell technologies underlying our *Human Clinical Trials in a Test Tube*™ platform enable us to grow large numbers of normal, non-transformed, human cells *in vitro* 3D "micro-organ" culture systems. For example, we can grow large numbers of normal, non-transformed, human heart cells *in vitro* in 3D micro-organ culture systems. The 3D micro-organ cultures induce the cells to grow, mature, and develop 3D cell networks and tissue structures. We believe these 3D cell networks and structures more accurately reflect the structures and biology inside the human body than traditional flat, 2D, single cell layers grown on plastic, which are widely used by pharmaceutical companies today. We believe that the more representative human biology afforded by the 3D system will yield responses to drug candidates that are more clinically predictive of human drug responses.

Medicinal Chemistry

Medicinal chemistry involves designing, synthesizing, modifying and developing small molecule drugs suitable for therapeutic use. It is a highly interdisciplinary science combining organic chemistry, biochemistry, physical chemistry, computational chemistry, pharmacology, and statistics. The combination of medicinal chemistry with our proprietary and licensed stem cell technologies underlying our *Human Clinical Trials in a Test Tube*™ platform are the core components of our drug rescue business model. We intend to collaborate with medicinal chemistry companies to create a pipeline of effective and safer drug candidates from our successful drug rescue variants in a more efficient and cost-effective manner than the processes currently used for drug development.

We have established relationships with several medicinal chemistry companies with whom we expect to collaborate in connection with our drug rescue programs. The quality, efficiency and cost effectiveness of a project-based strategic services relationship with leading medicinal chemistry companies, rather than building a large internal medicinal chemistry team, is a key component of our business model.

Application of Stem Cell Technology to Drug Rescue

By using *CardioSafe 3D*™, we intend to identify and optimize a lead drug rescue variant (developed by our medicinal chemistry collaborator) with reduced heart toxicity compared to the original drug candidate. We believe each lead drug rescue variant will be a new drug candidate (to which we expect to have certain intellectual property and commercialization rights) that preserves the therapeutic potential of the original drug candidate, and thus retains its potential commercial value to a pharmaceutical company, but substantially reduces or eliminates its toxicity risks. We believe that focusing on failed drug candidates with positive efficacy data will allow us to leverage a pharmaceutical company's prior investment in the original drug candidate to develop our new lead drug rescue variant. We anticipate that this positive efficacy data will give us a "head start", resulting in faster, less expensive development of our drug rescue candidates than drug candidates discovered and developed using only conventional animal and *in vitro* testing.

CardioSafe 3D™

We have used the proprietary stem cell technologies underlying our *Human Clinical Trials in a Test Tube* ™ platform to develop *CardioSafe 3D*™, a human heart cell-based toxicity screening assay that we believe is stable, reproducible and capable of generating data to allow our scientists to more accurately predict the *in vivo* cardiac effects, both toxic and non-toxic, of drug candidates. A single *CardioSafe 3D*™ assay is stable for many weeks and can be used for evaluating the heart toxicity of numerous drug candidates.

We have completed an internal validation study to test the ability of *CardioSafe 3D*™ to generate data to allow our scientists to predict the *in vivo* cardiac effects of drug candidates. The study included 10 drugs previously approved for human use by the FDA and one experimental research compound widely accepted for studying cardiac electrophysiological effects. We selected these drugs and the research compound because of their known toxic or non-toxic cardiac effects on human hearts that we believe represent the testing characteristics we expect to encounter during our drug rescue campaigns. More specifically:

- five of the FDA-approved drugs (astemizole, sotalol, cisapride, terfenadine and sertindole) were withdrawn from the market due to heart toxicity concerns;
- the other five FDA-approved drugs (fexofenadine, nifedipine, verapamil, lidocaine and propranolol) are currently available in the U.S. market and demonstrate certain measurable clinical non-toxic cardiac effects, one of which (fexofenadine) is a non-cardiotoxic drug variant (similar in concept to our planned rescued drug variants) of terfenadine (one of the FDA-approved drugs withdrawn from the market due to heart safety concerns); and
- the research compound (E-4031) failed in a small Phase I human clinical study before being discontinued due to heart toxicity concerns.

In our study analysis, we found that results obtained with *CardioSafe 3D*™ were consistent with the known human cardiac effects of all 10 FDA-approved drugs and the experimental research compound. By using *CardioSafe 3D*™, we were also able to distinguish between the cardiac effects of terfenadine (Seldane™), withdrawn by the FDA due to cardiotoxicity, and the cardiac effects of the closely related fexofenadine (Allegra™), the non-cardiotoxic chemical variant of terfenadine.

The results obtained with *CardioSafe 3D*™ were consistent with the cardiac effects of all five FDA-approved drugs that were later withdrawn from the market due to concerns of heart toxicity. With respect to the results for sertindole, *CardioSafe 3D*™ indicated the same cardiac effects found in clinical testing that caused it to be withdrawn from the market. However, additional clinical studies have been conducted since the withdrawal of sertindole that have indicated lower incidents of severe cardiac effects than those originally predicted when the drug was withdrawn. As of the date of this report, sertindole has been approved for limited use by humans in the U.S. for the treatment of schizophrenia, but the cardiac effects of sertindole are still being researched.

We believe the results of our internal validation study indicate that *CardioSafe 3D*™ may be effectively used to identify drug rescue variants with reduced heart toxicity by providing more accurate and timely indications of direct heart toxicity of drug candidates than animal models or *in vitro* tumor cell-based testing systems currently used by pharmaceutical companies.

We also believe that the preliminary results of the study support a central premise of our drug rescue business model, which is that by using our bioassay systems at the front end of the drug development process, we may help pharmaceutical companies recapture value from their prior investment in drug candidates that have been put on the shelf due to toxicity. This internal validation study has not been subject to peer review or third party validation. See Item 1A, “Risk Factors”.

With *CardioSafe 3D*™, we intend to focus a substantial portion of our resources over the next twelve months to attempt to rescue promising drug candidates that a pharmaceutical company has put on the shelf due to heart toxicity in preclinical studies, despite data indicating their promising therapeutic and commercial benefits.

LiverSafe 3D™

Current human stem cell-based liver cell cultures produce proteins produced by and characteristic of immature and adult liver cells, including albumin and liver-specific enzymes important for normal drug metabolism. In addition, these liver cells have biochemical pathways and subcellular structures that are characteristic of normal human liver cells. Although they express many of the mature adult liver proteins and drug processing enzymes, they do not yet express certain essential enzymes at levels typically seen in mature adult liver cells.

Working with Dr. Keller, we anticipate that we will be able to produce stem cell-derived normal, non-transformed, fully mature human liver cells within twelve months of the date of this report. We expect these mature liver cells to support development and application of *LiverSafe 3D*™ as our follow-on assay system suitable for use in predicting liver toxicity and liver metabolism of drug rescue candidates in a manner similar to the way we believe *CardioSafe 3D*™ can predict heart toxicity. This liver cell research project has been funded, in part, through a grant from the California Institute of Regenerative Medicine ("CIRM"). We anticipate that our future research and development will focus on the improvement of techniques and production of engineered human ES Cell and iPS Cell lines used to develop mature functional liver cells as a biological system for testing drugs and liver repair.

Our Drug Rescue Business Model

Following the date of this report, we intend to initiate drug rescue programs focused on heart toxicity using our *CardioSafe 3D*™ heart cell bioassay system. We intend to select only those drug candidates that have positive efficacy data indicating their potential therapeutic and commercial benefits but have been put on the shelf due to heart toxicity in preclinical studies. Once we have acquired or licensed a drug candidate, the initial goal of our drug rescue program for that candidate will be to design and generate, with a medicinal chemistry collaborator, a portfolio of drug rescue variants. We plan to use *CardioSafe 3D*™ to identify a lead drug rescue variant that demonstrates an improved therapeutic index compared to the original drug candidate (that is, equal or improved efficacy with reduced heart toxicity). We intend to validate that each lead drug rescue variant demonstrates reduced heart toxicity in both *CardioSafe 3D*™ and in the same preclinical testing model that the pharmaceutical company used to determine heart toxicity for its original drug candidate. We anticipate that the results of these confirmatory animal safety studies will be drug rescue collaboration milestones demonstrating to a pharmaceutical company the improvement of our lead drug rescue variant compared to its original drug candidate.

Our *Human Clinical Trials in a Test Tube*™ Platform for Stem Cell Therapy

Although we believe the best near term use of pluripotent stem cell technologies is in the context of drug rescue, we believe the therapeutic potential of pluripotent stem cells for cell transplant therapy and other applications will be significant in the long term.

Working with Dr. Keller and UHN, we intend to advance several pilot preclinical proof-of-concept studies with respect to iPS Cell-based cell therapy programs, including cartilage, heart and liver repair, as well as autologous bone marrow transplantation.

Strategic Transactions and Relationships

Strategic collaborations are a cornerstone of our corporate development strategy. We believe that our strategic outsourcing and sponsoring of application-focused research gives us flexible access to clinical expertise at a lower overall cost than attempting to develop such expertise internally, at least over the twelve-month period following the date of this report. In particular, we collaborate with the types of third parties identified below for the following functions:

- academic research institutions, such as UHN, for stem cell research collaborations;
- CROs, such as Cato Research Ltd., for regulatory and drug development expertise and to identify and assess potential drug rescue candidates; and
- medicinal chemistry companies to analyze drug rescue candidates and develop drug rescue variants.

McEwen Centre for Regenerative Medicine, University Health Network

University Health Network ("UHN") in Ontario, Canada consists of Toronto General Hospital, Toronto Western Hospital and Princess Margaret Hospital. The scope of research and complexity of cases at UHN has made it an international source for discovery, education and patient care. UHN has the largest hospital-based research program in Canada, with major research in transplantation, cardiology, neurosciences, oncology, surgical innovation, infectious diseases, and genomic medicine. UHN's McEwen Centre for Regenerative Medicine (UHN's "McEwen Centre") is the stem cell research affiliate of UHN.

In September 2007, we entered into a sponsored stem cell research and development collaboration with UHN. In December 2010, we extended the collaboration to September 2017. The primary goal of this ten-year collaboration is to leverage the stem cell research, technology and expertise of Dr. Gordon Keller, the Director of UHN's McEwen Centre, to develop and commercialize industry-leading human pluripotent stem cell differentiation technology and bioassay systems for drug rescue and cell therapy applications. This sponsored research collaboration builds on our existing strategic licenses from NJH and MSSM to certain stem cell technologies developed by Dr. Keller, and is directed to multiple stem cell-based research projects, including advancing use of human pluripotent stem cell-derived cardiomyocytes and hepatocytes to screen new drugs for potential heart toxicity and liver toxicity and for cell therapies for cartilage, heart and liver repair and autologous bone marrow transplantation. In April 2011, we further expanded the scope of the collaboration to include therapeutic and cell therapy applications of iPS Cells and cells derived from iPS Cells, create additional options to fund research and development with respect to future research projects relating to therapeutic applications of iPS Cells and certain cells derived from iPS Cells and extend the date that we shall have to exercise our options under the agreement. See Item 1, "Business – Sponsored Research Collaborations and Intellectual Property Rights – University Health Network, McEwen Centre for Regenerative Medicine, Toronto, Ontario", "Business – National Jewish Health Exclusive Licenses" and "Business – Mount Sinai School of Medicine Exclusive Licenses."

Cato Research and Cato BioVentures

Cato Research

Cato Research is a contract research and development organization ("CRO"), with international resources dedicated to helping a network of biotechnology and pharmaceutical companies navigate the regulatory approval process in order to bring new biologics, drugs, and medical devices to markets throughout the world. Cato Research has in-house capabilities to assist its sponsors with aspects of the drug development process, including, regulatory strategy, nonclinical and toxicology development, clinical development, data processing, data management, statistical analysis, regulatory applications, including INDs and NDAs, chemistry, manufacturing, and control programs, cGCP, cGLP and cGMP audit and compliance activities, and due diligence review of emerging technologies. Cato Research's senior management team, including co-founders Allen Cato, M.D., Ph.D. and Lynda Sutton, have over 20 years of experience interacting with the FDA and international regulatory agencies and a successful track record of product approvals.

Cato BioVentures

Cato Holding Company, doing business as Cato BioVentures ("Cato BioVentures"), is the venture capital affiliate of Cato Research. For over 20 years, Cato BioVentures and Cato Research have collaborated with biotechnology and pharmaceutical companies to advance a portfolio of platform technologies and product development programs. Cato BioVentures offers its biotechnology and pharmaceutical industry collaborators immediate access to the wide range of CRO services and expertise available from Cato Research, generally on a non-cash or partial-cash basis. Through strategic CRO service agreements with Cato Research, Cato BioVentures invests in therapeutics and medical devices, as well as platform technologies such as our *Human Clinical Trials in a Test Tube*™ platform, which its principals believe are capable of improving the drug development process and the research and development productivity of a pharmaceutical company. Cato BioVentures often invests in a "bridge mode" to provide companies non-cash access to key CRO services in a manner and at a time that can extend the investee's internal development capabilities and financial runway in order to achieve key value-added developmental and regulatory milestones.

Our Relationship with Cato Research and Cato BioVentures

Prior to joining us as Chief Executive Officer in August 2009, Shawn K. Singh, JD, served as Managing Principal of Cato BioVentures. With co-founders Dr. Cato and Ms. Sutton, Mr. Singh designed and executed Cato BioVentures' CRO Service Capital ™ investment model. Mr. Singh also served as Chief Business Officer and General Counsel of Cato Research and was instrumental in expanding its CRO business in Canada, Europe and the United States.

Cato Research currently serves as the primary CRO providing strategic development and regulatory expertise and services with respect to our development of AV-101. See Item 1, "Business – AV-101."

Cato BioVentures is among our largest institutional investors. A significant portion of the VistaGen securities in Cato BioVentures' equity portfolio were acquired through its investment of CRO Service Capital™ (that is, CRO services from Cato Research rendered to us on a strategic, non-cash basis) for development of AV-101.

As a result of a number of factors, including:

- the access Cato Research has to drug rescue candidates from its biotechnology and pharmaceutical industry network;
- Cato BioVentures' equity interest in VistaGen;
- Cato BioVentures' business model which involves partnering with innovators in exchange for an equity interest and product participation rights; and
- Mr. Singh's prior senior management experience with Cato BioVentures and Cato Research,

we anticipate that our relationship with Cato BioVentures and Cato Research may provide us with strategic access to potential drug rescue candidates. We further anticipate that this relationship will permit us not only to acquire or license drug rescue candidates from companies within their respective corporate networks, but also to leverage the CRO resources of Cato Research and financial community relationships of Cato BioVentures to assist our efforts to develop lead drug rescue candidates internally, should we elect to do so.

United States National Institutes of Health

Since our inception in 1998, the NIH has awarded us a total of $11.3 million in non-dilutive research and development grants, including $2.3 million for research to support our *Human Clinical Trials in a Test Tube*™ platform and $8.8 million for development of AV-101.

California Institute for Regenerative Medicine — Stem Cell Initiative (Proposition 71)

The California Institute for Regenerative Medicine ("CIRM") funds stem cell research at research institutions and companies throughout California. CIRM was established in 2004 with the passage of Stem Cell Initiative (Proposition 71) by California voters. The Stem Cell Initiative authorized $3 billion in funding for stem cell research in California, including research involving ES, iPS and adult stem cells. As a stem cell company based in California since 1998, we are eligible to apply for and receive grant funding under the Stem Cell Initiative. To date, we have been awarded approximately $1 million of grant funding from CIRM for stem cell research and development related to liver cells and *LiverSafe 3D*™. This research and development is focused on the improvement of techniques and the production of engineered human ES Cell lines used to develop mature functional liver cells as a biological system for testing drugs.

NuPotential, Inc.

In January 2011, the National Heart, Lung and Blood Institute of the NIH awarded NuPotential, Inc. and VistaGen a grant of approximately $500,000 to accelerate development of safer approaches to generate patient-specific iPS Cells for regenerative medicine, drug discovery and drug rescue.

Most approaches to produce human iPS Cells use retroviruses to activate and/or express multiple key genes, including an oncogene that is associated with production of cancer cells. The use of retroviruses and oncogenes are potentially problematic for clinical applications involving cells derived from iPS Cells due to the significant increased risk of inducing a cancer transformation. NuPotential's innovative cell programming technology involves the use of proprietary small molecule-based cell reprogramming processes for generating patient-specific iPS Cells instead of commonly-used retroviruses or cancer-inducing oncogenes. NuPotential's cell reprogramming technology could represent an improvement in the safety profile of iPS Cells.

The NIH grant is currently supporting further development of patient-specific iPS Cell programming processes by NuPotential, as well as our iPS Cell differentiation protocols and processes focused on the validation and use of the iPS Cells for cell therapy applications and in clinically-relevant bioassays for small molecule drug discovery and drug rescue. We anticipate that these patient-specific iPS Cells may play a key role in our cell therapy initiatives focused on heart and liver disease and cartilage-repair.

AV-101

We are currently working with Cato Research and other drug development service providers to develop AV-101, also known as "L-4-chlorokynurenine" and "4-Cl-KYN". AV-101 is a prodrug candidate for the treatment of neuropathic pain. Our current active AV-101 IND application on file at the FDA covers our initial Phase I clinical development of the drug candidate for neuropathic pain. Neuropathic pain is a serious and chronic condition causing pain after an injury or disease of the peripheral or central nervous system. The neuropathic pain market is large, including approximately 1.8 million people in the U.S. alone.

We believe the safety studies done in the initial Phase I clinical study of AV-101 will support development of AV-101 for other indications, including epilepsy and neurodegenerative diseases, such as Huntington's and Parkinson's. To date, the NIH has provided us with grant funding for substantially all of our AV-101 development expenses, including $8.2 million for preclinical and clinical development. We successfully completed our initial Phase I safety study of AV-101 for neuropathic pain in December 2010. We expect to complete our second AV-101 Phase I safety study during 2011.

AV-101 is an orally available prodrug that is converted in the brain into an active metabolite, 7-chlorokynurenic acid ("7-Cl-KYNA"), which regulates the N-methyl-D-aspartate ("NMDA") receptors. 7-Cl-KYNA is a synthetic analogue of kynurenic acid, a naturally occurring neural regulatory compound, and is one of the most potent and selective blockers of the regulatory GlyB-site of the NMDA receptor. In preclinical studies, AV-101 has very good oral bioavailability, is rapidly and efficiently transported across the blood-brain barrier, and is converted into 7-Cl-KYNA in the brain and spinal cord, preferentially, at the site of seizures and potential neural damage.

The effect of AV-101 on chronic neuropathic pain due to inflammation and nerve damage was assessed in rats by using the Chung nerve ligation model. AV-101 effects were compared to either saline and MK-801, or gabapentin (Neurontin™) as positive controls. Similarly to the therapeutic effects seen in the acute formalin and thermal pain models, AV-101 had a positive effect on chronic neuropathic pain in the Chung model that were greater than two (2) standard deviations of the control, with no adverse behavioral observations. As expected, MK-801 and gabapentin also demonstrated reduced pain readouts in the Chung model. The effects observed by AV-101 in both the acute and chronic neuropathic pain model systems was dose dependent, and was not associated with any side effects at the range of doses administered. Preclinical AV-101 data demonstrated the potential clinical utility of AV-101 as an analgesic.

Intellectual Property

Intellectual Property Rights Underlying our Human Clinical Trials in a Test Tube™ Platform

We have established our intellectual property rights to the technology underlying our *Human Clinical Trials in a Test Tube*™ platform through a combination of exclusive and non-exclusive licenses, patent, and trade secret laws. To our knowledge, we are the first stem cell company focused primarily on stem cell technology-based drug rescue. We have assembled an intellectual property portfolio around the use of pluripotent stem cell technologies in drug discovery and development and with specific application to drug rescue. The differentiation protocols we have licensed direct the differentiation of pluripotent stem cells through:

- a combination of growth factors (molecules that stimulate the growth of cells);
- modified developmental genes; and
- precise selection of immature cell populations for further growth and development.

By influencing key branch points in the cellular differentiation process, our pluripotent stem cell technologies can produce fully-differentiated, non-transformed, highly functional human cells *in vitro* in an efficient, highly pure and reproducible process.

As of the date of this report, we either own or have licensed 27 issued U.S. patents and 28 U.S. patent applications and certain foreign counterparts relating to the stem cell technologies that underlie our *Human Clinical Trials in a Test Tube*™ platform. Our material rights and obligations with respect to these patents and patent applications are summarized below:

Licenses

National Jewish Health Exclusive Licenses

We have exclusive licenses to six issued U.S. patents held by NJH and a U.S. patent application filed by NJH. No foreign counterparts to these U.S. patents and patent application have been obtained. These U.S. patents and U.S. patent application contain claims covering composition of matter relating to specific populations of cells and precursors, methods to produce such cells, and applications of such cells for ES Cell-derived immature pluripotent precursors of all the cells of the mesoderm and endoderm lineages. Among other cell types, this covers cells of the heart, liver, pancreas, blood, connective tissues, vascular system, gut and lung cells.

Under this license agreement, we must pay to NJH 1% of our total revenues up to $30 million in each calendar year and 0.5% of all revenues for amounts greater than $30 million, with minimum annual payments of $25,000. Additionally, we are obligated under the agreement to make certain royalty payments on sales of products based on NJH's patents or the sublicensing of such technology. The royalty payments are subject to anti-stacking provisions which reduce our payments by a percentage of any royalty payments and fees paid to third parties who have licensed necessary intellectual property to us. This agreement remains in force for the life of the patents so long as neither party elects to terminate the agreement upon the other party's uncured breach or default of an obligation under the agreement. We also have the right to terminate the agreement at any time without cause.

Mount Sinai School of Medicine Exclusive Licenses

We have an exclusive, field restricted, license to one U.S. patent and three U.S. patent applications, one of which has been allowed, and their foreign counterparts filed by MSSM. Foreign counterparts have been filed in Australia, Canada, Europe (two), Japan, Hong Kong and Singapore. One of the U.S. applications has been issued and the foreign counterpart in Singapore has been issued, while the two counterparts in Europe are pending. These patent applications have claims covering composition of matter relating to specific populations of cells and precursors, methods to produce such cells, and applications of such cells, including:

- the use of certain growth factors to generate mesoderm (that is, the precursors capable of developing into cells of the heart, blood system, connective tissues, and vascular system) from human ES Cells;
- the use of certain growth factors to generate endoderm (that is, the precursors capable of developing into cells of the liver, pancreas, lungs, gut, intestines, thymus, thyroid gland, bladder, and parts of the auditory system) from human ES Cells; and
- applications of cells derived from mesoderm and endoderm precursors, especially those relating to drug discovery and testing for applications in the field of in vitro drug discovery and development applications.

This license agreement requires us to pay annual maintenance fees, a patent issue fee and royalty payments based on product sales and services that are covered by the MSSM patent applications, as well as for any revenues received from sublicensing. Any drug candidates that we develop will only require royalty payments to the extent they require the practice of the licensed technology. To the extent we incur royalty payment obligations from other business activities, the royalty payments are subject to anti-stacking provisions which reduce our payments by a percentage of any royalty payments or fees paid to third parties who have licensed necessary intellectual property to us. The license agreement will remain in force for the life of the patents so long as neither party terminates the agreement for cause (i) due to a material breach or default in performance of any provision of the agreement that is not cured within 60 days or (ii) in the case of failure to pay amounts due within 30 days.

Wisconsin Alumni Research Foundation Non-Exclusive License

We have non-exclusive licenses to 23 issued stem cell-related U.S. patents, 19 stem cell-related U.S. patent applications, of which two have been allowed, and certain foreign counterparts held by WARF, for applications in the field of *in vitro* drug discovery and development. Foreign counterparts have been filed in Australia, Canada, Europe, China, India, Hong Kong, Israel, Brazil, South Korea, India, Mexico, and New Zealand. The subject matter of these patents includes specific human ES Cell lines and composition of matter and use claims relating to human ES Cells important to drug discovery, and drug rescue screening. We have rights to:

- use the technology for internal research and drug development;
- provide discovery and screening services to third parties; and
- market and sell research products (that is, cellular assays incorporating the licensed technology).

This license agreement requires us to make royalty payments based on product sales and services that incorporate the licensed technology. We do not believe that any drug rescue candidates to be developed by us will incorporate the licensed technology and, therefore, no royalty payments will be payable. Nevertheless, there is a minimum royalty of $20,000 per calendar year. There are also milestone fees related to the discovery of therapeutic molecules, though no royalties are owed on such molecules. The royalty payments are subject to anti-stacking provisions which reduce our payments by a percentage of any royalty payments paid to third parties who have licensed necessary intellectual property to us. The agreement remains in force for the life of the patents so long as we pay all monies due and do not breach any covenants, and such breach or default is uncured for 90 days. We may also terminate the agreement at any time upon 60 days' notice. There are no reach through royalties on customer-owned small molecule or biologic drug products developed using the licensed technologies.

Our Patents

We have filed a U.S. patent application on liver stem cells and their applications in drug development relating to toxicity testing. Of the related international filings, European and Korean patents were issued. The European patent has been validated in 11 European countries. We have filed a U.S. patent application, with foreign counterpart filing in Canada and Europe, directed to methods for producing human pluripotent stem cell-derived endocrine cells of the pancreas, with a specific focus on beta-islet cells, the cells that produce insulin, and their uses in diabetes drug discovery and screening. In addition, we have filed a U.S. provisional patent application on a novel, non-viral, approach to produce iPS Cells.

Trade Secrets

We rely, in part, on trade secrets for protection of some of our intellectual property. We attempt to protect trade secrets by entering into confidentiality agreements with third parties, employees and consultants. Our employees and consultants also sign agreements requiring that they assign to us their interests in patents and copyrights arising from their work for us.

Sponsored Research Collaborations and Intellectual Property Rights

University Health Network, McEwen Centre for Regenerative Medicine, Toronto, Ontario

We are currently sponsoring stem cell research by Dr. Gordon Keller, Director of the UHN's McEwen Centre, focused on developing improved methods for differentiation of cardiomyocytes (heart cells) from pluripotent stem cells, and their uses as biological systems for drug discovery and drug rescue, as well as cell therapy. Pursuant to our sponsored research collaboration agreement with UHN, we have the right to acquire exclusive worldwide rights to any inventions arising from these studies under pre-negotiated terms. Such pre-negotiated terms provide for royalty payments based on product sales that incorporate the licensed technology and milestone payments based on the achievement of certain events. Any drug rescue candidates that we develop will not incorporate the licensed technology and, therefore, will not require any royalty payments. To the extent we incur royalty payment obligations from other business activities, the royalty payments will be subject to anti-stacking provisions which reduce our payments by a percentage of any royalty payments paid to third parties who have licensed necessary intellectual property to us. These licenses will remain in force for so long as we have an obligation to make royalty or milestone payments to UHN, but may be terminated earlier upon mutual consent, by us at any time, or by UHN for our breach of any material provision of the license agreement that is not cured within 90 days. We also have the exclusive option to sponsor research for similar cartilage, liver, pancreas and blood cell projects with similar licensing rights.

The sponsored research collaboration agreement with UHN, as amended, has a term of ten years, ending on September 18, 2017. The options to sponsor research for therapeutic and cell therapy applications of iPS Cells and cells derived from iPS Cells, including programs involving cartilage, liver, pancreas and blood cells derived from iPS Cells, expire on April 30, 2012. The agreement is subject to renewal upon mutual agreement of the parties and subject to automatic extensions for options that we exercise prior to April 30, 2012 so that such additional project will have a three year term from the date of our exercise of our option. The agreement may be terminated earlier upon a material breach by either party that is not cured within 30 days. UHN may elect to terminate the agreement if we become insolvent or if any license granted pursuant to the agreement is prematurely terminated. We have the option to terminate the agreement if Dr. Keller stops conducting his research or ceases to work for UHN.

AV-101-related Intellectual Property

We have exclusive licenses to 7 issued U.S. patents related to the use and function of AV-101, and various CNS-active molecules related to AV-101. These underlying patents are held by the University of Maryland, Baltimore, the Cornell Research Foundation, Inc. and Aventis, Inc. Many of these issued patents have corresponding foreign patents.

Under the terms of the license agreement, we are obligated to make royalty payments on 2% of net sales of products using the patent rights, including products containing compounds covered by the patent rights. Additionally, we must pay a 1% royalty on net sales of combination products that use the patent rights, or contain compounds covered by the patent rights, but also contain a non-licensed component, so long as the non-licensed component is also sold separately in at least one country. We anticipate that any sales of AV-101 will be subject to a 2% royalty. There are no license, milestone or maintenance fees under the agreement. The agreement remains in force until the later of: (i) the expiration or invalidation of the last patent right; and (ii) 10 years after the first commercial sale of the first product that uses the patent rights or contains a compound covered by the patent rights. This agreement may also be terminated earlier at the election of the licensor upon our failure to pay any monies due, our failure to provide updates and reports to the licensor, our failure to provide the necessary financial and other resources required to develop the products, or our failure to cure within 90 days any breach of any provision of the agreement. We may also terminate the agreement at any time upon 90 days' written notice so long as we make all payments due through the effective date of termination.

Competition

We believe that our *Human Clinical Trials in a Test Tube*™ platform is capable of being competitive in growing markets for pluripotent stem cell technology-based drug discovery, drug rescue, cell therapy, and other applications. We have elected to focus a substantial portion of our resources on drug rescue applications and, to a lesser but increasingly significant degree, on emerging iPS Cell-based cell therapy applications.

We believe that the technologies underlying our *Human Clinical Trials in a Test Tube*™ platform and our primary focus on drug rescue opportunities provide us substantial advantages. Although we believe that our model for the application of pluripotent stem cell technologies for drug rescue is novel, competition may increase considerably as the use of stem cell technologies for drug discovery, rescue and development continues to increase throughout the pharmaceutical and biotechnology industries.

Competition may arise, especially as to cell therapy applications, from academic research institutions worldwide, as well as stem cell companies that seek to sell *in vitro* heart cell, liver cell and other cellular assays and cell populations, including stem cell-based assays and stem cell-derived cells for predictive toxicity screening, including Advanced Cell Technology, Inc., BioTime, Cellartis AB, Cellular Dynamics International, Inc., California Stem Cell, Inc., Cellerant Therapeutics, Inc., Cellzdirect Inc., Cambrex Corporation, HemoGenix, International Stem Cell Corp., iPierian Inc., Stem Cells, Inc. and Stemina BioMarker Discovery, Inc., and possibly others. Pharmaceutical companies may also develop their own stem cell-based research programs. We anticipate that acceptance of pluripotent stem cell technology, including our *Human Clinical Trials in a Test Tube*™ platform, will increase at pharmaceutical and biotechnology companies over at least the next five years, providing us with drug rescue and cell therapy partnering opportunities.

With respect to AV-101, we believe that a range of pharmaceutical and biotechnology companies have programs to develop small molecule drug candidates for the treatment of epilepsy, neuropathic pain and Parkinson's disease, including Abbott Laboratories, GlaxoSmithKline plc, Johnson & Johnson Inc., Novartis AG, Pfizer Inc., and Warner-Lambert Company. We expect that AV-101 will have to compete with a variety of therapeutic products and procedures.

Government Regulation

United States

With respect to our stem cell research and development in the U.S., the U.S. government has established requirements and procedures relating to the isolation and derivation of certain stem cell lines and the availability of federal funds for research and development programs involving those lines. All of the stem cell lines that we are using were either isolated under procedures that meet U.S. government requirements and are approved for funding from the U.S. government, or were isolated under procedures that meet U.S. government requirements and are approved for use by regulatory bodies associated with the CIRM.

With respect to drug development, government authorities at the federal, state and local levels in the U.S. and other countries extensively regulate, among other things, the research, development, testing, manufacture, labeling, promotion, advertising, distribution, marketing, pricing and export and import of pharmaceutical products such as those we are developing. In the U.S., pharmaceuticals, biologics and medical devices are subject to rigorous FDA regulation. Federal and state statutes and regulations in the United States govern, among other things, the testing, manufacture, safety, efficacy, labeling, storage, export, record keeping, approval, marketing, advertising and promotion of our potential drug rescue variants. The information that must be submitted to the FDA in order to obtain approval to market a new drug varies depending on whether the drug is a new product whose safety and effectiveness has not previously been demonstrated in humans, or a drug whose active ingredient(s) and certain other properties are the same as those of a previously approved drug. Product development and approval within this regulatory framework takes a number of years and involves significant uncertainty combined with the expenditure of substantial resources.

Canada

In Canada, stem cell research and development is governed by two policy documents and by one legislative statute: the Guidelines for Human Pluripotent Stem Cell Research (the "Guidelines") issued by the Canadian Institutes of Health Research; the Tri-Council Statement: Ethical Conduct for Research Involving Humans (the "TCPS"); and the Assisted Human Reproduction Act (the "Act"). The Guidelines and the TCPS govern stem cell research conducted by, or under the auspices of, institutions funded by the federal government. Should we seek funding from Canadian government agencies or should we conduct research under the auspices of an institution so funded, we may have to ensure the compliance of such research with the ethical rules prescribed by the Guidelines and the TCPS.

The Act subjects all research conducted in Canada involving the human embryo, including ES Cell derivation (but not the stem cells once derived), to a licensing process overseen by a federal licensing agency. However, as of the date of this report, the provisions of the Act regarding the licensing of ES Cell derivation were not in force

We are not currently conducting stem cell research in Canada. We are, however, sponsoring stem cell research by Dr. Gordon Keller at UHN's McEwen Centre. We anticipate conducting stem cell research (with both ES Cells and iPS Cells), in collaboration with Dr. Keller and is research team, at UHN during 2011 and beyond pursuant to our long term sponsored research collaboration with Dr. Keller and UHN. Should the provisions of the Act come into force, we may have to apply for a license for all ES Cell research we may sponsor or conduct in Canada and ensure compliance of such research with the provisions of the Act.

Foreign

In addition to regulations in the U.S., we may be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our products outside of the U.S. Whether or not we obtain FDA approval for a product, we must obtain approval of a product by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country, and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country.

Subsidiaries and Inter-corporate Relationships

VistaGen is our wholly-owned subsidiary. VistaGen has two wholly-owned subsidiaries, VistaStem Canada Inc., a corporation incorporated pursuant to the laws of the Province of Ontario, intended to facilitate our stem cell-based research and development and drug rescue activities in Ontario, Canada, including our collaboration with Dr. Keller and UHN, and Artemis Neuroscience, Inc., a corporation incorporated pursuant to the laws of the State of Maryland and focused on the clinical development of AV-101. The operations of each of VistaGen and each of its subsidiaries are managed by our management team based in South San Francisco, California.

Employees

We have seven full-time employees, four of whom have doctorate degrees. We anticipate adding up to four additional employees, including at least one of whom will have a doctorate degree, within the next twelve months. Currently, five full-time employees work in research and development and laboratory support services and two full-time employees work in general and administrative roles. Staffing for all other functional areas is achieved through strategic relationships with service providers and consultants, each of whom provides services on an as-needed basis, including human resources and payroll, accounting, information technology, facilities, stock plan administration, web site maintenance, regulatory affairs, and FDA program management. In addition, we currently conduct some of our research and development efforts through sponsored research relationships with stem cell scientists at academic research institutions in the U.S. and Canada, including Dr. Keller's laboratories at UHN. See Item 1, "Business – Strategic Transactions and Relationships."

ITEM 1A. RISK FACTORS

Risks Related to Our Business

We have never rescued a drug candidate and cannot be certain that we will be able to do so in the future.

Our ability to rescue drug candidates is highly dependent upon the accuracy and efficiency of our *Human Clinical Trials in a Test Tube*™ platform. We have no operating history with respect to the rescue of drug candidates and cannot be certain we will be able to develop or rescue drug candidates in the future. There are a number of factors that may impact our ability to rescue a drug candidate, including:

- Our ability to identify promising drug candidates that pharmaceutical companies have put on the shelf due to heart or liver toxicity concerns. We have no prior experience in identifying drug candidates that may be suitable for our proposed drug rescue model. If we cannot identify drugs that can be rescued in an efficient and cost-effective manner, our business will be adversely affected.

- Our ability to negotiate licenses with pharmaceutical companies to drug candidates that the pharmaceutical companies have put on the shelf due to heart or liver toxicity concerns. We have no experience in negotiating these licenses and there can be no assurances that we will be able to obtain licenses on commercially reasonable terms, if at all. If we are unable to obtain licenses to drug candidates we seek to rescue, our business will be adversely affected.

- Our medicinal chemistry collaborators' ability to design and produce a range of drug rescue variants that are structurally related to the original drug candidate that was put on the shelf. If our chosen medicinal chemistry collaborators are unsuccessful for any reason in designing and producing these drug rescue variants, our business will be adversely affected.

- Our ability to execute our drug rescue programs in a timely and cost-effective manner. If our drug rescue programs are less efficient and more expensive than we expect, our business will be adversely affected.

- Our ability to research, develop, obtain regulatory approval for, manufacture, introduce, market, and distribute our drug rescue variants, or secure a collaborator to provide financial and other assistance with these steps. The time necessary to achieve these goals for any individual pharmaceutical product is long and can be uncertain. Only a small number of research and development programs ultimately result in commercially successful drugs. We cannot assure you that toxicity results indicated by our drug rescue testing models are indicative of results that would be achieved in future animal studies, in *in vitro* testing or human clinical studies, all or some of which will be required in order to obtain regulatory approval of our drug rescue variants.

Our independent auditors have expressed substantial doubt about our ability to continue as a going concern.

Our consolidated financial statements for the year ended March 31, 2010 included elsewhere in this report, have been prepared assuming that we will continue to operate as a going concern. The report of our independent registered public accounting firm on our consolidated financial statements includes an explanatory paragraph discussing conditions that raise a substantial doubt about our ability to continue as a going concern. We incurred accumulated losses of $33.1 million and $38.9 million, and shareholders' deficit of $26 million and $30 million as of March 31, 2010 and December 31, 2010, respectively. Our cash and equivalents, including contract payments receivable, was $448,000 and $535,000 as of March 31, 2010 and December 31, 2010, respectively.

We require additional funds to continue operations. These funds, if available, may be from one or more public or private stock offerings, borrowings under bank or lease lines of credit, grants awards or other sources. Any additional financing may not be available on a timely basis on terms acceptable to us, or at all. Our ability to obtain such financing may be impaired by the current economic conditions and the lack of liquidity in the credit markets. Such financing, if available, may also be dilutive to stockholders or may require us to grant a lender a security interest in our assets. The amount of money we will need will depend on many factors, including:

- revenues, if any, generated by the development or licensing of a drug rescue candidate;

- expenses we incur in developing and selling our drug rescue applications;

- the commercial success of our research and development efforts; and

- the emergence of competing technological developments.

If we are unable to secure additional funding or adequate funds are not available, we may have to discontinue operations; delay development or commercialization of our *Human Clinical Trials in a Test Tube*™ platform and our drug rescue applications; license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize; reduce marketing, customer support, or other resources devoted to our system; or any combination of these activities. Any of these results would materially harm our business, financial condition, and results of operations, and there can be no assurance that any of these results will result in cash flows that will be sufficient to fund our current or future operating needs.

Our internal validation study of CardioSafe 3D™ has not been subject to peer review or third party validation.

Our internal validation study, conducted to validate the ability of our*CardioSafe 3D*™ assay system to predict the cardiac effects of prospective drug rescue candidates referred to under "Business – Application of Stem Cell Technology to Drug Rescue – *CardioSafe 3D*™", has not been subject to peer review or third party validation. It is possible that the results we obtained from our internal validation study may not be able to be replicated by third parties. If third parties cannot replicate such results, it will be difficult to negotiate and obtain licenses from pharmaceutical companies to drug candidates we seek to rescue. Even if such results can be replicated, pharmaceutical companies may nevertheless conclude their current drug testing models are better than our testing model, *CardioSafe3D*™, and that our testing model does not merit a license to the drug candidate we seek to rescue. Our business model is predicated on our ability to obtain licenses from pharmaceutical companies to promising drug rescue candidates. If we cannot obtain licenses to suitable drug rescue candidates, our business will be adversely affected.

CardioSafe 3D™ is still in an early stage of development and we cannot say with certainty that it will be more efficient or accurate at predictingthe toxicity of drug candidates than the drug testing models currently used by pharmaceutical companies.

The success of our plan to rescue drug candidates is dependent upon*CardioSafe 3D*™ and any other predictive toxicology screening bioassay systems we develop being more accurate and efficient than current animal and tumor cell-based testing models. The accuracy and efficiency of our bioassay systems is central to our ability to rescue drugs. If our bioassay systems are less accurate and less efficient than current animal and tumor cell-based testing models, our business will be adversely affected.

We have a history of losses and anticipate future losses, and continued losses couldimpair our ability to sustain operations.

We have incurred operating losses every year since our operations began in July 1998. As of December 31, 2010, our accumulated deficit since inception was approximately $38.9 million. Losses have resulted principally from costs incurred in connection with our research and development activities and from general and administrative costs associated with our operations. We expect to incur additional operating losses and, as our research and development efforts, and drug rescue- and stem cell therapy-related activities continue, we expect our operating losses to increase.

Substantially all of our revenues to date have been from research support payments under collaboration agreements, government and private foundation grants, and revenues from our stem cell technology licensing arrangements. Our near-term revenues are highly dependent on entering into stem cell technology-based drug rescue and development collaborations with pharmaceutical companies and strategic predictive toxicology screening collaborations with government entities. In the event that we are unable to generate projected revenues related to drug rescue or predictive toxicology screening collaborations or government grants, we will need to modify our operating plan to the extent necessary to make up for the revenue shortfall which would harm our business and prospects. We may not be successful in entering into any new collaboration or license agreement that results in material or timely revenues. We do not expect that the revenues generated from these arrangements will be sufficient alone to continue or expand our stem cell research, drug rescue, drug development and stem cell therapy activities and otherwise sustain our operations. In addition, in order to fund a substantial portion of future operations, we will need to secure additional capital.

We also expect to experience negative cash flows for the foreseeable future as we fund our operating losses and capital expenditures. This will result in decreases in our working capital, total assets and shareholders' equity, which may not be offset by future funding. We will need to generate significant revenues to achieve profitability. We may not be able to generate these revenues, and we may never achieve profitability. Our failure to achieve profitability could negatively impact the value of our stock. Even if we do become profitable, we cannot assure you that we would be able to sustain or increase profitability on a quarterly or annual basis.

We will need substantial additional capital to conduct our operations, complete ourresearch and development activities, develop our stem cell technology platform, execute our drug rescue and cell therapy business model, and our ability to obtain the necessary funding is uncertain.

We will require substantial capital resources in order to conduct our operations and develop our stem cell technology platform, and execute our drug rescue and cell therapy business model, and we cannot assure you that our existing capital resources, even after completion of the Merger, will be sufficient to fund our current and planned operations. There can be no assurances that we will be able to raise more capital or on what terms. We may seek additional funds from public and private stock offerings, borrowings under lease lines of credit or government loan programs, or other sources. The timing and degree of any future capital requirements will depend on many factors, including: revenues generated, if any; the commercial success of our research and development efforts; the emergence of competing technological developments; the accuracy of the assumptions underlying our estimates for our capital needs; the magnitude and scope of our research and development programs; our ability to enter into collaboration agreements; our ability to successfully obtain additional grant funding from government agencies and private research organizations that support research such as ours; our ability to establish, enforce and maintain strategic arrangements for research, development, clinical testing, manufacturing and marketing; the number and type of drug rescue and other pipeline opportunities that we pursue and develop; the time and costs involved in obtaining regulatory approvals; and the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims.

We do not have any committed sources of additional capital. Additional financing through strategic collaborations, public or private equity financings, capital lease transactions or other financing sources may not be available on acceptable terms, or at all. The receptivity of the public and private equity markets to proposed financings is substantially affected by the general economic, market and political climate and by other factors which are unpredictable and over which we have no control. Additional equity financings, if we obtain them, could result in significant dilution to our shareholders. Further, in the event that additional funds are obtained through arrangements with collaborators, these arrangements will likely require us to relinquish rights to some of our technologies, product candidates or proposed products that we would otherwise seek to develop and commercialize ourselves. If sufficient capital is not available, we may be required to delay, reduce the scope of or eliminate one or more of our programs, reduce marketing or other resources devoted to our products and technologies. Any of these results could have a material adverse effect on our business.

If we cannot continue to obtain grant funding from government entities or privateresearch foundations or research, drug rescue and development funding from pharmaceutical or biotechnology companies, or if we fail to replace these sources offunding, our ability to continue operations will be harmed.

Historically we have funded a substantial portion of our operating expenses from U.S. government and private grant funding and funding from pharmaceutical companies with which we have collaborative relationships. In order to fund a substantial portion of future operations, particularly future operations related to our proposed drug rescue activities and development of AV-101, we will need to apply for and receive additional grant funding from governments and governmental organizations such as NIH, the NIH's National Institute of Neurological Disease and Stroke, the California Institute for Regenerative Medicine and the government of the Province of Ontario, Canada, however, we may not secure any additional funding from any governmental organization or private research foundation or otherwise. We cannot assure you that we will continue to receive grant funding. If grant funds are no longer available or the funds no longer meet our needs, some of our current and future operations may be delayed or terminated. In addition, our business, financial condition and results of operations will be adversely affected if we are unable to obtain grants or replace these sources of funding.

If we cannot enter into and successfully manage a sufficient number of drug rescue and predictive toxicology screening collaborations with pharmaceutical or biotechnology companies or government entities it will harm our ability to develop drug rescue candidates for our drug pipeline and fund our futureoperations.

A principal element of our drug rescue business model is to enter into multiple stem cell technology-based drug rescue and predictive toxicology screening collaborations with established pharmaceutical and biotechnology companies and government entities to finance or otherwise assist in the rescue, development, marketing and manufacture of drugs developed utilizing our stem cell-based toxicity screening assays. Our goal is to derive a recurring stream of revenues principally from research and development payments, license fees, milestone payments and royalties from our projected drug rescue and predictive toxicology screening collaborations. Our prospects, therefore, will depend in large part upon our ability to attract and retain collaborators and to rescue and develop drug candidates that meet the requirements of our prospective collaborators. In addition, our collaborators will generally have the right to abandon research projects and terminate applicable agreements, including funding obligations, prior to or upon the expiration of the agreed-upon research terms. There can be no assurance that we will be successful in establishing multiple future collaborations on acceptable terms or at all, that current or future collaborations will not terminate funding before completion of projects, that our existing or future collaborative arrangements will result in successful product commercialization or that we will derive any revenues from such arrangements. To the extent that we are unable to maintain existing or establish new drug rescue and predictive toxicology screening collaborations, it would require substantial additional capital for us to undertake research, development and commercialization activities on our own.

In varying degrees for each of the drug candidates we may seek to rescue and develop during the next 18 months, we will likely rely on our collaborators to develop, conduct human clinical trials on, obtain regulatory approvals for, manufacture, market and/or commercialize our drug rescue pipeline candidates. Such collaborators' diligence and dedication of resources in conducting these activities will depend on, among other things, their own competitive, marketing and strategic considerations, including the relative advantages of competitive products. The failure of our collaborators to conduct their collaborative activities successfully and diligently would have a material adverse effect on us.

Some of our competitors or pharmaceutical companies may develop technologies that are superior to or more cost-effective than ours, which may impact the commercial viability of our technologies and which may significantly damage our ability tosustain operations.

The pharmaceutical and biotechnology industries are intensely competitive. Other pluripotent stem cell biology-based assay systems and drug candidates that could compete directly with the bioassay technologies and product candidates that we seek to discover, develop and commercialize currently exist or are being developed by pharmaceutical and biotechnology companies and by academic and other research organizations.

Many of the pharmaceutical and biotechnology companies developing and marketing these competing products and technologies have significantly greater financial resources and expertise than we do in research and development, manufacturing, preclinical and clinical testing, obtaining regulatory approvals and marketing and distribution. Pharmaceuticals companies with whom we are seeking to collaborate may develop their own competing internal programs.

Small companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Academic institutions, government agencies and other public and private research organizations are conducting research, seeking patent protection and establishing collaborative arrangements for research, clinical development and marketing of products similar to ours. These companies and institutions compete with us in recruiting and retaining qualified scientific and management personnel, obtaining collaborators and licensees, as well as in acquiring technologies complementary to our programs.

In addition to the above factors, we expect to face competition in the areas of evaluation of product efficacy and safety, the timing and scope of regulatory consents, availability of resources, reimbursement coverage, price and patent position, including potentially dominant patent positions of others.

As a result of the foregoing, our competitors may develop more effective or more affordable products, or achieve earlier patent protection or product commercialization than we do. Most significantly, competitive products may render any technologies and product candidates that we develop obsolete, which would negatively impact our business and ability to sustain operations.

Restrictions on the use of ES Cells, political commentary and the ethical andsocial implications of research involving ES Cells could prevent us from developing or gaining acceptance for commercially viable products based upon such stem cells and adversely affect the market price of our Common Stock.

Some of our most important programs involve the use of ES Cells. Some believe the use of ES Cells gives rise to ethical and social issues regarding the appropriate use of these cells. Our research related to ES Cells may become the subject of adverse commentary or publicity, which could significantly harm the market price of our Common Stock.

Certain political and religious groups in the United States have voiced opposition to ES Cell technology and practices. All procedures we use to obtain clinical samples and the procedures we use to isolate ES Cells are consistent with the informed consent and ethical guidelines promulgated by the U.S. National Academy of Science, the International Society of Stem Cell Research ("ISSCR"), and the NIH. These procedures and documentation have been reviewed by an external Stem Cell Research Oversight Committee, and all cell lines we use have been approved under these guidelines. We use stem cells derived from human embryos that have been created for use in *in vitro* fertilization ("IVF") procedures but that have been donated with appropriate informed consent for research use after a successful IVF procedure because they are no longer desired or suitable for IVF. Many research institutions, including some of our scientific collaborators, have adopted policies regarding the ethical use of human embryonic tissue. These policies may have the effect of limiting the scope of research conducted using ES Cells, thereby impairing our ability to conduct research in this field.

The U.S. government and its agencies on July 7, 2009 published guidelines for the ethical derivation of human ES Cells required for receiving federal funding for ES Cell research. All of the ES Cell lines we use meet these guidelines for NIH funding. In the U.S., the President's Council on Bioethics monitors stem cell research, and may make recommendations from time to time that could place restrictions on the scope of research using human embryonic or fetal tissue. Although numerous states in the U.S. are considering, or have in place, legislation relating to stem cell research, including California whose voters approved Proposition 71 to provide up to $3 billion of state funding for stem cell research in California, it is not yet clear what affect, if any, state actions may have on our ability to commercialize stem cell technologies. The use of embryonic or fetal tissue in research (including the derivation of ES Cells) in other countries is regulated by the government, and varies widely from country to country. These regulations may affect our ability to commercialize ES Cell-based bioassay systems.

Government-imposed restrictions with respect to use of ES Cells in research and development could have a material adverse effect on us by harming our ability to establish critical collaborations, delaying or preventing progress in our research and development, and causing a decrease in the market interest in our stock. These ethical concerns do not apply to iPS Cells because their derivation does not involve the use of embryonic tissues.

We have assumed that the biological capabilities of iPS Cells and ES Cells for in vitro bioassays is likely to be comparable. If it is discovered that this assumption is incorrect, our ability to develop our Human Clinical Trials in a Test Tube™ platform could be harmed.

We plan to use both ES Cells and iPS Cells as the basis for the continued development of our *Human Clinical Trials in a Test Tube* ™ platform. With respect to iPS Cells, scientists are still unsure about the clinical utility, life span, and safety of such cells, and whether such cells differ in any clinically significant ways from ES Cells. If we discover that iPS Cells will not be useful for whatever reason for our *Human Clinical Trials in a Test Tube* ™ platform, we could be limited to using only ES Cells. This could negatively affect our ability to develop our *Human Clinical Trials in a Test Tube* ™ platform, particularly in circumstances where it would be preferable to produce iPS Cells to reflect the effects of desired specific genetic variations.

Regulation of Biological Products

Some of our products, especially our potential stem cell therapy products, and the products of our collaboration partners, may be subject to the biological product regulations. During their clinical development, biological products are regulated pursuant to Investigational New Drug ("IND") requirements. Product development and approval takes a number of years, involves the expenditure of substantial resources and is uncertain. Many biological products that appear promising ultimately do not reach the market because they cannot meet FDA or other regulatory requirements. In addition, there can be no assurance that the current regulatory framework will not change through regulatory, legislative or judicial actions or that additional regulation will not arise during our product development that may affect approval, delay the submission or review of an application, if required, or require additional expenditures by us.

The activities required before a new biological product may be approved for marketing in the U.S. primarily begin with preclinical testing, which includes laboratory evaluation and animal studies to assess the potential safety and efficacy of the product as formulated. Results of preclinical studies are summarized in an IND application to the FDA. Human clinical trials may begin 30 days following submission of an IND application, unless the FDA requires additional time to review the application or raise questions.

Clinical testing involves the administration of the drug or biological product to healthy human volunteers or to patients under the supervision of a qualified principal investigator, usually a physician, pursuant to an FDA-reviewed protocol. Each clinical study is conducted under the auspices of an institutional review board ("IRB") at each of the institutions at which the study will be conducted. A clinical plan, or "protocol," accompanied by the approval of an IRB, must be submitted to the FDA as part of the IND application prior to commencement of each clinical trial. Human clinical trials are conducted typically in three sequential phases. Phase I trials consist of, primarily, testing the product's safety in a small number of patients or healthy volunteers. In Phase II, the safety and efficacy of the product candidate is evaluated in a specific patient population. Phase III trials typically involve additional testing for safety and clinical efficacy in an expanded patient population at geographically dispersed sites. The FDA may order the temporary or permanent discontinuance of a preclinical or clinical trial at any time for a variety of reasons, particularly if safety concerns exist.

A company seeking FDA approval to market a biological product must file a Biologics License Application ("BLA"). In addition to reports of the preclinical and human clinical trials conducted under the IND application, the BLA includes evidence of the product's safety, purity, potency and efficacy, as well as manufacturing, product identification and other information. Submission of a BLA does not assure FDA approval for marketing. The application review process generally takes one to three years to complete, although reviews of drugs and biological products for life-threatening diseases may be accelerated or expedited. However, the process may take substantially longer.

The FDA requires at least one and often two properly conducted, adequate and well-controlled clinical studies demonstrating efficacy with sufficient levels of statistical assurance. However, additional information may be required. Notwithstanding the submission of such data, the FDA ultimately may decide that the BLA does not satisfy the regulatory criteria for approval and not approve the application. The FDA may impose post-approval obligations, such as additional clinical tests following BLA approval to confirm safety and efficacy (Phase IV human clinical trials). The FDA may, in some circumstances, also impose restrictions on the use of the biological product that may be difficult and expensive to administer. Further, the FDA requires reporting of certain safety and other information that becomes known to a manufacturer of an approved biological product. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems occur after the product reaches the market.

Prior to approving an application, the FDA will inspect the prospective manufacturer to ensure that the manufacturer conforms to the FDA's current good manufacturing practice ("cGMP") regulations that apply to biologics. To comply with the cGMP regulations, manufacturers must expend time, money and effort in product recordkeeping and quality control to assure that the product meets applicable specifications and other requirements. The FDA periodically inspects manufacturing facilities in the U.S. and abroad in order to assure compliance with applicable cGMP requirements. Our failure to comply with the FDA's cGMP regulations or other FDA regulatory requirements could have a significant adverse effect on us.

After a product is approved for a given indication in a BLA, subsequent new indications or dosage levels for the same product are reviewed by the FDA via the filing and approval of a BLA supplement. The BLA supplement is more focused than the BLA and deals primarily with safety and effectiveness data related to the new indication or dosage. Applicants are required to comply with certain post-approval obligations, such as compliance with cGMPs.

Entry into clinical trials with one or more drug or biologic product candidates maynot result in any commercially viable products.

We may never generate revenues from drug or biologic product sales because of a variety of risks inherent in our business, including the following risks:

- clinical trials may not demonstrate the safety and efficacy of our product candidates;
- completion of clinical trials may be delayed, or costs of clinical trials may exceed anticipated amounts;
- we may not be able to obtain regulatory approval of our products, or may experience delays in obtaining such approval;
- we may not be able to manufacture our product candidates economically on a commercial scale;
- we and any licensees of ours may not be able to successfully market our products;
- physicians may not prescribe our product candidates, or patients or third party payors may not accept such product candidates;
- others may have proprietary rights which prevent us from marketing our products; and
- competitors may sell similar, superior or lower-cost products.

Risks Related to Our Intellectual Property

If we fail to meet our obligations under license agreements, we may lose our rights to key technologies on which our business depends.

Our business depends on several critical technologies that are based in part on patents licensed from third parties. Those third-party license agreements impose obligations on us, such as payment obligations and obligations to diligently pursue development of commercial products under the licensed patents. If a licensor believes that we have failed to meet our obligations under a license agreement, the licensor could seek to limit or terminate our license rights, which could lead to costly and time-consuming litigation and, potentially, a loss of the licensed rights. During the period of any such litigation our ability to carry out the development and commercialization of potential products could be significantly and negatively affected. If our license rights were restricted or ultimately lost, our ability to continue our business based on the affected technology would be severely adversely affected.

It is uncertain what ownership rights, if any, we will obtain over intellectual property we derive from licenses by pharmaceutical companies to lead drug rescue candidates and drug rescue variants.

We expect to negotiate and obtain licenses from pharmaceutical companies to drug rescue candidates that these companies have put on the shelf (discontinued development) because of toxicity and, in the near-term, heart toxicity specifically, as well as drug rescue variants derived from the drug rescue candidates. Although we have substantial experience in negotiating licenses to drug candidates and stem cell technologies, we have limited experience in negotiating licenses to drug candidates and drug rescue variants related to our drug rescue business model, and there can be no assurances that we will obtain ownership rights over intellectual property we derive from our licenses to the drug rescue candidates, including rights to drug rescue variants. Such intellectual property may include rights to drug rescue variants that we discover to be safer than and as effective as the original drug rescue candidate. If we are unable to obtain ownership rights over intellectual property related to drug rescue variants, our business will be adversely affected.

If we are not able to obtain and enforce patent protection or other commercial protection for AV-101 or our pluripotent stem cell technologies, the value of AV-101 and our stem cell technologies and product candidates will be harmed.

Commercial protection of AV-101 and our proprietary pluripotent stem cell technologies is critically important to our business. Our success will depend in large part on our ability to obtain and enforce our patents and maintain trade secrets, both in the U.S. and in other countries.

Additional patents may not be granted, and our existing U.S. and foreign patents might not provide us with commercial benefit or might be infringed upon, invalidated or circumvented by others. In addition, the availability of patents in foreign markets, and the nature of any protection against competition that may be afforded by those patents, is often difficult to predict and vary significantly from country to country. We, our licensors, or our licensees may choose not to seek, or may be unable to obtain, patent protection in a country that could potentially be an important market for AV-101 and our stem cell technologies.

The patent positions of pharmaceutical and biopharmaceutical companies, including ours, are highly uncertain and involve complex legal and technical questions. In particular, legal principles for biotechnology patents in the U.S. and in other countries are evolving, and the extent to which we will be able to obtain patent coverage to protect our technology, or enforce issued patents, is uncertain.

For example, the European Patent Convention prohibits the granting of European patents for inventions that concern "uses of human embryos for industrial or commercial purposes". The European Patent Office is presently interpreting this prohibition broadly, and is applying it to reject patent claims that pertain to human embryonic stem cells. However, this broad interpretation is being challenged through the European Patent Office appeals system. As a result, we do not yet know whether or to what extent we will be able to obtain European patent protection for our proprietary ES Cell-based technology and systems.

Publication of discoveries in scientific or patent literature tends to lag behind actual discoveries by at least several months and sometimes several years. Therefore, the persons or entities that we or our licensors name as inventors in our patents and patent applications may not have been the first to invent the inventions disclosed in the patent applications or patents, or the first to file patent applications for these inventions. As a result, we may not be able to obtain patents for discoveries that we otherwise would consider patentable and that we consider to be extremely significant to our future success.

Where several parties seek U.S. patent protection for the same technology, the U.S. Patent and Trademark Office ("U.S. PTO") may declare an interference proceeding in order to ascertain the party to which the patent should be issued. Patent interferences are typically complex, highly contested legal proceedings, subject to appeal. They are usually expensive and prolonged, and can cause significant delay in the issuance of patents. Moreover, parties that receive an adverse decision in interference can lose patent rights. Our pending patent applications, or our issued patents, may be drawn into interference proceedings, which may delay or prevent the issuance of patents or result in the loss of issued patent rights. If more groups become engaged in scientific research related to ES Cells, the number of patent filings by such groups and therefore the risk of our patents or applications being drawn into interference proceedings may increase. The interference process can also be used to challenge a patent that has been issued to another party.

Outside of the U.S., certain jurisdictions, such as Europe, Japan, New Zealand and Australia, permit oppositions to be filed against the granting of patents. Because our intent is to commercialize our products internationally, securing both proprietary protection and freedom to operate outside of the U.S. is important to our business.

Patent opposition proceedings are not currently available in the U.S. patent system, but legislation is pending to introduce them. However, issued U.S. patents can be re-examined by the U.S. PTO at the request of a third party. Patents owned or licensed by us may therefore be subject to re-examination. As in any legal proceeding, the outcome of patent re-examinations is uncertain, and a decision adverse to our interests could result in the loss of valuable patent rights.

Successful challenges to our patents through interference, opposition or re-examination proceedings could result in a loss of patent rights in the relevant jurisdiction(s). As more groups become engaged in scientific research and product development areas of hES Cells, the risk of our patents being challenged through patent interferences, oppositions, re-examinations or other means will likely increase. If we institute such proceedings against the patents of other parties and we are unsuccessful, we may be subject to litigation, or otherwise prevented from commercializing potential products in the relevant jurisdiction, or may be required to obtain licenses to those patents or develop or obtain alternative technologies, any of which could harm our business.

Furthermore, if such challenges to our patent rights are not resolved promptly in our favor, our existing business relationships may be jeopardized and we could be delayed or prevented from entering into new collaborations or from commercializing certain products, which could materially harm our business.

The confidentiality agreements that are designed to protect our trade secrets could be breached, and we might not have adequate remedies for the breach. Additionally, our trade secrets and proprietary know-how might otherwise become known or be independently discovered by others, all of which could materially harm our business.

We may have to engage in costly litigation to enforce or protect our proprietarytechnology, particularly our pluripotent stem cell technology and systems, or to defend challenges to our proprietary technology by our competitors, which may harm ourbusiness, results of operations, financial condition and cash flow.

Litigation may be necessary to protect our proprietary rights, especially our rights to our pluripotent stem cell technology and bioassay systems. Such litigation is expensive and would divert material resources and the time and attention of our management. We cannot be certain that we will have the required resources to pursue litigation or otherwise to protect our proprietary rights. In the event that we are unsuccessful in obtaining and enforcing patents, our business would be negatively impacted. Further, our patents may be challenged, invalidated or circumvented, and our patent rights may not provide proprietary protection or competitive advantages to us.

Patent litigation may also be necessary to enforce patents issued or licensed to us or to determine the scope and validity of our proprietary rights or the proprietary rights of others. We may not be successful in any patent litigation. An adverse outcome in a patent litigation, patent opposition, patent interference, or any other proceeding in a court or patent office could subject our business to significant liabilities to other parties, require disputed rights to be licensed from other parties or require us to cease using the disputed technology, any of which could severely harm our business.

We may be subject to litigation that will be costly to defend or pursue and uncertain in its outcome.

Our business may bring us into conflict with our licensees, licensors, or others with whom we have contractual or other business relationships, or with our competitors or others whose interests differ from ours. If we are unable to resolve such conflicts on terms that are satisfactory to all parties, we may become involved in litigation brought by or against us. Any such litigation is likely to be expensive and may require a significant amount of management's time and attention, at the expense of other aspects of our business. The outcome of litigation is always uncertain, and in some cases could include judgments against us that require us to pay damages, enjoin us from certain activities, or otherwise affect our legal or contractual rights, which could have a significant adverse effect on our business.

Much of the information and know-how that is critical to our business is notpatentable and we may not be able to prevent others from obtaining this information and establishing competitive enterprises.

We rely, in significant part, on trade secrets to protect our proprietary technologies, especially in circumstances that we believe patent protection is not appropriate or available. We attempt to protect our proprietary technologies in part by confidentiality agreements with our employees, consultants, collaborators and contractors. We cannot assure you that these agreements will not be breached, that we would have adequate remedies for any breach, or that our trade secrets will not otherwise become known or be independently discovered by competitors, any of which would harm our business significantly.

We may be subject to infringement claims that are costly to defend, and which maylimit our ability to use disputed technologies and prevents us from pursuing research and development or commercialization of potential products.

Our commercial success depends significantly on our ability to operate without infringing patents and the proprietary rights of others. Our technologies may infringe on the patents or proprietary rights of others. In addition, we may become aware of discoveries and technology controlled by third parties that are advantageous to our programs. In the event our technologies infringe the rights of others or we require the use of discoveries and technologies controlled by third parties, we may be prevented from pursuing research, development or commercialization of potential products or may be required to obtain licenses to those patents or other proprietary rights or develop or obtain alternative technologies. We have obtained licenses from several universities and companies for technologies that we anticipate incorporating into our *Human Clinical Trials in a Test Tube*™ platform, and are in negotiation for licenses to other technologies. We may not be able to obtain a license to patented technology on commercially favorable terms, or at all. If we do not obtain a necessary license, we may need to redesign our technologies or obtain rights to alternate technologies, the research and adoption of which could cause delays in product development. In cases where we are unable to license necessary technologies, we could be prevented from developing certain potential products. Our failure to obtain alternative technologies or a license to any technology that we may require to research, develop or commercialize our product candidates would significantly and negatively affect our business.

Risks Related to Development, Clinical Testing and Regulatory Approval of Drug Candidates

We have limited experience as a corporation conducting clinical trials, or in other areas required for the successful commercialization and marketing of drug candidates.

We will need to receive regulatory approval for any product candidate before it may be marketed and distributed. Such approval will require, among other things, completing carefully controlled and well-designed clinical trials demonstrating the safety and efficacy of each product candidate. This process is lengthy, expensive and uncertain. As a company, we have limited experience in conducting clinical trials. Such trials will require additional financial and management resources, collaborators with the requisite clinical experience or reliance on third party clinical investigators, contract research organizations and consultants. Relying on third parties may force us to encounter delays that are outside of our control, which could materially harm our business.

We also do not currently have marketing and distribution capabilities for product candidates. Developing an internal sales and distribution capability would be an expensive and time-consuming process. We may enter into agreements with collaborators or third parties that would be responsible for marketing and distribution. However, these collaborators or third parties may not be capable of successfully selling any of our product candidates.

Because we and our collaborators must complete lengthy and complex development and regulatory approval processes required to market drug products in the U.S. and other countries, we cannot predict whether or when we or our collaborators will be permitted to commercialize our product candidates or product candidates to which we have commercial rights.

Federal, state and local governments in the U.S. and governments in other countries have significant regulations in place that govern many of our activities and may prevent us from creating commercially viable products derived from our drug rescue and stem cell therapy operations.

The regulatory process, particularly for pharmaceutical product candidates, is uncertain, can take many years and requires the expenditure of substantial resources. Any product candidate that we or our collaborators develop must receive all relevant regulatory agency approvals before it may be marketed in the U.S. or other countries. Biological drugs and non-biological drugs are rigorously regulated. In particular, human pharmaceutical therapeutic product candidates are subject to rigorous preclinical and clinical testing and other requirements by the FDA in the U.S. and similar health authorities in other countries in order to demonstrate safety and efficacy. Because our product candidates involve or are expected to involve the application of new technologies or are based upon new therapeutic approaches, they may be subject to substantial additional review by various government regulatory authorities, and, as a result, the process of obtaining regulatory approvals for them may proceed more slowly than for drug candidates based upon more conventional technologies. We may never obtain regulatory approval to market our drug candidates.

Data obtained from preclinical and clinical activities is susceptible to varying interpretations that could delay, limit or prevent regulatory agency approvals. In addition, delays or rejections may be encountered as a result of changes in regulatory agency policy during the period of product development and/or the period of review of any application for regulatory agency approval for a product candidate. Delays in obtaining regulatory agency approvals could significantly harm the marketing of any product that we or our collaborators develop, impose costly procedures upon our activities or the activities of our collaborators, diminish any competitive advantages that we or our collaborators may attain, or adversely affect our ability to receive royalties and generate revenues and profits.

If we obtain regulatory agency approval for a new product, this approval may entail limitations on the indicated uses for which it can be marketed that could limit the potential commercial use of the product. Additionally, approved products and their manufacturers are subject to continual review, and discovery of previously unknown problems with a product or its manufacturer may result in restrictions on the product or manufacturer, including withdrawal of the product from the market. The sale by us or our collaborators of any commercially viable product will be subject to government regulation from several standpoints, including the processes of manufacturing, advertising and promoting, selling and marketing, labeling and distribution. Failure to comply with regulatory requirements can result in severe civil and criminal penalties, including but not limited to product recall or seizure, injunction against product manufacture, distribution, sales and marketing and criminal prosecution. The imposition of any of these penalties could significantly impair our business, financial condition and results of operations.

Entry into clinical trials with one or more drug or biologic candidates may not result in anycommercially viable products.

We may never generate revenues from product sales because of a variety of risks inherent in our business, including the following risks:

- clinical trials may not demonstrate the safety and efficacy of our drug rescue variants or stem cell therapies;
- completion of clinical trials may be delayed, or costs of clinical trials may exceed anticipated amounts;
- we may not be able to obtain regulatory approval of our drug rescue variants or biologics, or may experience delays in obtaining such approval;
- we may not be able to manufacture our drug rescue variants economically on a commercial scale;
- we and any licensees of ours may not be able to successfully market our drug rescue variants;
- physicians may not prescribe our products, or patients or third party payors may not accept our drug rescue variants or stem cell therapies;
- others may have proprietary rights which prevent us from marketing our drug rescue variants or stem cell therapies; and
- competitors may sell similar, superior or lower-cost products.

To be successful, our drug rescue variants and stem cell therapies must be accepted by the healthcarecommunity, which can be very slow to adopt or unreceptive to new technologies and products.

Our drug rescue variants and stem cell therapies, if approved for marketing, may not achieve market acceptance because hospitals, physicians, patients or the medical community in general may decide not to accept and utilize these products. The drug rescue variants and stem cell therapies that we are attempting to develop may represent substantial departures from established treatment methods and will compete with a number of conventional drugs and therapies manufactured and marketed by major pharmaceutical companies. The degree of market acceptance of any of our product candidates will depend on a number of factors, including:

- our establishment and demonstration to the medical community of the clinical efficacy and safety of our drug rescue variants and stem cell therapies;
- our ability to create product candidates that are superior to alternatives currently on the market;
- our ability to establish in the medical community the potential advantage of our treatments over alternative treatment methods; and
- reimbursement policies of government and third-party payors.

If the healthcare community does not accept our developed drug rescue variants or stem cell therapies for any of the foregoing reasons, or for any other reason, our business would be materially harmed.

Risks Related to Our Dependence on Third Parties

Our reliance on the activities of our non-employee advisors, consultants, research institutions and scientific contractors, whose activities are not wholly within ourcontrol, may lead to delays in development of our product candidates.

We rely upon and have relationships with scientific consultants at academic and other institutions, some of whom conduct research at our request, and other advisors, contractors and consultants with expertise in drug discovery, drug development, medicinal chemistry, regulatory strategy, corporate development or other matters. These parties are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. We have limited control over the activities of our advisors, consultants and contractors and, except as otherwise required by our collaboration and consulting agreements, can expect only limited amounts of their time to be dedicated to our activities.

In addition, we have formed, and anticipate forming, sponsored research collaborations with academic and other research institutions throughout the world. We are highly dependent on these sponsored research collaborations for the development of our intellectual property. These research facilities may have commitments to other commercial and non-commercial entities. There can also be no assurances that any intellectual property will be created from our sponsored research collaborations and, even if it is created, that the intellectual property will have any value or application to our business. We have limited control over the operations of these laboratories and can expect only limited amounts of their time to be dedicated to our research goals.

If any third party with whom we have or enter into a relationship is unable or refuses to contribute to projects on which we need their help, our ability to generate advances in our technologies and develop our product candidates could be significantly harmed.

Our business model involves reliance on collaborations with other companies

Our business model contemplates making arrangements with third parties:

- to access failed drug candidates to rescue and develop;
- to license drug rescue variants that we develop; and
- to perform stem cell research and development and supply services, such as medicinal chemistry, that is our key to our future success.

Our strategy is to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development and clinical testing. There can be no assurance, however, that we will be able to establish such additional collaborations on favorable terms, if at all, or that our current or future collaborative arrangements will be successful.

Should any collaborator fail to develop or commercialize successfully any product candidates to which it has rights, or any of the collaborator's product candidates to which we may have rights, our business may be adversely affected. In addition, while we believe that collaborators will have sufficient economic motivation to continue their funding, there can be no assurance that any of these collaborations will be continued or result in successfully commercialized product candidates. Failure of a collaborator to continue funding any particular program could delay or halt the development or commercialization of any product candidates arising out of such program. In addition, there can be no assurance that the collaborators will not pursue alternative technologies, change strategy, re-allocate resources, terminate our agreement, develop alternative product candidates either on their own or in collaboration with others, including our competitors.

If a conflict of interest arises between us and one or more of our collaborators, they may act in their own self-interest and not in our interest or in the interest of our shareholders. Some of our collaborators are conducting, and any of our future collaborators may conduct, multiple product candidate development efforts within the disease area that is the subject of collaboration with us.

Given these risks, our current and future collaborative efforts with third parties may not be successful. Failure of these efforts could require us to devote additional internal resources to the activities currently performed, or to be performed, by third parties, to seek alternative third-party collaborators, or to delay product candidate development or commercialization, which could have a material adverse effect on our business, financial conditions or results of operations.

Risks Related to Our Operations

We depend on key scientific and management personnel and collaborators for theimplementation of our business plan, the loss of whom would slow our ability toconduct research and develop and impair our ability to compete.

Our future success depends to a significant extent on the skills, experience and efforts of our executive officers and key employees of our scientific staff. Competition for personnel is intense and we may be unable to retain our current personnel, attract or assimilate other highly qualified management and scientific personnel in the future. The loss of any or all of these individuals would result in a significant loss in the knowledge and experience that we, as an organization, possess and could harm our business and might significantly delay or prevent the achievement of research, development or business objectives. Our management and key employees can terminate their employment with us at any time.

We also rely on consultants, advisors and strategic collaborators, especially our strategic collaboration with Dr. Gordon Keller, who assists us in formulating our stem cell research and development strategies. We face intense competition for qualified individuals from numerous pharmaceutical, biopharmaceutical and biotechnology companies, as well as academic and other research institutions. We may not be able to attract and retain these individuals on acceptable terms. Failure to do so could materially harm our business.

Although the current term of our sponsored research collaboration agreement with UHN and Dr. Keller does not expire until September 2017, there can be no assurances that we will be able to renew or extend the agreement beyond 2017 on mutually agreeable terms. Additionally, there can be no assurances that we will receive any invention notices or secure a license to any intellectual property resulting from such sponsored research.

We will need to hire additional highly specialized, skilled personnel to achieve ourbusiness plan. Our inability to hire qualified personnel in a timely manner will harm our business.

Our ability to execute on our business plan will largely depend on the talents and efforts of highly skilled individuals with specialized training in the field of stem cell research and drug candidate screening. Our future success depends on our ability to identify, hire and retain these highly skilled personnel during our early stages of development. Competition in our industry for qualified employees with the specialized training we require is intense. In addition, our compensation arrangements may not always be successful in attracting the new employees we require. Our ability to execute our drug rescue business model effectively depends on our ability to attract these new employees.

Our activities involve hazardous materials, and improper handling of these materialsby our employees or agents could expose us to significant legal and financialpenalties.

Our research and development activities involve the controlled use of hazardous materials, chemicals and various radioactive compounds. As a consequence, we are subject to numerous environmental and safety laws and regulations, including those governing laboratory procedures exposure to blood-borne pathogens and the handling of biohazardous materials. We may be required to incur significant costs to comply with current or future environmental laws and regulations and may be adversely affected by the cost of compliance with these laws and regulations.

Although we believe that our safety procedures for using, handling, storing and disposing of hazardous materials comply with the standards prescribed by state and federal regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. In the event of such an accident, state or federal authorities could curtail our use of these materials and we could be liable for any civil damages that result, the cost of which could be substantial. Further, any failure by us to control the use, disposal, removal or storage, or to adequately restrict the discharge, or assist in the cleanup, of hazardous chemicals or hazardous, infectious or toxic substances could subject us to significant liabilities, including joint and several liability under certain statutes. Any such liability could exceed our resources and could have a material adverse effect on our business, financial condition and results of operations. Additionally, an accident could damage our research and manufacturing facilities and operations.

Additional federal, state and local laws and regulations affecting us may be adopted in the future. We may incur substantial costs to comply with these laws and regulations and substantial fines or penalties if we violate any of these laws or regulations.

We may not be able to obtain or maintain sufficient insurance on commerciallyreasonable terms or with adequate coverage against potential liabilities in order to protect ourselves against product liability claims.

Our business exposes us to potential product liability risks that are inherent in the testing, manufacturing and marketing of human therapeutic products and testing technologies. We may become subject to product liability claims if the use of our potential products is alleged to have injured subjects or patients. This risk exists for product candidates tested in human clinical trials as well as potential products that are sold commercially. In addition, product liability insurance is becoming increasingly expensive. As a result, we may not be able to obtain or maintain product liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities that could have a material adverse effect on our business.

Our business is subject to the risks of earthquakes, fire, floods and other naturalcatastrophic events, and to interruption by man-made problems such as computer viruses or terrorism.

Our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or a flood, could harm our business. In addition, our servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. In addition, acts of terrorism or war could cause disruptions in our business or the economy as a whole.

We may select and develop product candidates that fail

We may select for development and expend considerable resources including time and money on product candidates that fail to complete trials, obtain regulatory approval or achieve sufficient sales, if any, to be profitable**.**

Additional Risks

Our principal shareholders and management own a significant percentage of our stockand will be able to exercise significant influence.

Our executive officers, directors and principal shareholders and their affiliates own a significant percentage of our outstanding capital stock. Accordingly, these shareholders may be able to determine the composition of a majority of our Board of Directors, retain the voting power to approve certain matters requiring shareholder approval, and continue to have significant influence over our affairs. This concentration of ownership could have the effect of delaying or preventing a change in our control. See Item 4 of this report, “Security Ownership of Certain Beneficial Owners and Management” for further information about the ownership of our capital stock by our executive officers, directors, and principal shareholders.

If we require future capital, we may not be able to secure additional funding inorder to expand our operations and develop new products.

We may seek additional funds from public and private stock offerings, borrowings under lease lines of credit, or other sources. This additional financing may not be available on a timely basis on terms acceptable to us, or at all. Additional financing may be dilutive to shareholders or may require us to grant a lender a security interest in our assets. The amount of money we will need will depend on many factors, including:

- revenues generated, if any;
- development expenses incurred;
- the commercial success of our research and development efforts; and
- the emergence of competing technological developments.

If adequate funds are not available, we may have to delay development or commercialization of our product candidates and technologies or license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize. We also may have to reduce marketing, customer support, or other resources devoted to our products and technologies. Any of these results would materially harm our business, financial condition and results of operations.

The market price of our Common Stock will fluctuate significantly in response to factors, some of which are beyond our control.

We anticipate that the market price of our Common Stock will fluctuate significantly in response to many factors, some of which are beyond our control, including the announcement of new products or product enhancements by us or our competitors, developments concerning intellectual property rights and regulatory approvals, quarterly variations in our and our competitors' results of operations, changes in earnings estimates or recommendations by any securities analysts, developments in our industry, and general market conditions and other factors, including factors unrelated to our own operating performance or the condition or prospects of the biotechnology industry.

Further, the stock market in general, and securities of small-cap companies in particular, have recently experienced extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of our Common Stock, which could cause a decline in the value of our Common Stock. You should also be aware that price volatility might be worse if the trading volume of our Common Stock is low.

There may not ever be an active market for our Common Stock.

Although our Common Stock is quoted on the OTC Bulletin Board, our public float is currently limited and trading of our Common Stock may be extremely sporadic. For example, several days may pass before any shares are traded. There can be no assurance that an active market for our Common Stock will develop. Accordingly, investors must bear the economic risk of an investment in our Common Stock for an indefinite period of time.

We are subject to the reporting requirements of federal securities laws, which can be expensive.

We are a public reporting company in the United States, and, accordingly, subject to the information and reporting requirements of the Securities Exchange Act of 1934 and other federal securities laws, and the compliance obligations of the Sarbanes-Oxley Act. The legal, accounting and other costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to shareholders are significant. In addition, we will incur substantial legal, accounting and other expenses in connection with the preparation of registration statements and related documents with respect to the registration of resales of certain of our securities.

Because we became a public company by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

Additional risks may exist since we became public through a "reverse merger" transaction. Securities analysts of major brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our Common Stock. No assurance can be given that brokerage firms will want to conduct any securities offerings on behalf in the future.

Our compliance with the Sarbanes-Oxley Act and SEC rules concerning internal controls may be time consuming, difficult and costly.

Our management team has limited experience as officers of a publicly-traded company, and we have never operated as a publicly-traded company. It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by Sarbanes-Oxley. We will need to hire additional financial reporting, internal controls and other finance staff in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with Sarbanes-Oxley's internal controls and disclosure requirements, we may not be able to obtain the independent registered public accounting firm attestations that Sarbanes-Oxley Act requires publicly-traded companies to obtain. If it is determined that we have a material weakness in our internal control over financial reporting, we could incur additional costs and suffer adverse publicity and other consequences of any such determination.

We cannot assure you that our Common Stock will be liquid or that our Common Stock will be listed on the New York Stock Exchange, the Nasdaq Stock Market, or other similar exchanges.

We do not yet meet the initial listing standards of the New York Stock Exchange, the Nasdaq Stock Market, or other similar exchanges. Until our Common Stock is listed on an exchange, we anticipate that it will remain quoted on the OTC Bulletin Board, another over-the-counter quotation system, or in the "pink sheets." In those venues, however, investors may find it difficult to obtain accurate quotations as to the market value of our Common Stock. In addition, if we failed to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our Common Stock, which may further affect their liquidity. This would also make it more difficult to raise additional capital.

There may be issuances of shares of Preferred Stock in the future.

Although we do not currently have any shares of Preferred Stock outstanding, nor are we authorized to issue Preferred Stock, our Board of Directors and stockholders could authorize an amendment of our Articles of Incorporation to authorize the issuance of a series of Preferred Stock in the future and such Preferred Stock could grant holders preferred rights to our assets upon liquidation, the right to receive dividends before dividends would be declared to holders of our Common Stock, and the right to the redemption of such shares, possibly together with a premium, prior to the redemption of the Common Stock. In the event and to the extent that we do issue Preferred Stock in the future, the rights of holders of our Common Stock could be impaired thereby, including without limitation, with respect to liquidation.

Our Common Stock may be considered a "penny stock."

The Securities and Exchange Commission ("SEC") has adopted regulations which generally define "penny stock" to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions. In the event that the market price of our Common Stock is less than $5.00 per share and therefore may be considered a "penny stock," broker and dealers effecting transactions in our Common Stock must disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our Common Stock and may affect your ability to sell the shares of our Common Stock. In addition, as long as our Common Stock remains quoted on the OTC Bulletin Board, investors may find it difficult to obtain accurate quotations of the stock, and may find few buyers to purchase such stock and few market makers to support its price.

We do not intend to pay cash dividends on our Common Stock in the foreseeable future.

We have never declared or paid any dividends on our shares of Common Stock and we do not currently anticipate paying any such dividends in the foreseeable future. Any payment of cash dividends will depend upon our financial condition, contractual restrictions, financing agreement covenants, solvency tests imposed by corporate law, results of operations, anticipated cash requirements and other factors and will be at the discretion of our Board of Directors. Furthermore, we may incur indebtedness that may severely restrict or prohibit the payment of dividends.

We are at risk of securities class action litigation that could result in substantial costs and divert management's attention and resources.

In the past, securities class action litigation has been brought against a company following periods of volatility in the market place of its securities, particularly following the company's initial public offering. Due to the potential volatility of our stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources.

ITEM 2. FINANCIAL INFORMATION

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables summarize our consolidated financial data for the periods presented. You should read the following financial information together with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those consolidated financial statements appearing elsewhere in this report. The selected consolidated statements of operations data for the fiscal years ended March 31, 2010, 2009 and 2008, and the selected consolidated balance sheet data as of March 31, 2010 and 2009 are derived from our audited consolidated financial statements. The selected consolidated financial data as of and for the nine-month periods ended December 31, 2010 and 2009 are derived from our unaudited interim consolidated financial statements included elsewhere in this report. The unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and include, in the opinion of management, all adjustments, consisting of only normal recurring adjustments, that management considers necessary for the fair presentation under U.S. Generally Accepted Accounting Principles ("GAAP") of the financial information set forth in those statements.

Consolidated Statement of Operations Data (in thousands, except net loss per share data)	Nine Months Ended December 31,		Fiscal Years Ended March 31,		
	2010	2009	2010	2009	2008
	(unaudited)				
Total revenues	$ 1,718	$ 2,002	$ 2,207	$ 50	$ 1,891
Operating expenses:					
Research and development	1,191	2,021	2,519	2,042	3,297
General and administrative	4,377	1,505	2,481	1,792	3,083
Total operating expenses	5,568	3,526	5,000	3,834	6,380
Loss from operations	(3,850)	(1,524)	(2,793)	(3,784)	(4,489)
Other expenses, net	(2,094)	(843)	(1,330)	(910)	(956)
Loss before income taxes	(5,944)	(2,367)	(4,123)	(4,694)	(5,445)
Income taxes	(2)	(2)	(2)	(2)	(2)
Net loss	$ (5,946)	$ (2,369)	(4,125)	(4,696)	$ (5,447)
Basic and diluted net loss per common share	$ (1.62)	$ (.89)	$ (1.53)	$ (2.54)	$ (2.98)
Weighted average shares used in computing basic and diluted net loss per common share	3,672	2,665	2,697	1,846	1,831

Consolidated Balance Sheet Data (in thousands)	As of December 31,	As of March 31,	
	2010	2010	2009
	(unaudited)		
Current assets	$ 561	$ 1,102	$ 29
Property and equipment, net	101	75	126
Security deposits and other assets	32	36	39
Total assets	$ 694	$ 1,213	$ 194
Total liabilities	$ 15,912	$ 13,015	$ 12,343
Preferred stock	14,535	14,535	14,535
Common stock	3,173	3,172	439
Additional paid-in capital	6,293	3,757	2,153
Notes receivable from sale of stock torelated parties	(182)	(175)	(167)
Deficit accumulated during development stage	(39,037)	(33,091)	(29,109)
Total shareholders' deficit	(29,753)	(26,337)	(26,684)
Total liabilities, preferred stock and shareholders' deficit	$ 694	$ 1,213	$ 194

See Note 3 to our consolidated financial statements included elsewhere in this report for an explanation of the determination of the number of shares of Common Stock used in computing per share data.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of our operations together with the section entitled "Selected Consolidated Financial Information" and our financial statements and related notes appearing elsewhere in this report. In addition to historical information, the following discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, estimates, expectations, beliefs and intentions. The cautionary statements made under the heading "Forward-Looking Statements" and elsewhere in this report should be read as applying to all related forward-looking statements wherever they appear in this report.

Our actual results could differ materially from those discussed here. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in the section entitled Item 1A "Risk Factors".

Overview

On May 11, 2011, the Merger was completed, and the business of VistaGen was adopted as our business. As such, this Management Discussion and Analysis of Financial Condition and Results of Operation is focused on the current and historical operations of VistaGen, and excludes the prior operations of Excaliber Enterprises, Ltd.

VistaGen is a biotechnology company applying proprietary human pluripotent stem cell technology for drug rescue and cell therapy. Our stem cell technology platform, *Human ClinicalTrials in a Test Tube* ™, is based on directed differentiation (development) of stem cells into multiple types of mature cells. With mature heart cells produced from stem cells, we have developed *CardioSafe 3D*™, a 3D bioassay (screening) system. We believe *CardioSafe 3D*™ is capable of predicting the *in vivo* cardiac effects, both toxic and non-toxic, of small molecule drug candidates before they are tested in humans. Our immediate goal is to leverage *CardioSafe 3D*™ to generate and monetize a pipeline of small molecule drug candidates through drug rescue collaborations. We intend to expand our drug rescue capabilities by introducing *LiverSafe 3D*™, a human liver cell-based toxicity and metabolism screening assay system. In parallel with our drug rescue activities, we intend to advance preclinical development of large market stem cell therapy programs focused on heart, liver and cartilage repair, as well as next-generation bone marrow transplantation. Each of these cell therapy programs is based on the proprietary differentiation and production capabilities of our *Human ClinicalTrials in a Test Tube*™ platform.

Financial Operations Overview

Sources of Revenue

To date, we have derived our revenue primarily from research grants from governmental entities, such as the CIRM and NIH, collaborations with pharmaceutical companies and technology license fees.

Our revenue in the past three years has consisted primarily of CIRM funding for stem cell research and NIH funding for development of AV-101 for treatment of neuropathic pain and other neurological disorders.

Operating Expenses

Research and Development. Most of our operating expenses to date have been for research and development activities. Research and development expenses consist primarily of costs for personnel, including salaries and benefits, regulatory and development activities conducted by third parties, preclinical studies, materials and supplies and allocations of other research and development-related costs. External research and development expenses include fees paid to other entities that provide certain materials for use in our research and development activities and that conduct certain research and development activities on our behalf. Also included in research and development expenses are the legal and other costs associated with acquiring and protecting our intellectual property rights. All research and development costs are expensed as they are incurred. We anticipate that research and development expenses will continue to increase as we seek to further enhance our stem cell technology platform, expand our intellectual property portfolio, explore new applications of our technologies and pursue drug rescue pipeline opportunities.

General and Administrative. General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, business development, regulatory, quality assurance, human resources and information technology, as well as consulting costs, legal fees and accounting fees. Related costs for personnel include stock option compensation. Other general and administrative expenses include facility expenses not otherwise included in research and development expenses and share-based compensation. We anticipate that our general and administrative expenses will increase as we expand our accounting staff, add infrastructure and incur additional costs related to operating as a public company, including directors' and officers' insurance, investor relations programs, increased director fees, increased professional fees and share-based compensation expenses.

Inflation. Inflation and price changes do not have a material impact on our operating expenses.

Critical Accounting Policies and Estimates

We prepare our financial statements in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as reported revenues and expenses during the reporting periods. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

We consider the following accounting policies to be both those most important to the portrayal of our financial condition and those that require the most subjective judgment:

- revenue recognition;
- impairment or disposal of long-lived assets;
- research and development expenses;
- share-based compensation; and
- income taxes.

Revenue Recognition. We generate revenue principally from collaborative research and development arrangements, fees generated by out-licensing of our technology, and government grants. Revenue arrangements with multiple components are divided into separate units of accounting if certain criteria are met, including whether the delivered component has stand-alone value to the customer, and whether there is objective and reliable evidence of the fair value of the undelivered items. Consideration received is allocated among the separate units of accounting based on their respective fair values, and the applicable revenue recognition criteria are then applied to each of the units.

We recognize revenue when the following four basic criteria of revenue recognition are met:

- a contractual agreement exists;
- the transfer of technology has been completed or services rendered;
- the fee is fixed or determinable; and
- collectability is reasonably assured.

For each source of revenue, we comply with the above revenue recognition criteria in the following manner:

- *Collaborative Arrangements.* Collaborative arrangements typically consist of non-refundable and/or exclusive technology access fees, cost reimbursements for specific research and development spending, and various milestone and future product royalty payments. If the delivered technology does not have stand-alone value or if we do not have objective or reliable evidence of the fair value of the undelivered component, the amount of revenue allocable to the delivered technology is deferred. Non-refundable upfront fees with stand-alone value that are not dependent on future performance under these agreements are recognized as revenue when received, and deferred if we have continuing performance obligations and have no evidence of the fair value of those obligations. Cost reimbursements for research and development spending are recognized when the related costs are incurred and when collectability is reasonably assured. Payments received related to substantive, performance-based "at-risk" milestones are recognized as revenue upon achievement of the milestone event specified in the underlying contracts, which represent the culmination of the earnings process. Amounts received in advance are recorded as deferred revenue until the technology is transferred, costs are incurred, or a milestone is reached.

- *Technology License Agreements.* Technology license agreements typically consist of non-refundable upfront license fees, annual minimum license maintenance fees or royalty payments. Non-refundable upfront license fees and annual minimum payments received with separable stand-alone values are recognized when the technology is transferred or accessed, provided that the technology transferred or accessed is not dependent on the outcome of our continuing research and development efforts.

- *Government Grants.* Government grants, which support our research efforts in specific projects, generally provide for reimbursement of approved costs as defined in the notice of grant awards. We recognize grant revenue when associated project costs are incurred.

Impairment or Disposal of Long-Lived Assets. We evaluate our long-lived assets for impairment, primarily property and equipment, whenever events or changes in circumstances indicate that their carrying value may not be recoverable from the estimated future cash flows expected to result from their use or eventual disposition. If the estimates of future undiscounted net cash flows are insufficient to recover the carrying value of our assets, we record an impairment loss in the amount by which the carrying value of the assets exceeds their fair value. If the assets are determined to be recoverable, but the useful lives are shorter than originally estimated, we depreciate or amortize the net book value of the assets over the newly determined remaining useful lives. There have been no impairment charges recorded to date.

Research and Development Expenses. Our research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses of scientific personnel and direct project costs. External research and development expenses consist of sponsored stem cell research and development costs, costs associated with development of AV-101, our small molecule drug candidate, and costs related to application and prosecution of patents related to our stem cell technology platform and AV-101. All such costs are charged to expense as incurred.

Share-Based Compensation. We recognize compensation cost for all share-based awards to employees in our consolidated financial statements based on grant date-fair value. Share-based compensation expense is recognized over the period during which the employee is required to perform services in exchange for the award, which generally represents the scheduled vesting period. We have no awards with market or performance conditions. For equity awards to non-employees, we re-measure the fair value of the awards as they vest and the resulting value is recognized as an expense during the period over which the services are performed. We elected to calculate the historical pool of windfall tax benefits using the simplified method to establish the beginning balance of the pool of windfall benefits related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the pool of windfall tax benefits and statements of cash flows of the tax effects of employee share-based compensation awards that were outstanding upon our adoption of fair value accounting for share-based awards. See Notes 3 and 13 to our consolidated financial statements included elsewhere in this report.

Income Taxes. We account for income taxes under an asset and liability approach for the financial reporting of income taxes. Under this asset and liability approach, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce the deferred tax assets to an amount expected to be realized.

Overall Performance

Since inception in May 1998 through December 31, 2010, VistaGen has expended nearly $26 million for stem cell research and development relating to our *Human Clinical Trials in a Test Tube* ™ platform, including *CardioSafe 3D*™ and *LiverSafe 3D*™, and development of AV-101, our initial small molecule drug candidate in U.S. Phase I clinical development for neuropathic pain and other neurological disorders. Funding of our operations over that time frame has been generally achieved through a mix of equity and convertible debt capital (69%) and multiple non-dilutive sources (31%), including primarily government grants and strategic collaborations with pharmaceutical companies. VistaGen has two wholly-owned subsidiaries, VistaStem Canada Inc. and Artemis Neuroscience, Inc., but VistaGen, is the sole operating segment.

We are a development stage company. We do not have any product revenues or commercial products. We will continue to generate losses for the foreseeable future and, as a result, we are at least partially dependent on continued access to capital markets to achieve its short and long-term business objectives. We currently have seven employees with other functions outsourced on an as-needed basis through our long-term strategic collaborations and relationships, including with Dr. Keller and institutions such as UHN and Cato Research Ltd.

In addition, with traditional sources of capital highly limited since mid-2007, VistaGen has relied upon in-kind contribution funding from Cato BioVentures with proceeds to VistaGen of approximately $1.9 million, issuances and sales of convertible promissory notes to an institutional investor with proceeds to VistaGen of approximately $4.0 million and individual accredited investors with proceeds to VistaGen of approximately $4.8 million, and issuances and sales of short-term promissory notes and warrants with proceeds to VistaGen of approximately $800,000. Throughout fiscal years 2010 and 2009, VistaGen supplemented this paid-in capital with multiple years of substantial voluntary salary reductions by management and general and administrative expense reductions to ensure that VistaGen's core research and development and intellectual property programs were not compromised.

Our fiscal year ended March 31, 2010 showed substantial improvement in our results with the approval of our first CIRM grant award of $971,558 to support development of *LiverSafe 3D*™, the completion of key proof of concept experiments involving *CardioSafe 3D*™ and other potential applications our *Human Clinical Trials in a Test Tube*™ platform, an NIH two-year Phase I Clinical Research grant award for $4.6 million for initial Phase I clinical development of AV-101 and expansion of our sponsored research collaborations with Dr. Gordon Keller and UHN.

Selected Annual Information

	As of and for the Fiscal Years Ended March 31,		
(in thousands, except for net loss per share data)	**2010**	**2009**	**2008**
Total revenues	$ 2,207	$ 50	$ 1,891
Total net loss	$ (4,125)	$ (4,696)	$ (5,447)
Total basic and diluted net loss per common share	$ (1.53)	$ (2.54)	$ (2.98)
Total assets	$ 1,213	$ 194	$ 706
Total liabilities	$ 13,015	$ 12,343	$ 8,338
Weighted average common shares used in computing basic and diluted net loss per common share	2,697	1,846	1,831

With uncertainty in the global capital markets during the last three years, which, among other things, resulted in difficulties accessing traditional equity financing, our strategic utilization of non-dilutive funding sources and emphasis on flexible staffing plans resulted in annual net losses from 2008 through 2010 of $5.4 million, $4.7 million and $4.1 million, respectively, while our revenue decreased from $1.9 million in 2008, to almost zero for the fiscal year ended March 31, 2009 and increased to $2.2 million in the fiscal year ended March 31, 2010. In each of such periods, the impact of inflation and changing prices on our revenues and on income (loss) from continuing operations was negligible. See Item 2, “Financial Information – Results of Operations.”

Results of Operations

The following table sets forth a summary of our results of operations for the periods indicated:

(in thousands, except net loss per share data)	Nine Months Ended December 31,		Fiscal Years Ended March 31,		
	2010	2009	2010	2009	2008
	(unaudited)				
Revenues:					
Grant revenue:					
NIH AV-101, CIRM, and NuPotential grants	$ 1,718	$ 1,964	$ 2,169	$ —	$ 1,228
Collaboration revenue:					
SKK diabetes	—	—	—	—	375
Other	—	38	38	50	288
Total revenues	1,718	2,002	2,207	50	1,891
Operating expenses:					
Research and development	1,191	2,021	2,519	2,042	3,297
General and administrative	4,377	1,505	2,481	1,792	3,083
Total operating expenses	5,568	3,526	5,000	3,834	6,380
Loss from operations	(3,850)	(1,524)	(2,793)	(3,784)	(4,489)
Other expenses, net:					
Interest expense, net	(2,251)	(738)	(1,182)	(1,081)	(1,093)
Change in put and note extension option and warrant liabilities	157	(105)	(148)	170	128
Other income	—	—	—	1	9
Loss before income taxes	(5,944)	(2,367)	(4,123)	(4,694)	(5,445)
Income taxes	(2)	(2)	(2)	(2)	(2)
Net loss	$ (5,946)	$ (2,369)	$ (4,125)	$ (4,696)	$ (5,447)
Basic and diluted net loss per common share	$ (1.62)	$ (.89)	$ (1.53)	$ (2.54)	$ (2.98)
Weighted average shares used in computing basic and diluted net loss per common share	3,672	2,665	2,697	1,846	1,831

See Note 3 to our consolidated financial statements included elsewhere in this report for an explanation of the determination of the number of shares used in computing per share data.

Comparison of Years Ended March 31, 2010 and 2009

Revenues. Revenues increased by 4,313% to $2.2 million for the fiscal year ended March 31, 2010 from $50,000 for the fiscal year ended March 31, 2009. This increase was primarily attributable to an increase in government grant funding for the period as we received previously delayed contract grant revenues from NIH and CIRM. Early in fiscal 2010, we received initial government grant funding for both the CIRM stem cell research and NIH AV-101 Phase I clinical development programs.

Research and Development Expenses. Research and development expenses increased by 23.4% to $2.5 million for the fiscal year ended March 31, 2010 from $2.0 million for the fiscal year ended March 31, 2009. This increase was primarily attributable to an increase in our grant-related research and development activities for the NIH and CIRM grants.

General and Administrative Expenses. General and administrative expenses increased by 38.5% to $2.5 million for the fiscal year ended March 31, 2010 from $1.8 million for the fiscal year ended March 31, 2009. This increase was primarily the result of an increase in strategic consulting expense.

Other Expenses, Net. Interest expense for the fiscal year ended March 31, 2010, increased by $100,000 (9.3%) compared to the fiscal year ended March 31, 2009 primarily due to the amendment of the three outstanding Old Platinum Notes (as defined below) and warrants and our ability to amortize those costs over a holding period extended by twelve months as a result of the amendment. Additionally, our convertible promissory notes increased during the year and interest-bearing accounts payable were converted to equity.

Comparison of Years Ended March 31, 2009 and 2008

Revenues. Revenues decreased by 97.7% to $50,000 for the fiscal year ended March 31, 2009 from $1.9 million for the fiscal year ended March 31, 2008. This decrease was caused by the combined effects of the completion of the preclinical phase grant funding by NIH of our AV-101 development program and the delay in initial grant receipts from both our CIRM grant and initial payments from a $4.2 million NIH Phase I clinical development grant for AV-101 to be paid out over two years. Payments from both the CIRM stem cell research grant and NIH Phase I clinical development grant were delayed by three to six months.

Research and Development Expenses. Research and development expense decreased by $1.3 million in fiscal year 2009 compared to 2008. As a percentage of revenue, research and development expense substantially increased during the period because revenue decreased as described above.

General and Administrative Expenses. General and administrative expenses also decreased by $1.3 million in fiscal year 2009 compared to 2008. We managed our overhead expenses down during the transition period of reduced grant funding.

Other Expenses, Net. Interest expense of $1.1 million is identical for the fiscal years ended March 31, 2009 and 2008. Interest income was immaterial in both periods due to our minimal cash position and lack of short-term investment balances.

Comparison of Nine Months Ended December 31, 2010 and 2009

Revenues. Revenues decreased by 14% to $1.7 million for the nine-month period ended December 31, 2010 compared to $2.0 million for the nine-month period ended December 31, 2009. This decrease was due to a decrease in revenue from our NIH Phase I clinical development grant for AV-101 of $376,000, an increase in revenue from our CIRM stem cell research grant of $37,000, an increase in revenue from our NIH grant with NuPotential of $92,000, and a decrease in our technology licensing fees of $37,500.

Research and Development Expenses. Research and development expenses decreased by 41% to $1.2 million for the nine-month period ended December 31, 2010 from $2.0 million for the nine-month period ended December 31, 2009. This decrease was due to a reduction in our research expenses of $830,000 due principally to a reduction in our NIH clinical development grant for AV-101 expenditures of $744,000, a reduction in our UHN research project of $143,000, a reduction of our royalty expense of $89,000, an increase of our technical license expense of $56,000, and an increase in our research staff compensation of $90,000.

General and Administrative Expenses. General and administrative expenses increased by 193% to $4.4 million for the nine-month period ended December 31, 2010 from $1.5 million for the nine-month period ended December 31, 2009. This increase, primarily non-cash, was caused primarily by higher levels of equity-based compensation (stock option grants) to our Named Executive Officers in lieu of cash compensation, and also due to Mr. Singh, our Chief Executive Officer, joining us on a full-time basis. Additionally, financing costs incurred in conjunction with investigation of obtaining a listing on the Toronto Stock Exchange were expensed.

Other Expenses, Net. Other expenses increased by 148% to $2.1 million for the nine-month period ended December 31, 2010 from$0.8 million for nine-month period ended December 31, 2009. This increase, also primarily non-cash, was caused by higher interest expense accruals due to additional sales of convertible promissory notes issued and additional notes payable issued to trade creditors and service providers as a result of conversions of ordinary course accounts payable and accrued expenses during fiscal 2009 and 2010.

Summary of Quarterly Results

The following tables and related commentary provide a summary and highlights of our unaudited quarterly operating results for our eight most recently completed quarters. The unaudited quarterly operating results are prepared on the same basis as our consolidated financial statements included elsewhere in this report.

	2010				2009			
	Quarter Ended				Quarter Ended			
(unaudited/in thousands)	**Dec. 31,**	**Sept. 30,**	**June 30,**	**March 31,**	**Dec. 31,**	**Sept. 30,**	**June 30,**	**March 31,**
Total revenues	$ 585	$ 400	$ 734	$ 205	$ 703	$ 969	$ 329	$ 13
Total operating expenses	3,975	1,976	1,716	1,961	1,861	1,608	803	880
Net ordinary loss	(3,390)	(1,576)	(982)	(1,756)	(1,158)	(639)	(474)	(867)
Total other income	2	-	-	-	(17)	(84)	3	2
Net loss	$ 3,388	$ (1,576)	$ (982)	$ (1,756)	$ (1,175)	$ (723)	$ (471)	$ (865)
Basic and diluted net loss per common share	$ (0.92)	$ (0.70)	$ (0.27)	$ (0.65)	$ (0.44)	$ (0.39)	$ (0.25)	$ (0.42)

Our quarterly revenue over the most recent eight quarters consists primarily of grant funding. Quarterly revenues decreased starting in the quarter ended June 30, 2008 as a result of the combined effects of the completion of our $3.7 million preclinical development grant funding by NIH for AV-101 and a delay in the receipt of initial funding for the CIRM grant and NIH grant for Phase I clinical development of AV-101. Payments from both the CIRM and NIH grants were received during the quarters ended June 30, September 30, and December 31, 2010, which resulted in an increase in quarterly revenues.

The delay in grant funding resulted in a corresponding decrease in quarterly third-party contract operating expenses during the first two quarters of the fiscal year ended March 31, 2010. The increase in expenses for the quarter ended December 31, 2010 was attributable to the receipt of funding related to the CIRM and NIH grants, and an increase in professional fees (legal and accounting) related to financing activities.

The increase in expenses for the quarter ended December 31, 2010 is attributable primarily to the expensing of financing costs incurred in conjunction with investigation of obtaining a listing on the Toronto Stock Exchange.

Interest expenses incurred over the last eight quarters also contributed to an increase in operating expenses as capital was raised from the issuance of our convertible promissory notes and unsecured short-term notes associated with private placements.

Liquidity and Capital Resources

Since our inception in May 1998, we have financed our operations and technology acquisitions primarily through the issuance and sale of equity securities for cash consideration and convertible promissory notes, as well as from government research grant awards and strategic collaboration payments.

We have not earned any product revenues and are considered to be in the development stage. The continuation of our research and development activities and the commercialization of our *Human Clinical Trials in a Test Tube*™ platform are dependent upon our ability to successfully finance and complete our research and development programs through a combination of equity financing, research grant awards and payments from collaborators. We have no current sources of revenues from collaborators.

We have incurred significant accumulated net losses since our inception. As of December 31, 2010, our accumulated deficit since inception was $39.0 million and total shareholders' deficit was $29.8 million. We incurred net losses of $4.1 million, $4.7 million and $5.4 million for the fiscal years ended 2010, 2009 and 2008 and $5.9 million and $2.4 million during the nine-month periods ended December 31, 2010 and 2009, respectively.

We expect our net losses to continue and to increase as we initiate *CardioSafe 3D*™ drug rescue programs and seek to expand commercial applications of our *Human Clinical Trials in a Test Tube*™ programs, including *LiverSafe 3D*™ and preclinical cell therapy programs, and add personnel to support our operations as a public company. From inception to December 31, 2010, VistaGen has financed its operations primarily through private placements of $14.5 million of VistaGen Preferred Stock, net of stock issuance costs, the private placement of $10.5 million of convertible promissory notes, and the issuance of $1,120,000 in short-term promissory notes and warrants.

We do not currently generate sufficient cash flows to fund our operations and meet current obligations. In the event the projected funds are not obtained, we intend to reduce our discretionary overhead costs substantially, including research and development and general administrative expenses.

We believe our current cash and cash equivalents will not enable us to fund our operations through the next twelve months. We anticipate that our cash expenditures during the next twelve months will be approximately $6 million and we expect to meet our cash needs and our working capital requirements through government grant awards, a private placement of our securities, which may include both debt and equity securities, and strategic collaborations. We cannot assure you that additional financing will be available when needed or that, if available, such financing will be obtained on terms favorable to us or our shareholders. If we are unable to complete a private placement, or otherwise obtain sufficient financing through strategic collaborations or government grant awards, we may be required to delay, scale back or discontinue certain drug rescue and/or research and development activities, or may adversely affect our ability to operate as a going concern. If additional funds are obtained by issuing equity or debt securities, substantial dilution to existing shareholders may result. Our future working capital requirements will depend on many factors, including without limitation, the scope and nature of our drug rescue and research and development efforts, the success of such programs, our ability to obtain government grant awards and our ability to enter into strategic collaborations with institutions on terms acceptable to us.

Cash and Cash Equivalents

The following table summarizes our cash and cash equivalents for the periods stated:

	Nine Months Ended December 31,		Fiscal Years Ended March 31,		
(in thousands)	**2010**	**2009**	**2010**	**2009**	**2008**
	(unaudited)				
Cash and cash equivalents, beginning of period	$ 201	$ 21	$ 21	$ 269	$ 256
Net cash used in operating activities	(751)	(596)	(937)	(1,978)	(3,574)
Net cash used in investing activities	(58)	(—)	—	(8)	(6)
Net cash provided by financing activities	887	718	1,117	1,738	3,593
Cash and cash equivalents, end of period	$ 279	$ 143	$ 201	$ 21	$ 269

Net Cash Used in Operating Activities

Net cash used in operating activities was $1.0 million, $2.0 million and $3.6 million for the fiscal years ended March 31, 2010, 2009 and 2008, respectively. Cash used in operating activities for the nine-month periods ended December 31, 2010 and 2009 was $0.8 million and $0.6 million, respectively. Cash used in all periods was attributable primarily to net losses after adjustment for certain non-cash items including, but not limited to, depreciation and amortization charges.

Net Cash Used in Investing Activities

Net cash used in investing activities was related to equipment purchases in the fiscal years ended March 31, 2010, 2009 and 2008 and was $0, $8,000 and $6,000, respectively and was $58,000 and $0 for the nine-month periods ended December 31, 2010 and 2009, respectively.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the fiscal year ended March 31, 2010 and 2009 was primarily as a result of our issuance of convertible promissory notes. Net cash provided by financing activities was $3.6 million for the fiscal year ended March 31, 2008, which primarily reflects the proceeds received upon the issuance of convertible promissory notes. Net cash provided by financing activities was $0.9 million and $0.7 million in the nine-month periods ended December 31, 2010 and 2009, respectively, primarily as a result of our issuance of convertible promissory notes and non-interest bearing promissory notes.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Contractual Obligations and Capital Expenditure Requirements

The following table summarizes our contractual obligations as of December 31, 2010:

	Payments Due By Period				
Contractual Obligations (in thousands)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**More than 5 Years**
Long-term debt, including convertible promissory notes	$ 14,284	$ 7,516	$ 6,261	$ 507	$ —
Capital lease obligations	41	29	12	—	—
Facilities lease	74	74	—	—	—
Purchase obligations (trade payables)	2,279	2,279	—	—	—
Total contractual obligations	$ 16,678	$ 14,637	$ 2,379	$ 507	$ —

We expect that our research and development and general and administrative expenses will continue to increase in connection with the increasing scope of our drug rescue activities. We expect to fund these increased costs and expenditures from our existing cash balance and financing activities, including the issuance of equity and/or debt securities. However, our future capital requirements will depend on numerous factors. These factors include, without limitation, the amount of revenues generated by our drug rescue programs, the costs associated with expanding our organization, business development initiatives, the rate of progress and cost of our stem cell research and development activities and our success in securing government grant funding, the costs of obtaining and maintaining FDA and other regulatory clearances of product candidates in development, and the effects of competing technological and market developments.

Financial Instruments and Other Instruments

A summary of significant accounting policies and adoption of new accounting methods is given in Note 3 to our consolidated financial statements included elsewhere in this report.

Changes in Accounting Policies

Effective April 1, 2009, we adopted a new accounting standard which clarified whether equity linked instruments (or embedded features), such as convertible securities and warrants to purchase shares of our Common Stock, are considered to be indexed to our own Common Stock and therefore qualify for a scope exception under previously issued accounting standards. As a result of the adoption of the new standard, we consider the warrants to purchase 280,000 of our shares of our Common Stock issued with the Old Platinum Notes to be a warrant liability. Previously, the warrants were treated as equity. These warrants include certain exercise price adjustment features and accordingly are no longer deemed to be indexed to our Common Stock. They therefore no longer qualify for a scope exception under the previously issued accounting standards. We have recorded the estimated fair value of the warrant liability of $396,765 as a non-current liability in the consolidated balance sheet included elsewhere in this report. See Note 3 to our consolidated financial statements for a more detailed explanation.

ITEM 3. PROPERTIES

Our headquarters are located at 384 Oyster Point Boulevard, No. 8, South San Francisco, California 94080-1967, where we occupy approximately 6,900 square feet of office and lab space under a lease expiring on June 30, 2013.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our capital stock as of the date of this report for (a) each person or entity who is known by us to own beneficially 5% or more of our outstanding capital stock, (b) each of our named executive officers and directors, and (c) all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include shares of our Common Stock issuable upon the exercise of stock options or warrants that are immediately exercisable or exercisable within 60 days after the date of this report. Except as otherwise indicated, all of the shares reflected in the table are shares of Common Stock and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose.

Percentage ownership calculations for beneficial ownership are based on 7,621,009 shares of Common Stock outstanding. In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding shares of Common Stock subject to options and warrants held by that person that are currently exercisable or exercisable within 60 days of the date of this report. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Except as otherwise indicated in the footnotes to the table below, addresses of named beneficial owners are in care of VistaGen Therapeutics, Inc., 384 Oyster Point Blvd., No. 8, South San Francisco, California 94080.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Directors and Named Executive Officers		
Shawn K. Singh, J.D. (1)	819,524	9.8%
H. Ralph Snodgrass, Ph.D. (2)	796,770	9.5%
A. Franklin Rice MBA (3)	308,900	3.9%
Jon S. Saxe (4)	95,030	1.2%
Stephanie Y. Jones (5)	17,897	0.2%
Matthew Jones (6)	0	0%
Directors and Named Executive Officers as a group (6 persons)	2,038,120	23.0%
Persons owning more than 5% of our Common Stock		
Platinum Long Term Growth VII (7)	735,717	9.7%
Cato BioVentures (8)	1,862,790	23.1%
University Health Network	541,250	7.1%

(1) Includes 92,659 shares of Common Stock held by the 1997 Singh Family Trust U/R/D 5/29/97, options to purchase 662,659 shares of Common Stock exercisable within 60 days of the date of this report and warrants to purchase 750 shares of Common Stock exercisable within 60 days of the date of this report.

(2) Includes options to purchase 251,353 shares of Common Stock exercisable within 60 days of the date of this report.

(3) Includes options to purchase 177,948 shares of Common Stock exercisable within 60 days of the date of this report and excludes 100,000 shares of Common Stock subject to a divorce decree.

(4) Includes options to purchase 83,246 shares of Common Stock within 60 days and 11,784 shares of Common Stock.

(5) The address for Stephanie Y. Jones is 13834 W. Hoyt Road, Rathdrum, ID 83858.

(6) The address for Matthew Jones is 13834 W. Hoyt Road, Rathdrum, ID 83858.

(7) Based solely on information available to us from our internal records, as of the date of this report: Consists of 735,717 shares of common stock held by Platinum Long Term Growth VII, LLC ("Platinum"). Excludes (i) 799,929 shares held by Platinum that may be acquired within 60 days upon the exercise of warrants, and (ii) 1,653,925 shares that may be acquired by Platinum upon conversion of senior convertible promissory bridge notes. The warrants and convertible promissory notes provide a limitation on the exercise of such warrants and notes, such that the number of shares of common stock that may be acquired by the holder upon exercise of the warrants or conversion of the notes is limited to the extent necessary to ensure that, following such exercise, the total number of shares of common stock then beneficially owned by the holder does not exceed 9.99% of the total number of issued and outstanding shares of common stock (including for such purpose the shares of common stock issuable upon such exercise or conversion) of the Company without providing the Company with 61 days' prior notice thereof. The effect of this 9.99% limitation, based on total capitalization of the Company as of the date of this report, is that Platinum is currently prohibited from exercising 799,929 warrants without providing the Company with 61 days' prior notice of thereof. The address for Platinum is 152 West 57th Street, 4th Floor, New York, NY 10019.

(8) Includes 1,443,356 shares of Common Stock and 419,434 warrants to purchase Common Stock exercisable within 60 days of the date of this report, held by Cato BioVentures; excludes 8,567 shares of Common Stock and warrants to purchase 23,210 shares of Common Stock exercisable within 60 days of the date of this report held by Dr. Allen Cato, principal shareholder of Cato BioVentures; Dr. Cato disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in Cato BioVentures. The address for Cato BioVentures is 4364 South Alston Avenue, Durham, North Carolina 27713.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Our senior management is composed of individuals with significant management experience. The following table sets forth specific information regarding our executive officers and directors as of the date of this report:

Name	Age	Position
Shawn K. Singh, J.D.	48	Chief Executive Officer and Director
H. Ralph Snodgrass, Ph.D. [3]	61	President, Chief Scientific Officer and Director
A. Franklin Rice, MBA	57	Chief Financial Officer and Secretary
Jon S. Saxe	74	Director
Stephanie Y. Jones [1]	37	Director
Matthew L. Jones [2]	42	Director
Gregory A. Bonfiglio, J.D.[3]	58	Director
Brian J. Underdown, PhD. [3]	70	Director

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[1] Former President and Chief Executive Officer prior to May 11, 2011 and current director until the expiration of the Rule 14f-1 Notice Review Period.

[2] Current director until the expiration of the Rule 14f-1 Notice Review Period.

[3] We anticipate Mr. Bonfiglio and Mr. Underdown will become directors upon the expiration of the Rule 14f-1 Notice Review Period.

The following is a brief summary of the background of each of our executive officers, and directors, including their principal occupation during the five preceding years. All directors serve until their successors are elected and qualified.

Shawn K. Singh, J.D. joined as VistaGen's Chief Executive Officer in August 2009; he joined VistaGen's Board of Directors in 2000. Upon completion of the Merger, Mr. Singh became Chief Executive Officer and a director of Excaliber. Mr. Singh served on VistaGen's management team on a part-time basis from late-2003, following VistaGen's acquisition of Artemis Neuroscience, of which he was President, to August 2009. Mr. Singh has 20 years of experience working with biotechnology, medical device and pharmaceutical companies, both private and public. From February 2001 to August 2009, Mr. Singh served as Managing Principal of Cato BioVentures, a life science venture capital firm and one of our largest institutional investors, and as Chief Business Officer and General Counsel of Cato Research, a global contract research organization affiliated with Cato BioVentures. Mr. Singh served as President (part-time) of Echo Therapeutics (OTCBB: ECTE), from September 2007 to June 2009 and as Chief Executive Officer (part-time) of Hemodynamic Therapeutics from November 2004 to August 2009. From late-2000 to February 2001, Mr. Singh served as Managing Director of Start-Up Law, a management consulting firm serving early-stage biotechnology companies. Mr. Singh served as Chief Business Officer of SciClone Pharmaceuticals (Nasdaq: SCLN) from late-1993 to late-2000 and as a corporate finance associate of Morrison & Foerster LLP, an international law firm, from 1991 to late-1993. Mr. Singh also currently serves as a member of the Board of Directors of Echo Therapeutics (OTCBB: ECTE), a medical device company focused on diabetes management, Armour Therapeutics, a privately-held company focused on prostate cancer, and Hemodynamic Therapeutics, a privately-held company focused on cardiovascular disease. Mr. Singh is a member of the State Bar of California.

H. Ralph Snodgrass, Ph.D. founded VistaGen in 1998 and served as VistaGen's Chief Executive Officer until August 2009. Upon completion of the Merger, Dr. Snodgrass became our President and Chief Scientific Officer. Dr. Snodgrass will become a director of Excaliber upon the effective date of the resignations of Stephanie Y. Jones and Matthew L. Jones. Prior to joining us, Dr. Snodgrass was a key member of the executive management team which lead Progenitor, Inc., a biotechnology company focused on developmental biology, through its initial public offering, and was its Chief Scientific Officer from June 1994 to May 1998, and its Executive Director from July 1993 to May 1994. He received his Ph.D. in immunology from the University of Pennsylvania, and has more than 15 years of experience in senior biotechnology management and over 10 years research experience as a professor at the Lineberger Comprehensive Cancer Center, University North Carolina Chapel Hill School of Medicine, and as a member of the Institute for Immunology, Basel, Switzerland. Dr. Snodgrass is a past Board Member of the Emerging Company Section of the Biotechnology Industry Organization (BIO), and past member of the International Society Stem Cell Research Industry Committee. Dr. Snodgrass has published more than 50 scientific papers, is the inventor on more than 17 patents and a number of patent applications, is, or has been, the principal investigator on U.S. federal and private foundation sponsored research grants with budgets totaling more than $14.5 million and is recognized as an expert in stem cell biology with more than 17 years experience in the uses of stem cells as biological tools for drug discovery and development.

A. Franklin Rice, MBA serves as VistaGen's Chief Financial Officer and Secretary. Since joining VistaGen in 1999, Mr. Rice has previously served as Senior Vice President, Finance and Administration and Vice President, Business Development of VistaGen. Upon completion of the Merger, Mr. Rice became our Chief Financial Officer and Secretary. Mr. Rice has been employed in the biotechnology industry since 1988 during which time he has held positions of increasing responsibility. From 1988 to 1998, Mr. Rice served as Senior Director of Business Development at Genencor International and from 1998 to 1999 as Vice President of Biotechnology and Pharmaceuticals for Bechtel Group where he was responsible for global sales and marketing of consulting services to biotechnology and pharmaceutical companies. Mr. Rice serves on the Board of Directors of PrognosDx Health, Inc. Mr. Rice earned his B.S.Ch.E. with honors from Clarkson University, an MBA degree with a double major in finance and marketing from University of Rochester's Simon School of Business and a second Master's degree in business from Massachusetts Institute of Technology.

Jon S. Saxe, J.D. has served as Chairman of VistaGen's Board of Directors since 2000. He was also the Chairman of VistaGen's Audit Committee. Upon completion of the Merger, Mr. Saxe became a director of Excaliber. He is the retired President and was a director of PDL BioPharma. From 1989 to 1993, he was President, Chief Executive Officer and a director of Synergen, Inc. (acquired by Amgen). Mr. Saxe served as Vice President, Licensing & Corporate Development for Hoffmann-Roche from 1984 through 1989, and Head Patent Law from 1978 through 1989. Mr. Saxe currently is a director of SciClone Pharmaceuticals, Inc. (Nasdaq: SCLN) and Durect Corporation (Nasdaq: DRRX), and two private biotechnology companies, Arbor Vita Corporation and Arcuo Medical, LLC. Mr. Saxe also has served as a director of other biotechnology and pharmaceutical companies, including ID Biomedical (acquired by GlaxoSmithKline), Sciele Pharmaceuticals, Inc. (acquired by Shionogi), Amalyte (acquired by Kemin Industries), Cell Pathways (acquired by OSI Pharmaceuticals), and other companies, both public and private. Mr. Saxe has a B.S.Ch.E. from Carnegie-Mellon University, a J.D. degree from George Washington University and an LL.M. degree from New York University.

Stephanie Y. Jones was the President and Chief Executive Officer prior to the Merger and is currently a director of Excaliber. On the date of the Merger, Mrs. Jones submitted her resignation as a director, which will become effective upon the expiration of the Rule 14f-1 Notice Review Period. Mrs. Jones is a bookkeeper for Finishing Touch Lawn Maintenance in Rathdrum, Idaho. Her responsibilities include maintaining accounts payable and receivable and managing customer accounts. She has been in her present position since 2001. Mrs. Jones was previously an elementary school teacher for four years, between 1998 and 2002, at Falls Christian Academy, a private school located in Rathdrum, Idaho, where she taught kindergarten. Prior to her teaching position, Mrs. Jones was a stay-at-home mother, where she began creating gift baskets in her spare time. She attended Northern Idaho College from 1991 to 1993.

Matthew L. Jones is currently a director of Excaliber. On the date of the Merger, Mr. Jones submitted his resignation as a director, which will become effective upon the expiration of the Rule 14f-1 Notice Review Period. Mr. Jones has been employed by Huntwood Industries in Liberty Lake, Washington as a Sales Representative in the custom cabinetry department since October 2005. Mr. Jones was employed by La Mesa RV in Liberty Lake, Washington from 2004 through 2005, where he was a sales representative for several lines of Recreational Vehicles. From 2001 to 2004, Mr. Jones was a department manager at Lowes Home Improvement Center in Rathdrum, Idaho. From 1995 to 2001, he had an active real estate license and was a broker at Coldwell Banker Real Estate in Rathdrum, Idaho. Mr. Jones attended Northern Idaho College from 1991 to 1993. He is a disabled veteran.

Gregory A. Bonfiglio, J.D. joined VistaGen's Board of Directors in February 2007 and will become a director of Excaliber upon the effective date of the resignations of Stephanie Y. Jones and Matthew L. Jones. Mr. Bonfiglio has over 25 years experience working with technology companies. In January 2006, he founded Proteus, LLC and has acted as the managing partner of such company since then. Proteus is an investment and advisory firm focused solely on regenerative medicine ("RM"). Proteus operates three separate businesses: Proteus Venture Partners, which manages RM funds; Proteus Insights, which provides strategic consulting services to RM companies regarding funding, commercialization, clinical development, market entry, and sector analyses; and Proteus Advisors, which provides fundraising and M&A services to RM companies. Mr. Bonfiglio is a Member of the International Society for Stem Cell Research (ISSCR) and is on its Advisory Board, as well as their Industry and Finance Committees. He is also a Member of the International Society for Cellular Therapy (ISCT) and is on its Commercialization Committee. From 2000 through 2005, Mr. Bonfiglio was a General Partner of Anthem Venture Partners, an early-stage venture fund focused on both biotechnology and information technology. Prior to joining Anthem, he was a Partner with Morrison & Foerster LLP, an international law firm, where he worked extensively with technology companies. Mr. Bonfiglio was an Adjunct Professor of Law at Stanford Law School, from 1996 to 2000. Since 1995, he has been a regular Guest Lecturer at the UC Berkley Haas Business School in the Top Down Law program. Mr. Bonfiglio received his B.A. in Mathematics (*magna cum laude*) from Michigan State University in 1975, and his J.D. (*magna cum laude*) from the University of Michigan Law School in 1981.

Brian J. Underdown, Ph.D. joined VistaGen's Board of Directors in November 2009 and will become a director of Excaliber upon the effective date of the resignations of Stephanie Y. Jones and Matthew L. Jones. Since September 1997, Dr. Underdown has served as the Managing Director of Lumira Capital Corp., having started in the venture capital industry in 1997 with MDS Capital Corporation (MDSCC). His investment focus has been on therapeutics in both new and established companies in both Canada and the United States. Prior to joining MDSCC, Dr. Underdown held a number of senior management positions in the biopharmaceutical industry and at universities. Dr. Underdown's past and current board positions include: ID Biomedical, Trillium Therapeutics, Cytochroma Inc., Argos Therapeutics, Nysa Membrane Technologies, Ception Therapeutics and Transmolecular Therapeutics. He has served on a number of Boards and advisory bodies of government sponsored research organizations including CANVAC, the Canadian National Centre of Excellence in Vaccines, Ontario Genomics Institute, Allergen, the Canadian National Centre of Excellence in Allergy and Asthma. Dr. Underdown obtained his Ph.D. in immunology from McGill University and undertook post-doctoral studies at Washington University School of Medicine.

Each of our executive officers is elected by, and serves at the discretion of, the Board of Directors. Each of our executive officers devotes his full time to our affairs.

Family Relationships

Stephanie Y. Jones and Matthew L. Jones are husband and wife.

Board Composition and Committees

The Board of Directors is currently composed of four members, Jon S. Saxe, Shawn K. Singh, Stephanie Y. Jones and Matthew Jones. Mr. and Mrs. Jones have submitted their resignations as directors which will become effective upon the expiration of the Rule 14f-1 Notice Review Period. We anticipate H. Ralph Snodgrass, Gregory A. Bonfiglio and Brian J. Underdown will be appointed as our directors upon the expiration of the Rule 14f-1 Notice Review Period. All actions of the Board of Directors require the approval of a majority of the directors in attendance at a meeting at which a quorum is present.

We currently do not have a standing Audit Committee, Compensation Committee or a Corporate Governance and Nominating Committee. Currently, our entire Board of Directors is responsible for the functions that would otherwise be handled by these committees. We intend, however, to establish an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee of our Board of Directors as soon as practicable. We envision that the Audit Committee will be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls. The Compensation Committee will be primarily responsible for reviewing and approving our salary and benefits policies (including stock options) and other compensation of our executive officers. The Corporate Governance and Nominating Committee will be responsible for identifying and recommending nominees to our Board of Directors and overseeing compliance with our corporate governance guidelines.

Our Board of Directors has not made a determination as to whether any member of our Board of Directors is an audit committee financial expert. Upon the establishment of an Audit Committee, the Board of Directors will determine whether any of the directors qualify as an audit committee financial expert.

ITEM 6. EXECUTIVE COMPENSATION

The following discussion describes the significant elements of our executive compensation program, with particular emphasis on the process for determining compensation payable to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and, other than the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (collectively, the "Named Executive Officers" or "NEOs"). We do not currently have a Chief Operating Officer and have only three NEOs. Our NEOs are:

- Shawn K. Singh, J.D., Chief Executive Officer;
- H. Ralph Snodgrass, Ph.D., President and Chief Scientific Officer; and
- A. Franklin Rice, MBA, Chief Financial Officer.

Compensation Discussion and Analysis

Our Compensation Objectives

Our compensation practices are designed to attract key employees and to retain, motivate and reward our executive officers for their performance and contribution to our long-term success. Our Board of Directors seeks to compensate our executive officers by combining short and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. Our Board of Directors seeks to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. The Board of Directors seeks to set our performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

Our Board of Directors makes decisions regarding salaries, annual bonuses and equity incentive compensation for our executive officers, approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and our other executive officers. Our Board of Directors solicits input from our Chief Executive Officer regarding the performance of Excaliber's other executive officers. Finally, the Board of Directors also administers our incentive compensation and benefit plans.

Although we have no formal policy for a specific allocation between current and long-term compensation, or cash and non-cash compensation, we have established a pay mix for NEOs with a relatively equal balance of both, providing a competitive set salary with a significant portion of compensation awarded on both corporate and personal performance.

Compensation Components

Our compensation going forward will consist primarily of three elements: base salary, annual bonus and long-term equity incentives. We describe each element of compensation in more detail below.

Base Salary

Base salaries for our executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in our industry for similar positions and the overall market demand for such executives at the time of hire. An executive officer's base salary is also determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with our overall compensation philosophy.

Base salaries are reviewed annually and increased for merit reasons, based on the executive officers' success in meeting or exceeding individual objectives. Additionally, we adjust base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive officer's role or responsibilities.

Annual Bonus

The Board of Directors assesses the level of the executive officer's achievement of meeting individual goals, as well as that executive officer's contribution towards our corporate-wide goals. The amount of the cash bonus depends on the level of achievement of the individual performance goals, with a target bonus generally set as a percentage of base salary and based on the achievement of pre-determined milestones.

Long-Term Equity Incentives

The Board of Directors believes that in order to:

- assist Excaliber in attracting and retaining management, key employees and non-management directors and providing such employees and directors with incentives to continue to serve Excaliber;
- create a greater commonality of interests between such employees, directors and the shareholders of Excaliber through incentive compensation based on the value of shares of our Common Stock; and
- where appropriate, provide such employees and directors an incentive to create or realize value for shareholders of Excaliber through potential partnership opportunities or alternative strategies,

the compensation of executive officers, other key employees and non-management directors should include, in addition to base salary and the annual cash incentive payable to executive officers, equity based compensation that is competitive with peer companies. The Board of Directors determines the number and terms of equity based compensation granted under the 2008 Plan (as hereinafter defined); however, the executive officers of Excaliber, including the NEOs, are not entitled to any minimum annual number of stock options. Previous grants of stock options are not taken into account by the Board of Directors when considering new stock option grants. For a description of the stock option plans of Excaliber, see Item 9, "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters – Securities Authorized Under Equity Compensation Plans."

Comparator Group(s)

The Board of Directors intends to establish an appropriate comparator group, for purposes of setting the future compensation of the NEOs.

Compensation of Named Executive Officers

Summary Compensation Table.

The following table sets forth summary information concerning certain compensation awarded, paid to, or earned by the NEOs for all services rendered in all capacities to us for the fiscal years ended March 31, 2010 and March 31, 2011.

Name and Principal Position	Fiscal Year	Salary ($) [4]	Option Awards ($) [5]	Total ($)
Shawn K. Singh, J.D. [1]	2010	42,565	263,950	306,515
Chief Executive Officer	2011	152,234	--	152,234
H. Ralph Snodgrass, Ph.D. [2]	2010	80,354	115,500	195,854
President, Chief Scientific Officer	2011	126,927	--	126,927
A. Franklin Rice [3]	2010	77,881	81,150	159,031
Chief Financial Officer	2011	118,921	--	118,921

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(1) On May 11, 2011, Excaliber acquired VistaGen in the Merger, and in connection with the Merger, Mr. Singh became the Chief Executive Officer of Excaliber. Prior to the effective date of the Merger, Mr. Singh served at VistaGen as Chief Executive Officer. The compensation shown in this table includes the amounts Mr. Singh received from VistaGen prior to the consummation of the Merger.

(2) On May 11, 2011, Excaliber acquired VistaGen in the Merger, and in connection with the Merger, Dr. Snodgrass became the President and Chief Scientific Officer of Excaliber. Prior to the effective date of the Merger, Dr. Snodgrass served at VistaGen as President and Chief Scientific Officer. The compensation shown in this table includes the amounts Dr. Snodgrass received from VistaGen prior to the consummation of the Merger.

(3) On May 11, 2011, Excaliber acquired VistaGen in the Merger, and in connection with the Merger, Mr. Rice became the Chief Financial Officer of Excaliber. Prior to the effective date of the Merger, Mr. Rice served at VistaGen as Chief Financial Officer. The compensation shown in this table includes the amounts Mr. Rice received from VistaGen prior to the consummation of the Merger.

(4) Mr. Singh became VistaGen's Chief Executive Officer on August 20, 2009 and on that date converted from part-time to full-time status. To conserve cash for VistaGen's operations in VistaGen's fiscal year 2010, Mr. Singh voluntarily reduced his annual base salary (part-time) at VistaGen in fiscal year 2010 from $60,000 to $42,565. In VistaGen's fiscal year 2011, Mr. Singh's annual base salary at VistaGen pursuant to his employment agreement was $347,500. However, once again, to conserve cash for VistaGen's operations in VistaGen's fiscal year 2011, Mr. Singh voluntarily reduced his fiscal year 2011 salary to $152,234.

Through August 20, 2009, Dr. Snodgrass served as VistaGen's Chief Executive Officer. To conserve cash for VistaGen's operations in fiscal year 2010, Dr. Snodgrass voluntarily reduced his annual base salary at VistaGen in fiscal year 2010 to $80,354. In VistaGen's fiscal year 2011, Dr. Snodgrass' annual base salary at VistaGen pursuant to his employment agreement was $305,000. However, once again, to conserve cash for VistaGen's operations in its fiscal year 2011, Dr. Snodgrass voluntarily reduced his fiscal year 2011 salary to $126,927.

To conserve cash for VistaGen's operations in fiscal year 2010, Mr. Rice voluntarily reduced his salary to $77,881. In fiscal year 2011, Mr. Rice's annual base salary at VistaGen pursuant to his employment agreement was $260,000. However, once again, to conserve cash for VistaGen's operations in its fiscal year 2011, Mr. Rice voluntarily reduced his fiscal year 2011 salary to $118,921.

(5) Represents the in-the-money value of vested but unexercised stock options, assuming a fair market value of the Common Stock underlying such unexercised options equal to $3.50 per share.

None of the NEOs is entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.

Mr. Singh became VistaGen's Chief Executive Officer on August 20, 2009 and on that date converted from part-time to full-time status. His annual base salary (on a part-time basis) at VistaGen in fiscal year 2009 was $145,000 and, in fiscal year 2010, was $60,000. However, to conserve VistaGen's cash for its operations in fiscal years 2009 and 2010, in fiscal year 2009, Mr. Singh voluntarily reduced his salary from $145,000 to $67,000, and, in fiscal year 2010, he voluntarily reduced his salary from $60,000 to $42,565. In fiscal year 2011, Mr. Singh's annual base salary at VistaGen was $347,500. However, to conserve cash for VistaGen's operations, Mr. Singh voluntarily reduced his salary to $121,074. Mr. Singh was awarded VistaGen stock options in both fiscal years 2009 and 2010. See Item 6, "Execution Compensation – Options Granted to NEOs."

In 2008 and through August 20, 2009, Dr. Snodgrass served as VistaGen's Chief Executive Officer. His annual base salary in fiscal year 2009 and fiscal year 2010 at VistaGen was $325,000 and $90,000, respectively. To conserve cash for VistaGen's operations in fiscal years 2009 and 2010, Dr. Snodgrass voluntarily reduced his fiscal year 2009 and 2010 salary to $113,464 and $80,354, respectively. In fiscal year 2011, Dr. Snodgrass' annual base salary at VistaGen was $305,000. However, to conserve cash for VistaGen's operations, Dr. Snodgrass voluntarily reduced his salary to $101,927. Dr. Snodgrass was awarded VistaGen stock options in both fiscal year 2009 and 2010. See Item 6, "Execution Compensation – Options Granted to NEOs."

Mr. Rice's annual base salary at VistaGen in fiscal year 2009 and fiscal year 2010 was $230,000 and $85,000, respectively. However, to conserve cash for VistaGen's operations in fiscal years 2009 and 2010, Mr. Rice voluntarily reduced his fiscal year 2009 and 2010 salary to $98,600 and $77,881, respectively. In fiscal year 2011, Mr. Rice's annual base salary at VistaGen was $260,000. However, to conserve cash for VistaGen's operations, Mr. Rice voluntarily reduced his salary to $97,046. Mr. Rice was awarded VistaGen stock options in both fiscal year 2009 and 2010. See Item 6, "Execution Compensation – Options Granted to NEOs."

Benefit Plans

401(k) Plan

We maintain a retirement and deferred savings plan for our employees. This plan is intended to qualify as a tax-qualified plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. The retirement and deferred savings plan provides that each participant may contribute a portion of his or her pre-tax compensation, subject to statutory limits. Under the plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested by the plan's trustee. The retirement and deferred savings plan also permits us to make discretionary contributions subject to established limits and a vesting schedule.

To date, we have not made any discretionary contributions to the retirement and deferred savings plan on behalf of participating employees.

Options Granted to NEOs

The following table provides information regarding each unexercised stock option held by each of the NEOs as of the date of this report.

	Option-Based Awards				Stock Awards		
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Value of Unexercised In-the-Money Options at $3.50 FMV ($)**	**Market or Payout Value of Share-Based Awards That Have Not Vested at $3.50 FMV ($)**
Shawn K. Singh, J.D.	30,000	30,000	$ 2.26	3/24/2019	14,375	$ 105,000	$ 50,313
	11,250	11,250	$ 2.26	6/17/2019	-	$ 39,375	-
	500,000	500,000	$ 3.00	11/4/2019	125,002	$ 1,750,000	$ 437,507
	212,500	212,500	$ 3.00	12/30/2019	88,542	$ 743,750	$ 309,897
	10,000	10,000	$ 4.20	1/17/2018	1,875	$ -	$ 6,563
	10,000	10,000	$ 4.20	1/17/2018	1,875	$ -	$ 6,563
	10,000	10,000	$ 1.60	12/21/2016	-	$ 35,000	$ -
	20,000	20,000	$ 1.44	5/17/2017	-	$ 70,000	$ -
	50,000	50,000	$ 3.50	4/25/2021	50,000	$ 175,000	$ 175,000
Total:	853,750	853,750			281,669	$ 2,918,125	$ 985,842
H. Ralph Snodgrass, Ph.D.	25,000	25,000	$ 2.26	3/24/2014	11,979	$ 87,500	$ 41,927
	12,500	12,500	$ 2.26	6/17/2014	-	$ 43,750	$ -
	75,000	75,000	$ 3.00	11/4/2014	18,750	$ 262,500	$ 65,625
	125,000	125,000	$ 3.00	12/30/2019	52,083	$ 437,500	$ 182,291
	56,818	56,818	$ 1.76	12/21/2011	-	$ 198,863	$ -
	3,181	3,181	$ 1.76	12/20/2016	-	$ 11,134	$ -
	20,000	20,000	$ 1.58	5/17/2017	-	$ 70,000	$ -
	12,500	12,500	$ 4.62	1/17/2013	2,344	$ -	$ 8,204
	50,000	50,000	$ 3.50	4/25/2021	50,000	$ 175,000	$ 175,000
Total:	379,999	379,999			135,156	$ 1,286,247	$ 473,046
A. Franklin Rice, MBA	20,000	20,000	$ 2.26	3/24/2019	9,583	$ 70,000	$ 33,541
	10,000	10,000	$ 2.26	6/17/2019	-	$ 35,000	$ -
	50,000	50,000	$ 3.00	11/4/2019	125,000	$ 175,000	$ 437,500
	87,500	87,500	$ 3.00	12/30/2019	36,458	$ 306,250	$ 127,603
	5,500	5,500	$ 1.90	4/11/2015	-	$ 19,250	$ -
	6,250	6,250	$ 1.76	7/6/2016	-	$ 21,875	$ -
	32,500	32,500	$ 1.60	12/21/2016	-	$ 113,750	$ -
	10,000	10,000	$ 1.44	5/17/2017	-	$ 35,000	$ -
	12,500	12,500	$ 4.20	1/17/2018	2,344	$ -	$ 8,204
	50,000	50,000	$ 3.50	4/25/2021	50,000	$ 175,000	$ 175,000
Total:	284,250	284,250			223,385	$ 951,125	$ 781,848

Employment Agreements

Each of our NEOs had entered into employment agreements with VistaGen which we assumed in connection with the Merger.

Singh Agreement

Mr. Singh entered into an employment agreement with VistaGen, dated as of April 28, 2010 (as amended on May 9, 2011, the "Singh Agreement"). Under the Singh Agreement, Mr. Singh's base salary is $347,500 per year. However, in VistaGen's fiscal year ended March 31, 2011, Mr. Singh voluntarily reduced his annual salary to $121,074 to conserve cash for its operations. In our fiscal year ending March 31, 2012, Mr. Singh voluntarily agreed to reduce his salary to $250,000 to conserve cash for our operations. Mr. Singh is eligible to receive an annual incentive bonus of up to 50% of his base salary. Payment of his annual incentive bonus is at the discretion of our Board of Directors. In the event we terminate Mr. Singh's employment without cause, he is entitled to receive severance in an amount equal to:

- twelve months of his then-current base salary payable in the form of salary continuation;
- a pro-rated portion of the incentive bonus that the Board of Directors determines in good faith that Mr. Singh earned prior to his termination; and
- such amounts required to reimburse him for Consolidated Omnibus Budget Reconciliation Act ("COBRA") payments for continuation of his medical health benefits for such twelve-month period.

In addition, in the event Mr. Singh terminates his employment with good reason following a change of control, he is entitled to twelve months of his then-current base salary payable in the form of salary continuation.

In addition, the Singh Agreement provides that all our outstanding stock option agreements with Mr. Singh will be amended to provide for:

- acceleration of vesting of 50% of his then unvested options, if any, pursuant to each such stock option agreement in the event we terminate Mr. Singh's employment without cause; and
- full acceleration of vesting of all of his remaining unvested shares, if any, pursuant to each such stock option agreement in the event that we terminate Mr. Singh's employment without cause within twelve months of a "change of control" (as defined below under " — Change of Control Provisions").

Finally, pursuant to the Singh Agreement, the principal and accrued interest owed by Mr. Singh pursuant to that certain full recourse promissory note, dated December 21, 2006, was forgiven and cancelled by VistaGen on May 11, 2011. Within twelve months, Mr. Singh will receive a tax gross-up cash bonus in an amount equal to his U.S. and California income tax liability related to the forgiveness and cancellation of his note. See Notes 9 and 14 to our consolidated financial statements which form a part of this report.

Snodgrass Agreement

Dr. Snodgrass entered into an employment agreement with VistaGen, dated as of April 28, 2010 (as amended on May 9, 2011, the "Snodgrass Agreement"). Under the Snodgrass Agreement, Dr. Snodgrass's base salary will be $305,000 per year. However, in VistaGen's fiscal year ended March 31, 2011, Dr. Snodgrass voluntarily reduced his annual salary to $101,927 to conserve cash for its operations. In the fiscal year ending March 31, 2012, Dr. Snodgrass voluntarily agreed to reduce his salary to $215,000 to conserve cash for our operations. Dr. Snodgrass will be eligible to receive an annual incentive bonus of up to 50% of his base salary. Payment of his annual incentive bonus is at the discretion of the Board of Directors. In the event we terminate Dr. Snodgrass's employment without cause, he is entitled to receive severance in an amount equal to

- twelve months of his then-current base salary payable in the form of salary continuation;
- a pro-rated portion of the incentive bonus that the Board of Directors determines in good faith that Dr. Snodgrass earned prior to his termination; and
- such amounts required to reimburse him for COBRA payments for continuation of his medical health benefits for such twelve-month period.

In addition, in the event Dr. Snodgrass terminates his employment with good reason, he is entitled to twelve months of his then-current base salary payable in the form of salary continuation.

In addition, the Snodgrass Agreement provides that all our outstanding stock option agreements with Dr. Snodgrass will be amended to provide for:

- acceleration of vesting of 50% of his then unvested options, if any, pursuant to each such stock option agreement in the event we terminate Dr. Snodgrass's employment without cause; and
- full acceleration of vesting of all of his remaining unvested shares, if any, pursuant to each such stock option agreement in the event that we terminate Dr. Snodgrass's employment without cause within twelve months of a "change of control" (as defined below under "— Change of Control Provisions").

Rice Agreement

Mr. Rice entered into an employment agreement with VistaGen, dated as of April 28, 2010 (as amended on May 9, 2011, the "Rice Agreement"). Under the Rice Agreement, Mr. Rice's base salary will be $260,000 per year. However, in VistaGen's fiscal year ended 2011, Mr. Rice voluntarily reduced his annual salary to $97,046 to conserve cash for its operations. In the fiscal year ending March 31, 2012, Mr. Rice voluntarily agreed to reduce his salary to $190,000 to conserve cash for our operations. Mr. Rice will be eligible to receive an annual incentive bonus of up to 40% of his base salary. Payment of his annual incentive bonus is at the discretion of the Board of Directors. In the event we terminate Mr. Rice's employment without cause, he is entitled to receive severance in an amount equal to:

- twelve months of his then-current base salary payable in the form of salary continuation;
- a pro-rated portion of the incentive bonus that the Board of Directors determines in good faith that Mr. Rice earned prior to his termination; and
- such amounts required to reimburse him for COBRA payments for continuation of his medical health benefits for such twelve-month period.

In addition, in the event Mr. Rice terminates his employment with good reason following a change of control, he is entitled to twelve months of his then current base salary payable in the form of salary continuation.

In addition, the Rice Agreement provides that all our outstanding stock option agreements with Mr. Rice will be amended to provide for:

- acceleration of vesting of 50% of his then unvested options, if any, pursuant to each such stock option agreement in the event we terminate Mr. Rice's employment without cause; and

- full acceleration of vesting of all of his remaining unvested shares, if any, pursuant to each such stock option agreement in the event that we terminate Mr. Rice's employment without cause within twelve months of a "change of control" (as defined below under "— Change of Control Provisions").

Finally, pursuant to the Rice Agreement, the principal and accrued interest owed by Mr. Rice pursuant to that certain full recourse promissory note, dated March 12, 2007, was forgiven and cancelled by VistaGen on May 11, 2011. Within twelve months thereafter, Mr. Rice shall receive a tax gross-up cash bonus in an amount equal to his U.S. and California income tax liability related to the forgiveness and cancellation of his note. See Notes 9 and 14 to our consolidated financial statements which form a part of this report.

Change of Control Provisions

Pursuant to each of their respective employment agreements, Dr. Snodgrass is entitled to severance if he terminates his employment at any time for "good reason", (as defined below) while Mr. Singh and Mr. Rice are entitled to severance if either of them terminates his employment for good reason only after a change of control. Under their respective agreements, "good reason" means any of the following events if the event is effected by Excaliber without the executive's consent (subject to Excaliber's right to cure):

- a material reduction in the executive's responsibility; or

- a material reduction in the executive's base salary following the Merger except for reductions that are comparable to reductions generally applicable to similarly situated executives of Excaliber.

Furthermore, pursuant to their respective employment agreements and their stock option award agreements as amended, in the event we terminate the executive without cause within twelve months of a change of control, the executive's remaining unvested shares become fully vested and exercisable. Upon a change of control in which the successor corporation does not assume the executive's stock options, the stock options granted to the executive under the 1999 Plan become fully vested and exercisable.

Pursuant to their respective employment agreements, a change of control occurs when: (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (other than Excaliber, a subsidiary, an affiliate, or an Excaliber employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the U.S. Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of Excaliber representing 50% or more of the combined voting power of Excaliber's then outstanding securities; (ii) a sale of substantially all of Excaliber's assets; or (iii) any merger or reorganization of Excaliber whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of Excaliber outstanding prior to the transaction hold, as a group, fewer than 50% of the shares of capital stock of Excaliber outstanding after the transaction.

In the event that following termination of employment amounts are payable to an executive pursuant to his employment agreement, the executive's eligibility for severance is conditioned on executive having first signed a release agreement.

Pursuant to their respective employment agreements, the estimated amount that could be paid by Excaliber assuming that a change of control occurred on the last business day of Excaliber's current fiscal year, is $347,500 for Mr. Singh, $305,000 for Dr. Snodgrass, and $260,000 for Mr. Rice, excluding the imputed value of accelerated vesting of incentive stock options.

DIRECTOR COMPENSATION

Although our directors were not paid in the last fiscal year, on July 1, 2011, the Chairman of our Board of Directors, who is an independent director, will be paid $12,500 for serving in such role and will, beginning on October 1, 2011, receive $2,500 quarterly. On July 1, 2011, our independent directors will be paid $12,500 and will, beginning on October 1, 2011, receive $2,000 quarterly for serving on our Board of Directors. We currently do not have a standing Audit Committee, Compensation Committee or a Corporate Governance and Nominating Committee, but we intend, however, to establish an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee of our Board of Directors on or about July 1, 2011. The Chairman of our Audit Committee and each independent director who serves as a member of our Audit Committee will also receive $1,000 quarterly. In addition, from time to time, our independent directors may receive non-qualified stock option awards.

Director Independence

Our securities are not listed on a national securities exchange or on any inter-dealer quotation system which has a requirement that directors be independent. We evaluate independence by the standards for director independence established by applicable laws, rules, and listing standards, including, without limitation, the standards for independent directors established by the New York Stock Exchange, Inc., the Nasdaq National Market, and the SEC.

Subject to some exceptions, these standards generally provide that a director will not be independent if (a) the director is, or in the past three years has been, an employee of ours; (b) a member of the director's immediate family is, or in the past three years has been, an executive officer of ours; (c) the director or a member of the director's immediate family has received more than $120,000 per year in direct compensation from us other than for service as a director (or for a family member, as a non-executive employee); (d) the director or a member of the director's immediate family is, or in the past three years has been, employed in a professional capacity by our independent public accountants, or has worked for such firm in any capacity on our audit; (e) the director or a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of a company where one of our executive officers serves on the compensation committee; or (f) the director or a member of the director's immediate family is an executive officer of a company that makes payments to, or receives payments from, us in an amount which, in any twelve-month period during the past three years, exceeds the greater of $1,000,000 or two percent of that other company's consolidated gross revenues.

Jon S. Saxe qualifies as an independent director. We anticipate that Brian J. Underdown and Gregory A. Bonfiglio, once they are appointed as directors after expiration of the Rule 14f-1 Notice Review Period, will qualify as independent directors.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Cato BioVentures

Cato BioVentures, the life sciences venture capital affiliate of Cato Research, is our largest shareholder. Pursuant to a loan agreement dated as of February 3, 2004 by and between Cato BioVentures and VistaGen, as amended, Cato BioVentures extended to VistaGen a $400,000 revolving line of credit. As of April 29, 2011, the outstanding balance under the line of credit agreement was $242,273. On April 29, 2011, the line of credit agreement was terminated and VistaGen issued to Cato BioVentures an unsecured promissory note in the principal amount of $352,273 (the "2011 Cato Note"), which principal amount included the $242,273 outstanding balance on the line of credit as of April 29, 2011, $105,000 of indebtedness owed to Cato BioVentures under its August 2010 Short-Term Note (as described below) and a $5,000 premium as consideration for the consolidation of the indebtedness. The 2011 Cato Note bears interest at the rate of 7.0% per annum, is payable in installments as follows: ten thousand dollars ($10,000) each month, beginning June 1, 2011 and ending on November 1, 2011; twelve thousand five hundred dollars ($12,500) each month, beginning December 1, 2011, and each month thereafter until the balance under the 2011 Cato Note is paid in full, with the final monthly payment to be made in the amount equal to the then current outstanding balance of principal and interest due under the 2011 Cato Note.

During VistaGen's fiscal year ended March 31, 2007, VistaGen also entered into a strategic services agreement (the "Cato Agreement") with Cato Research, a subsidiary of Cato BioVentures, related to contract research and project management services for the development of AV-101. Pursuant to the Cato Agreement, we submit work orders to Cato Research for CRO services for AV-101 development activities from time to time. Under the Cato Agreement, VistaGen incurred expenses of approximately $567,582, $558,302 and $820,921 for the fiscal years ended March 31, 2010, 2009 and 2008, respectively, and approximately $338,078 and $436,298 for the nine-month periods ended December 31, 2010 and 2009, respectively. As of the date of this report, VistaGen has authorized work orders for approximately $425,000 of future CRO services by Cato Research under the Cato Agreement. An aggregate of $275,000 of such amount for future CRO services relating to our AV-101 program have been paid through the issuance of an aggregate of 78,571 shares of Common Stock in April 2011 at a purchase price of $3.50 per share. We anticipate that substantially all of the remaining $150,000 relating to such authorized work orders will be funded by our AV-101 development grant from the NIH.

In February 2007, Cato BioVentures agreed to convert $250,000 of VistaGen's accounts payable for such CRO services rendered by Cato Research into 2006/2007 Notes and in December 2007, VistaGen issued and sold to Cato BioVentures $562,368 of 2006/2007 Notes in exchange for cancellation of $562,368 of VistaGen's accounts payable and accrued interest payable to Cato Research for all outstanding accounts payable related to CRO services rendered by Cato Research.

On October 30, 2009, VistaGen sold and issued to Cato BioVentures 375,000 shares of its Common Stock, at $3.00 per share, in exchange for cancellation of our approximately $1.1 million accounts payable balance to Cato Research for CRO services incurred in 2009 and 2008.

On August 19, 2010, VistaGen issued to Cato BioVentures an August 2010 Short-Term Note (as hereinafter defined) in the principal amount of $455,000 and a corresponding warrant to purchase up to 162,500 shares of Common Stock at an exercise price of $2.00 per share. See Item 10, "Recent Sales of Unregistered Securities – August 2010 Short-Term Notes." In April 2011, Cato BioVentures converted $395,500 of such principal amount into 113,000 shares of Common Stock at a purchase price of $3.50 per share and warrants to purchase 28,250 shares of Common Stock at an exercise price of $5.00 per share. The remaining $105,000 of principal amount of its August 2010 Bridge Note was included in the principal amount of the 2011 Cato Note.

Shawn Singh

From January 11, 2001 until he joined VistaGen's management team on a part-time basis on April 23, 2003, VistaGen retained Shawn K. Singh, J.D., its Chief Executive Officer, and his consulting firm, Start-Up Law, as a consultant to provide VistaGen with corporate development services. VistaGen issued to Mr. Singh three warrants to purchase a total of 55,898 shares of Common Stock at $0.80 per share and a promissory note, dated December 31, 2003, in the principal amount of $34,588, which promissory note accrued interest at the rate of 7.0% per annum through December 31, 2006 and has accrued no interest since that date. As of December 31, 2010, the outstanding principal and accrued interest under the promissory note was $35,999. In May 2011, VistaGen paid this note in full. In December 2006, Mr. Singh exercised most of his then-outstanding options and warrants for a total of 151,817 shares of VistaGen's Common Stock with a cash payment of $8,506 and issuance of a full-recourse promissory note in the principal amount of $103,411, which note accrued interest at a rate of 4.9% per annum and was secured by a pledge of the Common Stock purchased with the note. The outstanding balance of the full recourse note, as of May 11, 2011, was $128,185. We cancelled the note on May 11, 2011, in connection with the Closing of the Merger. Mr. Singh joined as VistaGen's Chief Executive Officer on a full-time basis on August 20, 2009, and upon completion of the Merger, became Chief Executive Officer and a director of Excaliber.

Franklin Rice

In March 2007, Franklin Rice, our Chief Financial Officer, exercised three option grants for a total of 52,681 shares of VistaGen's Common Stock and issued a full-recourse promissory note in the principal amount of $46,360, which note accrued interest at a rate of 4.9% per annum and was secured by a pledge of the Common Stock purchased with the note. The outstanding balance of the full recourse note, as of May 11, 2011, was $56,979. We cancelled the note on May 11, 2011, in connection with the closing of the Merger.

Jon S. Saxe

Separately from his duties as Chairman of VistaGen's Board of Directors, VistaGen engaged Jon Saxe as a management consultant from July 1, 2000 through December 31, 2009 to provide strategic and other business advisory services. As payment for consulting services rendered through March 31, 2010 for VistaGen, VistaGen has issued him warrants and non-qualified options to purchase an aggregate of 250,815 shares of VistaGen's Common Stock, of which he has fully exercised three warrants and exercised on a cashless basis one warrant for a total of 18,568 shares of Common Stock. In addition, VistaGen issued him a promissory note, the outstanding principal and accrued interest of which was approximately $19,500 as of May 11, 2011. On May 11, 2011, immediately prior to the Merger, Mr. Saxe converted this note into 5,571 shares of VistaGen's Common Stock at a purchase price of $3.50 per share and warrants to purchase 1,392 shares of VistaGen's Common Stock at an exercise price of $5.00 per share.

Other Relationships and Transactions

Through December 31, 2010, one of our prior officers and a current director donated cash in the amount of $9,700. All funds were donated, are not expected to be repaid and are considered to be additional paid-in capital.

On August 7, 2010, we paid an officer and director $128 in executive compensation for services rendered.

Prior to the Merger, we used office space and received services from Mr. and Mrs. Jones, each a director and prior officer, without charge.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

ITEM 8. LEGAL PROCEEDINGS

None.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market information

There is no established public trading market for our securities. Although we anticipate that a regular trading market for our securities will develop, if developed, such market may not be sustained or may be sporadic. A shareholder may not be able to resell his or her securities at a time when he or she desires to do so, even when such securities are eligible for public resale. Furthermore, it is possible that a lending institution might not accept our securities as pledged collateral for loans unless a regular trading market develops. Although we anticipate that a regular trading market for our Common Stock will develop on the OTCBB, we have no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of our securities.

As of the date of this report, there are 2,374,576 shares of common stock subject to issuance through the exercise of outstanding options, 3,219,433 shares of common stock subject to issuance through the exercise of outstanding warrants, and 1,653,925 shares of common stock subject to issuance through the conversion of other securities.

Holders

As of the date of this report, there are approximately 256 holders of Common Stock of the Company.

Item 4 of this Item 2.01 describes beneficial ownership of greater than 5% holders of equity, directors, and directors and executive officers as a group, and is incorporated herein by reference.

Dividends

We have never declared or paid any cash dividends on our Common Stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our Common Stock. Any future determination to pay dividends will be at the discretion of our board of directors and will be dependent upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

Equity Grants

As of the date of this report, options to purchase a total of 2,374,576 shares of Common Stock are outstanding at a weighted average exercise price of $2.95 per share, of which 1,426,407 options are vested and exercisable and 948,169 are unvested and unexercisable. These options were issued under our 2008 Plan, 1999 Plan and SAB Plan, each as more particularly described below. An additional 311,850 shares remain available for future equity grants under our 2008 Plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,594,009	$ 3.75	395,984
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,594,009	$ 3.75	395,984

2008 Stock Incentive Plan

VistaGen adopted our 2008 Plan on December 19, 2008. Upon completion of the Merger, we assumed the 2008 Plan and all awards issued thereunder. The maximum number of shares of our Common Stock that may be granted pursuant to the 2008 Plan is currently 2,500,000. In all cases, the maximum number of shares of Common Stock under the 2008 Plan will be subject to adjustments for stock splits, stock dividends or other similar changes in our Common Stock or our capital structure. Notwithstanding the foregoing, the maximum number of shares of Common Stock available for grant of options intended to qualify as "incentive stock options" under the provisions of Section 422 of the Internal Revenue Code of 1986 (the "Code"), is 2,500,000.

Our 2008 Plan provides for the grant of stock options, restricted shares of Common Stock, stock appreciation rights and dividend equivalent rights, collectively referred to as "awards". Stock options granted under the 2008 Plan may be either incentive stock options under the provisions of Section 422 of the Code, or non-qualified stock options. We may grant incentive stock options only to employees of Excaliber or any parent or subsidiary of Excaliber. Awards other than incentive stock options may be granted to employees, directors and consultants.

Our Board of Directors or a committee designated by the Board of Directors, referred to as the "Administrator", administers our 2008 Plan, including selecting the award recipients, determining the number of shares to be subject to each award, determining the exercise or purchase price of each award and determining the vesting and exercise periods of each award.

The exercise price of all incentive stock options granted under our 2008 Plan must be at least equal to 100% of the fair market value of the shares on the date of grant. If, however, incentive stock options are granted to an employee who owns stock possessing more than 10% of the voting power of all classes of our stock or the stock of any parent or subsidiary of us, the exercise price of any incentive stock option granted must not be less than 110% of the fair market value on the grant date. The maximum term of these incentive stock options granted to employees who own stock possessing more than 10% of the voting power of all classes of our stock or the stock of any parent or subsidiary of us must not exceed five years. The maximum term of an incentive stock option granted to any other participant must not exceed ten years. The Administrator will determine the term and exercise or purchase price of all other awards granted under our 2008 Plan.

Under the 2008 Plan, incentive stock options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the participant, only by the participant. Other awards shall be transferable:

- by will and by the laws of descent and distribution; and
- during the lifetime of the participant, to the extent and in the manner authorized by the Administrator by gift or pursuant to a domestic relations order to members of the participant's immediate family.

The 2008 Plan permits the designation of beneficiaries by holders of awards, including incentive stock options.

In the event of termination of a participant's service for any reason other than disability or death, such participant may, but only during the period specified in the award agreement of not less than 30 days commencing on the date of termination (but in no event later than the expiration date of the term of such award as set forth in the award agreement), exercise the portion of the participant's award that was vested at the date of such termination or such other portion of the participant's award as may be determined by the Administrator. The participant's award agreement may provide that upon the termination of the participant's service for cause, the participant's right to exercise the award shall terminate concurrently with the termination of the participant's service. In the event of a participant's change of status from employee to consultant, an employee's incentive stock option shall convert automatically into a non-qualified stock option on the day three months and one day following such change in status. To the extent that the participant's award was unvested at the date of termination, or if the participant does not exercise the vested portion of the participant's award within the period specified in the award agreement of not less than 30 days commencing on the date of termination, the award shall terminate. If termination was caused by death or disability, any options which have become exercisable prior to the time of termination, will remain exercisable for twelve months from the date of termination (unless a shorter or longer period of time is determined by the Administrator).

Following the date that the exemption from application of Section 162(m) of the Code ceases to apply to awards, the maximum number of shares with respect to which options and stock appreciation rights may be granted to any participant in any calendar year will be 2,500,000 shares of Common Stock. In connection with a participant's commencement of service with us, a participant may be granted options and stock appreciation rights for up to an additional 500,000 shares that will not count against the foregoing limitation. In addition, following the date that the exemption from application of Section 162(m) of the Code ceases to apply to awards, for awards of restricted stock and restricted shares of Common Stock that are intended to be "performance-based compensation" (within the meaning of Section 162(m)), the maximum number of shares with respect to which such awards may be granted to any participant in any calendar year will be 2,500,000 shares of Common Stock. The limits described in this paragraph are subject to adjustment in the event of any change in our capital structure as described below.

The terms and conditions of awards shall be determined by the Administrator, including the vesting schedule and any forfeiture provisions. Awards under the plan may vest upon the passage of time or upon the attainment of certain performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following:

- increase in share price;
- earnings per share;
- total shareholder return;
- operating margin;
- gross margin;

- return on equity;
- return on assets;
- return on investment;
- operating income;
- net operating income;
- pre-tax profit;
- cash flow;
- revenue;
- expenses;
- earnings before interest, taxes and depreciation;
- economic value added; and
- market share.

Subject to any required action by the shareholders of Excaliber, the number of shares of Common Stock covered by outstanding awards, the number of shares of Common Stock that have been authorized for issuance under the 2008 Plan, the exercise or purchase price of each outstanding award, the maximum number of shares of Common Stock that may be granted subject to awards to any participant in a calendar year, and the like, shall be proportionally adjusted by the Administrator in the event of any increase or decrease in the number of issued shares of Common Stock resulting from certain changes in our capital structure as described in the 2008 Plan.

Effective upon the consummation of a Corporate Transaction (as defined below), all outstanding awards under the 2008 Plan will terminate unless the acquirer assumes or replaces such awards. The Administrator has the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or Change in Control (as defined below) or at the time of an actual Corporate Transaction or Change in Control and exercisable at the time of the grant of an award under the 2008 Plan or any time while an award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested awards under the 2008 Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such awards in connection with a Corporate Transaction or Change in Control, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such award vesting and exercisability or release from such limitations upon the subsequent termination of the service of the grantee within a specified period following the effective date of the Corporate Transaction or Change in Control. The Administrator may provide that any awards so vested or released from such limitations in connection with a Change in Control, shall remain fully exercisable until the expiration or sooner termination of the award.

Under our 2008 Plan, a Corporate Transaction is generally defined as:

- an acquisition of securities possessing more than fifty percent (50%) of the total combined voting power of our outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction;

- a reverse merger in which we remain the surviving entity but: (i) the shares of Common Stock outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise; or (ii) in which securities possessing more than fifty percent (50%) of the total combined voting power of our outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger;

- a sale, transfer or other disposition of all or substantially all of the assets of our Corporation;

- a merger or consolidation in which our Corporation is not the surviving entity; or

- a complete liquidation or dissolution.

Under our 2008 Plan, a Change in Control is generally defined as: (i) the acquisition of more than 50% of the total combined voting power of our stock by any individual or entity which a majority of our Board of Directors (who have served on our board for at least 12 months) do not recommend our shareholders accept; (ii) or a change in the composition of our Board of Directors over a period of 12 months or less.

Unless terminated sooner, our 2008 Plan will automatically terminate in 2017. Our Board of Directors may at any time amend, suspend or terminate our 2008 Plan. To the extent necessary to comply with applicable provisions of U.S. federal securities laws, state corporate and securities laws, the Internal Revenue Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to awards granted to residents therein, we shall obtain shareholder approval of any such amendment to the 2008 Stock Plan in such a manner and to such a degree as required.

As of the date of this report, we have options to purchase an aggregate of 2,038,150 shares of Common Stock outstanding under our 2008 Plan.

1999 Stock Incentive Plan

VistaGen adopted our 1999 Plan on December 6, 1999. Upon completion of the Merger, we assumed the 1999 Plan and all awards issued thereunder. The 1999 Plan has terminated under its own terms, and as a result, no awards may currently be granted under the 1999 Plan. However, the options and awards that have already been granted pursuant to the 1999 Plan remain operative.

The 1999 Plan permitted VistaGen to make grants of incentive stock options, non-qualified stock options and restricted stock awards. VistaGen initially reserved 450,000 shares of its Common Stock for the issuance of awards under the 1999 Plan, which number was subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. Generally, shares that were forfeited or cancelled from awards under the 1999 Plan also were available for future awards.

The 1999 Plan could be administered by either VistaGen's Board of Directors or a committee designated by VistaGen's Board of Directors. VistaGen's Board of Directors designated its Compensation Committee as the committee with full power and authority to select the participants to whom awards were granted, to make any combination of awards to participants, to accelerate the exercisability or vesting of any award and to determine the specific terms and conditions of each award, subject to the provisions of the 1999 Plan. All directors, executive officers, and certain other key persons (including employees, consultants and advisors) of VistaGen were eligible to participate in the 1999 Plan. After the Merger, the 1999 Plan is now administered by our Board of Directors.

The exercise price of incentive stock options awarded under the 1999 Plan could not be less than the fair market value of the Common Stock on the date of the option grant and could not be less than 110% of the fair market value of the Common Stock to persons owning stock representing more than 10% of the voting power of all classes of our stock. The exercise price of non-qualified stock options could not be less than 85% of the fair market value of the Common Stock. It is expected that the term of each option granted under the 1999 Plan will not exceed ten years (or five years, in the case of an incentive stock option granted to a 10% shareholder) from the date of grant. VistaGen's Compensation Committee determined at what time or times each option may be exercised (provided that in no event may it exceed ten years from the date of grant) and, subject to the provisions of the 1999 Plan, the period of time, if any, after retirement, death, disability or other termination of employment during which options could be exercised.

Restricted stock could also be granted under our 1999 Plan. Restricted stock awards issued by VistaGen were shares of Common Stock that vest in accordance with terms and conditions established by VistaGen's Compensation Committee. VistaGen's Compensation Committee could impose conditions to vesting it determined to be appropriate. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture. VistaGen's Compensation Committee determined the number of shares of restricted stock granted to any employee. Our 1999 Plan also gave VistaGen's Compensation Committee discretion to grant stock awards free of any restrictions.

Unless the Compensation Committee provided otherwise, our 1999 Plan did not generally allow for the transfer of incentive stock options and other awards and only the recipient of an award could exercise an award during his or her lifetime. Non-qualified stock options shall be transferable only to the extent provided in the award agreement, in a manner consistent with the applicable law, and by will and by the laws of descent and distribution. In the event of a change in control of Excaliber, the outstanding options will automatically vest unless our Board of Directors and the Board of Directors of the surviving or acquiring entity shall, as to outstanding awards under the 1999 Plan, make appropriate provisions for the continuation or assumption of such awards.

As of the date hereof, we have options to purchase an aggregate amount of 77,796 shares of our Common Stock outstanding under our 1999 Plan.

Scientific Advisory Board Plan

VistaGen adopted our Scientific Advisory Board Plan ("SAB Plan") in July 1998. Upon completion of the Merger, we assumed the SAB Plan and all awards issued thereunder. The SAB Plan has terminated under its own terms, and as a result, no awards may currently be granted under the SAB Plan. However, the options and awards that have already been granted pursuant to the SAB Plan remain operative.

The SAB Plan permitted VistaGen to make grants of incentive stock options, non-qualified stock options and restricted stock awards. VistaGen reserved 12,500 shares of its Common Stock for the issuance of awards under the SAB Plan. This number was subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

As of the date hereof, we have options to purchase an aggregate of 6,337 shares of our Common Stock outstanding under our SAB Plan.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

During the three years preceding the filing of this report, we issued the following securities which were not registered under the Securities Act of 1933 (the "Securities Act"):

Issuance of Common Stock in Merger Transaction

On May 11, 2011, we issued 6,836,511 shares of our Common Stock to shareholders of VistaGen in connection with the Merger. The issuance of our shares of Common Stock to these individuals was made in reliance on the exemption provided by Section 4(2) of the Securities Act for the offer and sale of securities not involving a public offering.

VistaGen 2011 Private Placement

On May 11, 2011, VistaGen completed a private placement of 1,108,056 Units at a price of $3.50 per Unit ("2011 Private Placement"). Each Unit consisted of one share of VistaGen's Common Stock and a warrant to purchase one fourth of one share of VistaGen's Common Stock at an exercise price of $5.00 per share.

Morrison & Foerster Note

On March 15, 2010, VistaGen issued an unsecured promissory note in the aggregate principal amount of approximately $1.3 million to its legal counsel, Morrison & Foerster LLP ("Morrison & Foerster"), in exchange for cancellation of accounts payable for accrued legal fees, including legal fees relating to its intellectual property portfolio, totaling approximately $1.3 million (the "Morrison & Foerster Note"). The Morrison & Foerster Note provides that amounts payable for services rendered by Morrison & Foerster to us from March 1, 2010 through the closing of VistaGen's 2011 private placement shall automatically be added to the outstanding principal balance of the Morrison & Foerster Note upon delivery of an invoice for such services. As of the date of this report, the aggregate principal and accrued interest of the Morrison & Foerster Note is approximately $2.2 million.

On May 5, 2011, the Morrison & Foerster Note was amended and restated to provide for (i) the extension of the maturity date of the note to March 31, 2016 and (ii) payment of the note balance in monthly installments according to the following five-year schedule: (A) after June 1, 2011, $15,000 per month until March 31, 2012; (B) $25,000 per month from April 1, 2012 to March 31, 2013; (C) $50,000 per month from April 1, 2013 to March 31, 2016; provided, however, that beginning on January 1, 2012, we will be required to make interim cash payments to Morrison & Foerster under the Morrison & Foerster Note equal to five percent (5.0%) of the proceeds of any of our public or private equity financings during the then-remaining term of the note. All amounts paid under the Morrison & Foerster Note shall be fully credited against the outstanding note balance at the time each payment is made. If any amount remains unpaid as of March 31, 2016, such remaining amount shall be paid in full by such date. In connection with the foregoing amendment and restatement of the Morrison & Foerster Note, we issued 100,000 shares of restricted Common Stock to Morrison & Foerster at a price of $3.50 per share.

McCarthy Tetrault Note

On May 5, 2011, VistaGen issued an unsecured promissory note in the aggregate principal amount of CDN $478,453 to its Canadian legal counsel, McCarthy Tetrault LLP ("McCarthy") in exchange for cancellation of all accounts payable for accrued legal fees totaling approximately $600,000 (the "McCarthy Note"). The terms of the McCarthy Note will provide for: (i) beginning on June 1, 2011, and on or before the last business day of each calendar month thereafter until December 31, 2011, payment of $10,000 per month ("McCarthy Monthly Payment") until the earlier of: (a) the full payment of the McCarthy Note or (b) June 30, 2014; provided, however, that (1) beginning on January 31, 2012, the McCarthy Monthly Payment shall increase to $15,000, (2) upon the closing of a McCarthy Qualified Financing (as defined below), we will be required to pay McCarthy $100,000 within ten (10) business days of the closing of such McCarthy Qualified Financing, (3) beginning on January 1, 2012, we will be required to make interim cash payments to McCarthy under the McCarthy Note equal to one percent (1.0%) of the proceeds of all of our public or private equity financings during the term of the McCarthy Note; and (4) if, during the term of the McCarthy Note, (A) we receive a strategic loan from the federal government of Canada under a low interest long term Canadian federal loan program with net loan proceeds to us of at least CDN $5,000,000 in cash, and (B) the terms of such loan permit the use of loan proceeds by us to pay prior indebtedness to McCarthy, then we shall be required to make an interim cash payment to McCarthy equal to three percent (3%) of such loan proceeds within ten (10) days of our receipt thereof from the Canadian federal government. All amounts paid under the McCarthy Note shall be fully credited against the outstanding note balance at the time each payment is made. If any amount remains unpaid as of June 30, 2014, such remaining amount shall be paid in full by such date. For purposes of the McCarthy Note, "McCarthy Qualified Financing" means an equity or equity based financing or series of equity financings between the issuance date of the McCarthy Note and June 30, 2012, resulting in gross proceeds to us of at least CDN $5,500,000. In connection with the issuance of the McCarthy Note, we issued 50,000 shares of restricted Common Stock to McCarthy at a price of $3.50 per share.

Desjardins Securities Note

On May 5, 2011, VistaGen issued an unsecured promissory note in the principal amount of $236,058 to VistaGen's former Canadian investment bankers, Desjardins Securities Inc. ("Desjardins"), to reimburse them, pursuant to VistaGen's prior investment banking services engagement agreement, for legal fees paid by Desjardins on VistaGen's behalf in connection with a proposed corporate finance transaction in Canada ("Desjardins Note"). The terms of the Desjardins Note provide for: (i) payment of approximately $2,000 on May 15, 2011; (ii) beginning on May 31, 2011, and on or before the last business day of each calendar month thereafter until December 31, 2011, payment of approximately $4,000 per month ("Desjardins Monthly Payment") until the earlier of: (a) the full payment of the Desjardins Note or (b) June 30, 2014; provided, however, that (1) beginning on January 31, 2012, the Desjardins Monthly Payment shall increase to $6,000, (2) upon the closing of a Desjardins Qualified Financing (as defined below), we will be required to pay Desjardins approximately $40,000 within ten (10) business days of the closing of such Desjardins Qualified Financing, (3) beginning on January 1, 2012, we will be required to make interim cash payments to Desjardins under the Desjardins Note equal to one-half of one percent (0.5%) of the proceeds of all of our public or private equity financings during the term of the Desjardins Note; and (4) if, during the term of the Desjardins Note, (A) we receive a strategic loan from the federal government of Canada under a low interest long-term Canadian federal loan program with net loan proceeds to us of at least CDN $5,000,000 in cash, and (B) the terms of such loan permit the use of loan proceeds by us to pay prior indebtedness to Desjardins, then we shall be required to make an interim cash payment to Desjardins equal to one percent (1%) of such loan proceeds within ten (10) days of our receipt thereof from the Canadian federal government. All amounts paid under the Desjardins Note shall be fully credited against the outstanding note balance at the time each payment is made. If any amount remains unpaid as of June 30, 2014, such remaining amount shall be paid in full by such date. For purposes of the Desjardins Note, "Desjardins Qualified Financing" means an equity or equity based financing or series of equity financings between the issuance date of the Desjardins Note and June 30, 2012, resulting in gross proceeds to us of at least CDN $5,500,000. In connection with the issuance of the Desjardins Note, we issued 19,800 shares of restricted Common Stock to Desjardins at a price of $3.50 per share.

August 2010 Short-Term Notes and Warrants

In August of 2010, VistaGen issued short-term, non-interest bearing, unsecured promissory notes ("August 2010 Short-Term Notes") having an aggregate principal amount of $1,120,000 for a purchase price of $800,000. $945,000 of the August 2010 Short-Term Notes converted into Units in connection with VistaGen's 2011 Private Placement, and $125,000 of the August 2010 Short-Term Notes remain outstanding. In connection with the issuance of the August 2010 Short-Term Notes, VistaGen issued to each holder thereof a warrant to purchase that number of shares of Common Stock determined by multiplying the purchase price of such August 2010 Short-Term Note by 0.50. Warrants exercisable to acquire an aggregate of 200,000 shares of Common Stock have been issued in connection with the issuance of the August 2010 Short-Term Notes. The warrants expire three (3) years from the date of issuance and have an exercise price of $4.00 per share.

2008/2010 Notes and Warrants

From May 2008 to August 4, 2010, VistaGen sold 10% convertible promissory notes in the aggregate principal amount of $2,971,815 (the "2008/2010 Notes"). All of the 2008/2010 Notes converted into Units in connection with the 2011 Private Placement. In connection with the sale and issuance of the 2008/2010 Notes, VistaGen issued each holder of a 2008/2010 Note a warrant to purchase that number of shares of Common Stock equal to the number of shares determined by dividing the principal amount of such holder's 2008/2010 Note by the price per share sold under an equity or equity based financing or series of equity-based financings resulting in gross proceeds totaling at least $3 million and then multiplying the quotient by 0.5. The warrants expire on the earlier of: (i) December 31, 2013; or (ii) 10 days preceding the closing date of the sale of Excaliber or all or substantially all of its assets. The warrants are exercisable at an exercise price equal to $5.26 per share.

Cato BioVentures

Cato BioVentures, the life sciences venture capital affiliate of Cato Research, is our largest shareholder. Pursuant to a loan agreement dated as of February 3, 2004 by and between Cato BioVentures and VistaGen, as amended, Cato BioVentures extended to VistaGen a $400,000 revolving line of credit. As of April 29, 2011, the outstanding balance under the line of credit agreement was $242,273. On April 29, 2011, the line of credit agreement was terminated and VistaGen issued to Cato BioVentures an unsecured promissory note in the principal amount of $352,273 (the "2011 Cato Note"), which principal amount included the $242,273 outstanding balance on the line of credit as of April 29, 2011, and $105,000 of indebtedness owed to Cato BioVentures under its August 2010 Short-Term Note (as described below). The 2011 Cato Note bears interest at the rate of 7.0% per annum, is payable in installments as follows: ten thousand dollars ($10,000) each month, beginning June 1, 2011 and ending on November 1, 2011; twelve thousand five hundred dollars ($12,500) each month, beginning December 1, 2011, and each month thereafter until the balance under the 2011 Cato Note is paid in full, with the final monthly payment to be made in the amount equal to the then current outstanding balance of principal and interest due under the 2011 Cato Note.

During VistaGen's fiscal year ended March 31, 2007, VistaGen also entered into a strategic services agreement (the "Cato Agreement") with Cato Research, a subsidiary of Cato BioVentures, related to contract research and project management services for the development of AV-101. Pursuant to the Cato Agreement, we submit work orders to Cato Research for CRO services for AV-101 development activities from time to time. An aggregate of $275,000 of such amount for future CRO services relating to our AV-101 program have been paid through the issuance of an aggregate of 78,571 shares of VistaGen's Common Stock in April 2011 at a purchase price of $3.50 per share.

On October 30, 2009, VistaGen sold and issued to Cato BioVentures 375,000 shares of its Common Stock, at $3.00 per share, in exchange for cancellation of our approximately $1,125,000 accounts payable balance to Cato Research for CRO services incurred in 2009 and 2008.

On August 19, 2010, VistaGen issued to Cato BioVentures an August 2010 Short-Term Note in the principal amount of $455,000 and a corresponding warrant to purchase up to 81,250 shares of Common Stock at an exercise price of $4.00 per share. In April 2011, Cato BioVentures converted $395,500 of such principal amount into 113,000 shares of Common Stock at a purchase price of $3.50 per share and warrants to purchase 28,250 shares of Common Stock at an exercise price of $5.00 per share. The remaining $105,000 of principal amount of its August 2010 Bridge Note was included in the principal amount of the 2011 Cato Note.

Platinum Long Term Growth VII

In June and July of 2007 and May 2008, VistaGen sold three 10% convertible promissory notes to Platinum Long Term Growth Fund VII, LLC ("Platinum") in the aggregate principal amount of $4.0 million ("Old Platinum Notes"). Prior to the Merger, the Old Platinum Notes were amended, restated and consolidated into a senior convertible promissory bridge note in the aggregate principal amount of $4.0 million bearing interest at a rate of 10% per annum ("Amended and Restated Platinum Note"). The Amended and Restated Platinum Note is convertible upon our consummation of a $5,000,000 Qualified Financing into our securities issued in the $5,000,000 Qualified Financing ("Qualified Financing Securities"). The funding VistaGen received in its 2011 Private Placement shall be deemed to be received by Excaliber for the purpose of determining if a $5,000,000 Qualified Financing has occurred. The number of Qualified Financing Securities issuable to Platinum upon conversion of the Amended and Restated Platinum Note shall be determined in accordance with one of the following three formulas, as selected by Platinum in its sole discretion:

(i) the outstanding principal plus accrued but unpaid interest of the Amended and Restated Platinum Note as of the closing of the $5,000,000 Qualified Financing multiplied by 1.25 and divided by $3.50 per share (as may be adjusted for stock splits, dividends and the like);

(ii) the outstanding principal plus accrued but unpaid interest of the Amended and Restated Platinum Note as of the closing of the $5,000,000 Qualified Financing multiplied by 1.25 and divided by the per security price of the Qualified Financing Securities sold in the $5,000,000 Qualified Financing; or

(iii) the outstanding principal plus accrued but unpaid interest of the Amended and Restated Platinum Note as of the closing of the $5,000,000 Qualified Financing divided by the per share price of a share assuming Excaliber's pre-Qualified Financing value is $30 million, on a fully diluted basis (as defined below).

Platinum also has the right at any time prior to the maturity date of the Amended and Restated Platinum Note to elect to convert all or a portion of the entire principal and accrued interest into that number of shares of Common Stock determined in accordance with the following formula: the aggregate amount of principal and accrued interest under the Amended and Restated Platinum Note divided by the lesser of (i) $3.50 per share (as may be adjusted for stock splits, dividends and the like), (ii) the price per share of any equity financing we enter into or (iii) the price per share assuming a $30 million valuation on a fully diluted basis. The Amended and Restated Platinum Note defines "fully diluted" as all outstanding shares, assuming (x) the conversion of all preferred stock into shares, (y) the exercise of warrants to acquire 478,338 shares of Common Stock, assuming an exercise price of $12.00 per share with respect to the warrants held by the holders of the 2006/2007 Notes, and (z) the exercise of 316,802 options to purchase shares of Common Stock.

As of May 11, 2011, the Amended and Restated Platinum Note had a balance of $4,630,993 including accrued interest. This accrued interest amount reflects a prior cancellation of $921,438 in accrued interest under the Old Platinum Notes in exchange for 307,146 shares of VistaGen's Common Stock issued to Platinum at $3.00 per share pursuant to a Securities Purchase Agreement dated November 5, 2009.

In connection with the issuance of the Amended and Restated Platinum Note, VistaGen issued Platinum a warrant to purchase 412,787 shares of its Common Stock at an exercise price of $5.00 per share.

In connection with the Old Platinum Notes transaction, we issued to our placement agent warrants to purchase 68,000 shares of Common Stock at an exercise price of $12.00 per share and with an expiration date of June 30, 2012. On March 5, 2010, in connection with strategic advisory services and additional investment banking services by the placement agent relating to the Old Platinum Note transaction, we adjusted the exercise price of warrants to purchase 61,200 of the 68,000 shares of Common Stock to $4.50 per share. In addition, we also issued to the placement agent additional warrants to purchase 75,000 shares of Common Stock at an exercise price of $6.00 per share which expire on June 30, 2012.

University Health Network

UHN is a primary source of academic stem cell research and development for us. Pursuant to a Securities Purchase Agreement, dated December 2, 2009, VistaGen sold and issued 141,250 shares of Common Stock, at a purchase price of $3.00 per share, to UHN in exchange for cancellation by UHN of $423,750 of VistaGen's accounts payable debt, including a contract and technology option re-instatement fee of $122,500 for stem cell research and development conducted by Dr. Gordon Keller's laboratory at UHN pursuant to our sponsored research collaboration agreement.

In December 2010 and April 2011, VistaGen's Sponsored Research Collaboration Agreement with UHN (the "UHN Agreement") was amended to extend the term of this long-term strategic collaboration to September 2017 and to expand the scope of VistaGen's rights to fund and license potential discoveries and inventions relating to a wide range of stem cell research projects in Dr. Gordon Keller's laboratories at UHN, including iPS Cell-based cell therapy opportunities focused on cartilage, heart and liver repair and reconstitution, as well as autologous bone marrow transplantation. In connection with the December 2010 amendments to the UHN Agreement, VistaGen issued to UHN 350,000 shares of its Common Stock at a price of $3.00 per share. In connection with the April 2011 amendments to the UHN Agreement, VistaGen issued to UHN 50,000 shares of Common Stock at a price of $3.50 per share.

UC Davis Note

On October 12, 2009, VistaGen issued a promissory note to The Regents of University of California ("UC Davis") in the principal amount of $90,000 (the "UC 2009 Note"). The UC 2009 Note was issued in exchange for the cancellation of certain amounts payable for VistaGen's sponsored research at UC Davis under a sponsored research collaboration agreement. On February 25, 2010, VistaGen issued to UC Davis a new 10% promissory note in the principal amount of $170,000 (the "UC 2010 Note") to replace the UC 2009 Note which was cancelled. The UC 2010 Note reflects additional amounts payable subsequent to the issuance of the UC 2009 Note. On October 30, 2010, VistaGen amended the UC 2010 Note and extended the maturity date to the earlier of December 31, 2010 or 10 days following the completion of a closing of a public offering. The final payment upon maturity shall be $20,000.

National Jewish Health Note

On March 1, 2010, VistaGen issued to NJH a 10% promissory note with a principal balance of $75,000 in exchange for the cancellation of certain amounts payable for accrued royalties. The principal balance plus all accrued and unpaid interest is due on or before December 31, 2010. If we complete an initial public offering of our stock prior to December 31, 2010, the outstanding balance of the note will be due and payable on the earlier of 90 business days after the initial public offering is consummated or December 31, 2010. Amendment No. 1 was executed on December 28, 2010 which extended the due date of all principal and accrued interest to April 30, 2011. The Note is currently being renegotiated in favor of certain anti-stacking royalty credits due the Company of equal or greater value than the outstanding balance.

Strategic Management Consultants

In October 2009, VistaGen entered into a strategic management consulting agreement with a strategic management consultant, effective as of January 1, 2009. The agreement, as amended, terminated on December 31, 2010. Pursuant to the terms of the agreement, as partial consideration for strategic management consulting services, we issued and sold to this consultant a total of 87,500 shares of Common Stock at a purchase price of $3.00 per share.

In November 2009, December 2009 and April 2011, other strategic management consultants were issued warrants to purchase an aggregate of 1,500 shares of Common Stock at a purchase price of $4.00 per share exercisable for a period of five years following date of issuance, warrants to purchase an aggregate of 117,500 shares of Common Stock at a purchase price of $3.00 per share exercisable for a period of three years following the date of issuance, and 37,500 shares of Common Stock at a purchase price of $3.50 per share, respectively.

All of the aforementioned issuances were made in reliance upon the exemption provided in Section 4(2) of the Securities Act. Certain of the aforementioned issuances were also made in reliance upon the exemption provided in Regulation D promulgated under the Securities Act. No form of general solicitation or general advertising was conducted in connection with each of the aforementioned sales. In instances described above where we issued securities in reliance upon Regulation D, we relied upon Rule 506 of Regulation D of the Securities Act.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

General

The following is a summary of:

- our capital stock; and
- certain provisions of our Articles of Incorporation and Bylaws; and

This summary does not purport to be complete and is qualified in its entirety by the provisions of our Articles of Incorporation and Bylaws.

Our Articles of Incorporation provides for authorized capital stock of 200,000,000 shares of Common Stock and no shares of Preferred Stock

Shares of Common Stock

As of the date of this report, there are 7,621,009 shares of our Common Stock issued and outstanding.

The holders of shares of Common Stock are entitled to one vote per share on all matters to be voted upon by the shareholders. The holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available. In the event of our liquidation, dissolution or winding up, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities. The shares of Common Stock have no pre-emptive, conversion or other subscription rights. There are no redemption or sinking fund provisions applicable to our Common Stock. All outstanding shares of Common Stock are fully paid and non-assessable.

Preferred Stock

As of the date of this report, we are not authorized to issue any shares of Preferred Stock, and, therefore, we have no outstanding shares of Preferred Stock.

Warrants to Purchase Shares of Common Stock

As of the date of this report, warrants to acquire an aggregate of 3,219,433 shares of our Common Stock are outstanding and exercisable at a weighted average exercise price of $4.34 per share.

Warrants issued in connection with the 2006/2007 Notes

During 2006 and 2007, VistaGen sold 10% convertible promissory notes in the aggregate principal amount of $1,837,368 (the "2006/2007 Notes"), all of which were converted into Units in VistaGen's 2011 Private Placement. In connection with the sale and issuance of the 2006/2007 Notes, VistaGen issued each holder a warrant to purchase that number of shares of Common Stock determined by dividing the principal amount of such holder's 2006/2007 Note by $3.50. The warrants expire on the earlier of: (i) December 31, 2013; or (ii) 10 days preceding the closing date of the sale of Excaliber or all or substantially all of its assets. The warrants are exercisable at an exercise price of $3.50 per share.

Warrants issued in connection with the Old Platinum Notes

In connection with VistaGen's sale and issuance of the Old Platinum Notes, VistaGen issued Platinum warrants to purchase up to 280,000 shares of its Common Stock at an exercise price of $3.00 per share. The warrants expire on December 31, 2013.

In connection with the Old Platinum Notes transaction, we issued to our placement agent warrants to purchase 68,000 shares of Common Stock at an exercise price of $12.00 per share and with an expiration date of June 30, 2012. On March 5, 2010, in connection with strategic advisory services and additional investment banking services by the placement agent relating to the Old Platinum Note transaction, we adjusted the exercise price of warrants to purchase 61,200 of the 68,000 shares of Common Stock to $4.50 per share. In addition, we also issued to the placement agent additional warrants to purchase 75,000 shares of Common Stock at an exercise price of $6.00 per share which expire on June 30, 2012.

VistaGen entered into that certain Amendment to Letter Loan Agreement dated May 5, 2011 with Platinum. In connection therewith, VistaGen issued Platinum a warrant to purchase 413,382 shares of its Common Stock at an exercise price of $2.50 per share.

Warrants issued in connection with the 2008/2010 Notes

In connection with the sale and issuance of the 2008/2010 Notes, VistaGen issued each holder of a 2008/2010 Note a warrant to purchase that number of shares equal to the number of shares determined by dividing the principal amount of such holder's 2008/2010 Note by $3.50 and then multiplying the quotient by 0.5. The warrants expire on the earlier of: (i) December 31, 2013; or (ii) 10 days preceding the closing date of the sale of Excaliber or all or substantially all of its assets. The warrants are exercisable at an exercise price of $5.25 per share.

Warrants issued in connection with the Morrison & Foerster Note

On March 15, 2010, VistaGen issued to Morrison & Foerster LLP, its U.S. legal counsel, a warrant exercisable until December 31, 2014 to purchase up to 212,500 shares of its Common Stock at an exercise price of $3.00 per share in connection with its accounts payable restructuring and in connection with the issuance of the Morrison & Foerster Note. In April 2011, in connection with the further restructuring of the Morrison & Foerster Note, we reduced the exercise price of such warrants to $2.00 per share.

Warrants issued in connection with August 2010 Short-Term Notes

In conjunction with the sale and issuance of August 2010 Short-Term Notes, VistaGen issued to each holder thereof warrants to purchase a total of 400,000 shares of Common Stock. The warrants expire three years from the date of issuance and have an exercise price of $2.00 per share.

Warrants issued in connection with the 2011 Private Placement

In connection with VistaGen's 2011 Private Placement, VistaGen issued warrants to purchase 723,779 shares of its Common Stock at a purchase price of $2.50 per share. These warrants were issued to new investors, certain investment bankers, and holders of 2006/2007 Notes, 2008/2010 Notes and certain holders of August 2010 Short-Term Notes whose notes converted into Units in the 2011 Private Placement. Any warrant to purchase a fractional share to which a purchaser was otherwise entitled was rounded down to the nearest whole share. The warrants are exercisable any time until May 11, 2014.

Other Warrants

We have issued warrants from time to time to consultants in consideration of consulting services rendered to us. See Item 10, "Recent Sales of Unregistered Securities – Strategic Management Consultants."

Call Feature

The warrants issued in connection with the 2006/2007 Notes and certain warrants issued in connection with the Old Platinum Notes described above are subject to a "call" feature whereby we have the right to call the warrants at a price of $0.10 per share if Shares have been trading at a per share price greater than $15.00 for at least 15 consecutive trading days, subject to certain other conditions as provided in the warrants.

Options to Purchase Shares

As of the date of this report, options to purchase an aggregate of 2,374,576 shares of Common Stock are outstanding at a weighted average exercise price of $2.94.

Registration Rights

Pursuant to the amended and restated investors' rights agreement, as amended, holders of Common Stock issued upon conversion of any VistaGen Preferred Stock are entitled to rights with respect to the registration of those shares and the underlying shares of Common Stock issuable upon conversion under the Securities Act. Under the terms of the amended and restated investors' rights agreement, as amended, between us and the holders of these registrable securities, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, these holders are entitled to a notice of registration and are entitled to include their shares of Common Stock in the registration. These registration rights are subject to conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in the registration.

Additionally, if (but without any obligation to do so) we register any of our stock or other securities under the Securities Act, in connection with a $5,000,000 Qualified Financing or otherwise, Platinum has the right to request that the shares of Common Stock issuable upon conversion of the Amended and Restated Platinum Note be included in any such registration. If such offering is an underwritten offering, the underwriters of such offering have the right to limit the number of such shares to be included in such registration statement.

Market Stand-Off

Pursuant to the amended and restated investors' rights agreement, as amended, holders of Common Stock issued upon conversion of VistaGen Preferred Stock are restricted from selling or otherwise disposing of more than 25% of their respective shares of Common Stock or securities convertible into shares of Common Stock until November 11, 2011, without our prior written consent. The foregoing market stand-off restriction is subject to the condition that all officers, directors, shareholders holding greater than 10% of the outstanding shares of our Common Stock and all other persons with registration rights shall be subject to similar market stand-off restrictions, except that 100% of their respective shares of Common Stock or securities convertible into shares of Common Stock shall be subject to the market stand-off restriction. Further, holders of Common Stock issued upon conversion of 2006/2007 Notes and 2008/2010 Notes are subject to a similar market stand-off restriction. The foregoing market stand-off provisions are also subject to the provisions of Rule 144(i) of the Securities Act precluding use of the Rule 144 safe harbor for resales of unregistered securities for one year from the filing of this report, with sales of such securities allowed under Rule 144 after one year, subject to the all other applicable provision of Rule 144, including, among other things, that we remain current on all filings required by Section 13 or 15(d) of the Exchange Act, as applicable.

Anti-Takeover Effects of Our Articles of Incorporation and Bylaws

Our Articles of Incorporation and Bylaws could make the following transactions more difficult:

- acquisition of Excaliber by means of a tender offer, a proxy contest or otherwise; and
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage and prevent coercive takeover practices and inadequate takeover bids. These provisions are designed to encourage persons seeking to acquire control of Excaliber to first negotiate with our Board of Directors. They are also intended to provide our management with the flexibility to enhance the likelihood of continuity and stability if our Board of Directors determines that a takeover is not in the best interests of Excaliber. These provisions, however, could have the effect of discouraging attempts to acquire us, which could deprive our shareholders of opportunities to sell their securities at prices higher than prevailing market prices.

Election and Removal of Directors

Our Bylaws contain provisions that establish specific procedures for appointing and removing members of our Board of Directors. Our Bylaws provide that vacancies, except vacancies created by removal of a director, and newly created directorships on the Board of Directors may be filled by a majority of the directors then serving on the Board of Directors (except as otherwise required by law or by resolution of the Board of Directors). Vacancies created by removal of a director may be filled only by the vote of a majority of the shares entitled to vote. Under our Bylaws, the entire Board of Directors or any individual director may be removed subject to applicable law.

Special Shareholder Meetings

Under our Bylaws, only the Chairman of the Board, our President, our Secretary, our Board of Directors and one or more shareholders holding not less than 10% of the voting power of Excaliber may call special meetings of shareholders.

Requirements for Advance Notification of Shareholder Nominations and Proposals

Our Bylaws establish advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board of Directors or a committee of the Board of Directors.

OPTIONS AND WARRANTS TO PURCHASE SECURITIES

The following sets forth certain information regarding the ownership of options and warrants to purchase our securities as of the date of this report. For more information with respect to the options see Item 9, "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters – Securities Authorized Under Equity Compensation Plans." For more information with respect to the warrants see Item 11, "Description of Registrant's Securities to be Registered – Warrants to Purchase Shares of Common Stock."

	Category	Options[1]	Options Exercise Price[2]	Warrants	Warrants Exercise Price[3]	Expiration Date	Total No. of Common Shares
A	All executive officers and past executive officers of Excaliber, as a group (3 in total)	1,512,499	$ 1.44 - $4.62	65,704	$ 3.50 - $12.00	12/31/2013	1,578,203
	All directors and past directors of Excaliber who are not also executive officers, as a group (5 in total)	—195,000	$ 2.26 - $4.20	65,403	$ 3.50 - $5.00	12/31/2013	260,403
B	All executive officers and past executive officers of all subsidiaries of Excaliber,(none)	0	N/A	0	N/A	N/A	0
	All directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group (1 in total, excluding individuals referred to in paragraph A above)	1,082	$ 1.60	0	$ N/A	N/A	1,082
C	All other employees and past employees of Excaliber, as a group	243,814	$ 1.60 -$4.20	0	$ 0.00	N/A	243,814
	All other employees and past employees of subsidiaries of Excaliber, as a group (none)	0	N/A	0	N/A	N/A	0
	All current and former consultants of Excaliber	276,215	$ 1.44 - $4.20	396,264	$ $3.50 - $12.00	12/31/2013	672,479
	Other Persons	145,965	$ 0.72 - $2.10	2,692,062	$ 6.00	12/31/2013	2,201,789
	Total:	2,374,575		3,219,433[4]			

(1) Based on an aggregate of 2,374,575 shares of Common Stock issuable upon exercise of options outstanding as of the date of this report under our 2008 Plan, 1999 Plan, and SAB Plan, at a weighted exercise price of $2.95 per share, of which 1,426,404 are vested and exercisable and 948,171 are unvested and unexercisable. An additional 395,984 shares of Common Stock are reserved for issuance in connection with potential future awards and are excluded from this analysis.

(2) Represents the range of exercise prices of all outstanding options to purchase shares of Common Stock, whether vested or unvested.

(3) Represents the range of exercise prices of all outstanding warrants to purchase shares of Common Stock.

(4) Total in warrants does not reflect the obligation of Cato BioVentures to transfer warrants to purchase 67,697 shares of Common Stock at an exercise price of $3.50 per share to Shawn K. Singh in connection with Mr. Singh's prior employment arrangement with Cato BioVentures.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Bylaws provide that we may indemnify any director, officer, agent or employee, subject to applicable law, as to those liabilities and on those terms and conditions as appropriate. We have the right to purchase and maintain insurance on behalf of any such persons whether or not we would have the power to indemnify such person against the liability insured against. Our Articles of Incorporation provide that a director shall not be personally liable to us or our shareholders for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions that involve intentional misconduct by the director or a knowing violation of law by the director, (ii) for conduct violating the Nevada Revised Statutes, or (iii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Nevada revised Statutes are amended in the future to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of Excaliber shall be eliminated or limited to the full extent permitted by the Nevada Revised Statues, as so amended, without any requirement of further action by the shareholders. Excaliber shall indemnify any individual made a party to a proceeding because that individual is or was a director of Excaliber and shall advance or reimburse the reasonable expenses incurred by the individual in advance of final disposition of the proceeding, without regard to the limitations in Nevada Revised Statute 78.7502, or any other limitation which may hereafter be enacted, to the extent such limitation may be disregarded if authorize by the Articles of Incorporation, to the full extent and under all circumstances permitted by applicable law.

VistaGen has also entered into indemnification agreements with each of Shawn Singh, Ralph Snodgrass, Franklin Rice, Jon Saxe, Gregory Bonfiglio and Brian Underdown. The form of agreement provides that we will indemnify the indemnitee against any and all expenses incurred by the indemnitee because of his status as one of our directors or executive officers to the fullest extent permitted by law and the then operative version of our Articles of Incorporation and Bylaws (except in a proceeding initiated by such person without board approval). In addition, the form agreement provides that, to the fullest extent permitted by law, we will advance all expenses incurred by the indemnitee in connection with a legal proceeding.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 9.01 of this current report, which is incorporated herein by reference.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On May 13, 2011, in connection with the Merger, we dismissed Weaver & Martin, LLC ("WM") as our independent registered public accounting firm. The dismissal of WM was approved by the Board of Directors of the Company.

The reports of WM on the financial statements of the Company as of and for the fiscal years ended December 31, 2009 and 2010 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the Company's fiscal years ended December 31, 2009 and 2010 and through May 13, 2011, (i) there were no disagreements with WM on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to WM satisfaction, would have caused WM to make reference to the subject matter of such disagreements in its reports on the Company's consolidated financial statements for such years, and (ii) there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

The Company has provided WM with a copy of the above disclosures prior to its filing with the Securities and Exchange Commission ("SEC") and requested WM to furnish the Company with a letter addressed to the SEC stating whether WM agrees with the above statements and, if not, stating the respects in which it does not agree. A copy of WM's letter dated May 13, 2011 is attached hereto as Exhibit 16.1 to this Form 8-K.

Based on the Board of Directors' approval, the Company engaged Odenberg, Ullakko, Muranishi & Co. LLP ("OUM") on May 13, 2011, as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012. During the Company's two most recent fiscal years ended December 31, 2009 and 2010 and through May 13, 2011, neither the Company nor anyone on its behalf consulted OUM regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and no written report or oral advice was provided to the Company that OUM concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of a disagreement or reportable event as defined in Item 304(a)(1)(iv) and Item 304(a)(1)(v), respectively, of Regulation S-K.

OUM was the auditor of VistaGen prior to the Merger. As such, OUM audited VistaGen's financial statements as of and March 31, 2010 and 2009, and for the three years in the period ended March 31, 2010, and for the period from May 26, 1998 (inception) through March 31, 2010, which are included in this Form 8-K and provided advice to VistaGen with respect to accounting, auditing, and financial reporting issues related to the Merger.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) See Item 9.01 of this Current Report which is incorporated herein by reference.

(b) Exhibit Index:

Exhibit No.	Description*
2.1	Agreement and Plan of Merger by and among Excaliber Enterprises, Ltd., VistaGen Therapeutics, Inc. and Excaliber Merger Subsidiary, Inc.
3. 1	Articles of Incorporation currently in effect.
3. 2	Bylaws currently in effect.
4.1	Fourth Amended and Restated Investors' Rights Agreement, dated August 1, 2005, by and among VistaGen and certain (former) holders of Preferred Stock of VistaGen, as amended by that certain Amendment No. 1 to Fourth Amended and Restated Investors' Rights Agreement, dated July 10, 2010.
10.1	VistaGen's 1999 Stock Incentive Plan.
10.2	Form of Option Agreement under VistaGen's 1999 Stock Incentive Plan.
10.3	VistaGen's Scientific Advisory Board 1998 Stock Incentive Plan.
10.4	Form of Option Agreement under VistaGen's Scientific Advisory Board 1998 Stock Incentive Plan.
10.5	VistaGen's 2008 Stock Incentive Plan.
10.6	Form of Option Agreement under VistaGen's 2008 Stock Incentive Plan.
10.7	Securities Purchase Agreement, dated October 30, 2009, by and between VistaGen and Cato BioVentures.
10.8	Securities Purchase Agreement, dated April 27, 2011, by and between VistaGen and Cato BioVentures.
10.9	Securities Purchase Agreement, dated November 5, 2009, by and between VistaGen and Platinum Long Term Growth Fund.
10.10	Securities Purchase Agreement, dated December 2, 2009, by and between VistaGen and University Health Network.
10.11	Securities Purchase Agreement, dated April 25, 2011, by and between VistaGen and University Health Network.
10.12	Form of Subscription Agreement, dated May 11, 2011, by and between VistaGen and certain investors.
10.13	Indemnification Agreement, dated August 27, 2001, by and between VistaGen and Shawn K. Singh.
10.14	Indemnification Agreement, dated August 27, 2001, by and between VistaGen and H. Ralph Snodgrass.
10.15	Indemnification Agreement, dated August 27, 2001, by and between VistaGen and A. Franklin Rice.
10.16	Indemnification Agreement, dated August 27, 2001, by and between VistaGen and Jon S. Saxe.

10.17	Indemnification Agreement, dated August 27, 2001, by and between VistaGen and Gregory Bonfiglio.
10.18	Industrial Lease, dated March 5, 2007, by and between Oyster Point LLC and VistaGen, as amended by that certain First Amendment to Lease, dated as of April 24, 2009, and as further amended by that certain Second Amendment to Lease, dated as of October 19, 2010 and that certain Third Amendment to Lease, dated as of April 1, 2011.
10.19	Clinical Study Agreement, dated April 15, 2010, by and between VistaGen and Progressive Medical Concepts, LLC.
10.20	Strategic Development Services Agreement, dated February 26, 2007, by and between VistaGen and Cato Research Ltd.
10.21	License Agreement by and between National Jewish Medical and Research Center and VistaGen, dated July 12, 1999, as amended by that certain Amendment to License Agreement dated January 25, 2001, as amended by that certain Second Amendment to License Agreement dated November 6, 2002, as amended by that certain Third Amendment to License Agreement dated March 1, 2003, and as amended by that certain Fourth Amendment to License Agreement dated April 15, 2010.
10.22	License Agreement by and between Mount Sinai School of Medicine of New York University and the Company, dated October 1, 2004.
10.23	Non-Exclusive License Agreement, dated December 5, 2008, by and between VistaGen and Wisconsin Alumni Research Foundation, as amended by that certain Wisconsin Materials Addendum, dated February 2, 2009.
10.24	Sponsored Research Collaboration Agreement, dated September 18, 2007, as amended by that certain Amendment No. 1, Amendment No. 2 and Amendment No. 3 dated April 19, 2010, December 15, 2010 and April, 25, 2011, respectively.
10.25	Letter Agreement, dated Feb 12, 2010, by and between VistaGen and The Regents of the University of California.
10.26	License Agreement, dated October 24, 2001, by and between the University of Maryland, Baltimore, Cornell Research Foundation and Artemis Neuroscience, Inc.
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10.28	Amended and Restated Senior Convertible Promissory Bridge Note dated June 19, 2007 issued by VistaGen to Platinum Long Term Growth VII, LLC.
10.29	Second Amended and Restated Letter Loan Agreement dated May 16, 2008, by and between VistaGen and Platinum Long Term Growth VII, LLC, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 16 2009, as further amended by that certain Amendment to Letter Loan Agreement dated May 5, 2011.
10.30	Promissory Note dated April 29, 2011 issued by VistaGen to Cato Holding Company.
10.31	Unsecured Promissory Note dated April 28, 2011 issued by VistaGen to Desjardins Securities.
10.32	Unsecured Promissory Note dated April 28, 2011 issued by VistaGen to McCarthy Tetrault LLP.
10.33	Unsecured Promissory Note dated April 28, 2011 issued by VistaGen to Morrison & Foerster LLP
10.34	Promissory Note dated February 25, 2010 issued by VistaGen to The Regents of the University of California.

10.35	Note and Warrant Purchase Agreement dated August 4, 2010, by and between VistaGen and certain investors, as amended by that certain Amendment No. 1 to Note and Warrant Purchase Agreement, dated November 10, 2010.
10.36	Conversion Agreement, dated April 29, 2011, by and among VistaGen and certain holders of unsecured promissory notes issued pursuant to that certain Note and Warrant Purchase Agreement, dated August 4, 2010, by and between VistaGen and such note holders.
10.37	Agreement regarding Conversion of Unsecured Promissory Note, dated April 29, 2011, by and between VistaGen and The Dillon Family Trust.
10.38	Senior Note and Warrant Purchase Agreement dated August 13, 2006, by and between VistaGen and certain investors, as amended by that certain Amendment No. 1 to Senior Convertible Bridge Note and Warrant Purchase Agreement dated January 31, 2007, as further amended by that certain Amendment No. 2 to Senior Convertible Bridge Note and Warrant Purchase Agreement dated June 11, 2007, as further amended by that certain Omnibus Amendment dated April 28, 2011
10.39	Senior Note and Warrant Purchase Agreement dated May 16, 2008, by and between VistaGen and certain investors, as amended by that certain Amendment No. 1 to Senior Convertible Bridge Note and Warrant Purchase Agreement dated November 2, 2009, as further amended by that certain Omnibus Amendment dated April 28, 2011.
10.40	Employment Agreement, by and between, VistaGen and Shawn K. Singh, dated April 28, 2010, as amended May 9, 2011.
10.41	Employment Agreement, by and between, VistaGen and H. Ralph Snodgrass, PhD, dated April 28, 2010, as amended May 9, 2011.
10.42	Employment Agreement, by and between VistaGen and A. Franklin Rice, dated April 28, 2010, as amended May 9, 2011.
10.43	Agreement Regarding Sale of Shares of Common Stock dated May 9, 2011 by and between Excaliber and Stephanie Y. Jones, whereby Excaliber purchased from Mrs. Jones 4,982,103 shares of Excaliber common stock for $10.
10.44	Agreement Regarding Sale of Shares of Common Stock dated May 9, 2011 by and between Excaliber and Nicole Jones, whereby Excaliber purchased from Nicole Jones 82,104 shares of Excaliber common stock for $10.
10.45	Joinder Agreement dated May 11, 2011 by and between Excaliber, Platinum Long Term Growth VII, LLC and VistaGen
16.1	Letter regarding change in certifying accountant
21.1	List of Subsidiaries.
23.1	Consent of Odenberg, Ullakko, Muranishi & Co. LLP, independent registered public accounting firm.
24.1	Power of Attorney

Item 3.02. Unregistered Sales of Equity Securities.

Reference is made to the disclosure set forth under Item 2.01 of this report, which disclosure is incorporated herein by reference.

Item 4.01. Changes in Registrant's Certifying Accountant.

Reference is made to the disclosure set forth under Item 2.01 of this report, which disclosure is incorporated herein by reference.

Item 5.01. Changes in Control of Registrant.

Reference is made to the disclosure set forth under Item 2.01 of this report, which disclosure is incorporated herein by reference.

As a result of the closing of the Merger, the former shareholders of VistaGen (including those who acquired VistaGen securities in the 2011 Private Placement as described under Item 2.01) own approximately 90% of the total outstanding shares of our capital stock and approximately 90% total voting power of all our outstanding voting securities.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Upon the closing of Merger, Stephanie Y. Jones and Matthew Jones, each an officer and a director, resigned (a) from all offices of Excaliber that each held effective immediately and (b) from their positions as directors effective upon the expiration of the Rule 14f-1 Notice Review Period. We anticipate H. Ralph Snodgrass, Gregory A. Bonfiglio and Brian J. Underdown will be appointed to the Board of Directors upon the expiration of the Section 14f-1 Notice Review Period. In addition, our executive officers were replaced by the VistaGen executive officers upon the closing of the Merger as indicated in more detail below.

For certain biographical and other information regarding the newly appointed officers and directors, see the disclosure under Item 2.01 of this report, which disclosure is incorporated herein by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 13, 2011, our Board of Directors changed our fiscal year end from December 31 to March 31, effective immediately. Because the Merger was accounted for as a reverse acquisition and the Company is adopting the fiscal year of the accounting acquirer, VistaGen, the Company will begin to file reports based on the reporting periods for a fiscal year ending March 31, commencing with the period in which the Merger was consummated, which is the quarter ending June 30, 2011. In addition, the Company will file a Form 8-K for the year ended March 31, 2011, to include the financial statements of VistaGen for the year ended March 31, 2011 no later than 90 days after the consummation of the Merger.

Item 5.06. Change in Shell Company Status.

Reference is made to the disclosure set forth under Item 2.01 and 5.01 of this report, which disclosure is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(A) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

The financial statements required by this Item 9.01(a) are included in this report as follows:

(B) PRO FORMA FINANCIAL INFORMATION.

The unaudited pro forma financial statements required by this Item 9.01(b) are included in this report as follows:

SIGNATURES

Pursuant to the requirements of Section 12 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.

COMPANY

Dated:May 16, 2011

VISTAGEN THERAPEUTICS HOLDING COMPANY

By: /s/ A. Franklin Rice
A. Franklin Rice, MBA
Chief Financial Officer

EXHIBIT INDEX

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24.1	Power of Attorney

FINANCIAL STATEMENTS

(A) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

The financial statements required by this Item 9.01(a) are included in this report as follows:

(B) PRO FORMA FINANCIAL INFORMATION.

The unaudited pro forma financial statements required by this Item 9.01(b) are included in this report as follows:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
VistaGen Therapeutics, Inc.
(a development stage company)

We have audited the accompanying consolidated balance sheets of VistaGen Therapeutics, Inc. (a development stage company) as of March 31, 2010 and 2009 and the related consolidated statements of operations, cash flows, preferred stock, and shareholders' deficit for each of the three years in the period ended March 31, 2010, and for the period from May 26, 1998 (inception) through March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of VistaGen Therapeutics, Inc. (a development stage company) at March 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2010 and for the period from May 26, 1998 (inception) through March 31, 2010 in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements at March 31, 2010 have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company is a development stage company, has not yet generated sustainable revenues, has suffered recurring losses from operations and has a shareholders' deficit, all of which raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ ODENBERG, ULLAKKO, MURANISHI & CO. LLP

San Francisco, California
May 16, 2011

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED BALANCE SHEETS

	December 31, 2010	March 31, 2010	March 31, 2009
	(Unaudited)		
ASSETS			
Current assets:			
Cash and cash equivalents	$ 279,390	$ 200,981	$ 20,887
Unbilled contract payments receivable	255,404	247,177	-
Deferred financing costs	-	610,805	-
Prepaid expenses	26,637	43,307	7,872
Total current assets	561,431	1,102,270	28,759
Property and equipment, net	101,005	75,237	126,241
Security deposits and other assets	31,145	35,644	38,644
Total assets	$ 693,581	$ 1,213,151	$ 193,644
LIABILITIES, PREFERRED STOCK AND SHAREHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable	$ 1,325,938	$ 1,126,028	$ 1,704,510
Accrued expenses	256,410	901,713	603,228
Notes payable and accrued interest	140,592	216,215	-
Notes payable and accrued interest to related parties	50,361	253,428	246,203
Put option and note term extension option liabilities	158,011	150,147	41,962
Capital lease obligations	29,316	26,978	24,158
Non-interest bearing promissory notes, including $525,000 to related parties	1,064,000	-	-
Deferred revenues	102,071	139,238	37,500
Convertible promissory notes, including $947,368 to related parties as of December 31, 2010and March 31, 2010 - current portion	4,809,183	7,709,367	-
Accrued interest on promissory notes	1,190,604	979,049	-
Total current liabilities	9,126,486	11,502,163	2,657,561
Non-current liabilities:			
Notes payable and accrued interest	1,970,654	1,018,082	-
Notes payable and accrued interest to related parties	208,981	-	-
Convertible promissory notes, net of current portion	2,779,208	-	7,126,955
Accrued interest on promissory notes	486,131	-	1,115,439
Accrued officers' compensation	56,986	56,986	56,986
Capital lease obligations	12,368	34,657	61,635
Accounts payable	874,052	-	1,324,244
Warrant liability	396,765	403,574	-
Total non-current liabilities	6,785,145	1,513,299	9,685,259
Total liabilities	15,911,631	13,015,462	12,342,820
Commitments and contingencies			
Preferred stock, no par value; 20,000,000 shares authorized; 2,884,655 shares issued and outstanding at December 31, 2010 (unaudited) and at March 31, 2010 and 2009, (liquidation value of $14,859,015)	14,534,811	14,534,811	14,534,811
Shareholders' deficit:			
Common stock, no par value; 75,000,000 shares authorized; 3,672,110 shares outstanding at December 31, 2010 (unaudited) and March 31, 2010, and 1,849,232 shares outstanding at March 31, 2009	3,172,195	3,172,195	438,579
Additional paid-in capital	6,293,481	3,756,771	2,152,996
Notes receivable from sale of common stock to related parties upon exercise of options and warrants	(181,877)	(175,306)	(166,932)
Deficit accumulated during development stage	(39,036,660)	(33,090,782)	(29,108,630)
Total shareholders' deficit	(29,752,861)	(26,337,122)	(26,683,987)
Total liabilities, preferred stock and shareholders' deficit	$ 693,581	$ 1,213,151	$ 193,644

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Period From May 26, 1998 (Inception) Through December 31, 2010	Nine Months Ended December 31,		Fiscal Years Ended March 31,		
		2010	2009	2010	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)			
Revenues:						
Grant revenue	$ 11,067,800	$ 1,718,269	$ 1,964,493	$ 2,168,984	$ -	$ 1,228,401
Collaboration revenue	2,283,618	-	-	-	-	375,000
Other	1,123,494	-	37,500	37,500	50,000	287,500
Total revenues	14,474,912	1,718,269	2,001,993	2,206,484	50,000	1,890,901
Operating expenses:						
Research and development	18,249,422	1,191,305	2,021,271	2,518,857	2,042,495	3,296,806
Acquired in-process research and development	7,523,179	-	-	-	-	-
General and administrative	21,540,886	4,377,140	1,505,120	2,480,918	1,792,183	3,083,459
Total operating expenses	47,313,487	5,568,445	3,526,391	4,999,775	3,834,678	6,380,265
Loss from operations	(32,838,575)	(3,850,176)	(1,524,398)	(2,793,291)	(3,784,678)	(4,489,364)
Other expenses, net:						
Interest expense, net	(6,535,589)	(2,251,058)	(738,356)	(1,181,280)	(1,081,177)	(1,092,584)
Change in put and note extension option and warrant liabilities	305,140	156,956	(104,184)	(148,377)	170,589	127,925
Other income	47,573	-	(250)	-	681	8,911
Loss before income taxes	(39,021,451)	(5,944,278)	(2,367,188)	(4,122,948)	(4,694,585)	(5,445,112)
Income taxes	(15,209)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Net loss	$ (39,036,660)	$ (5,945,878)	$ (2,368,788)	$ (4,124,548)	$ (4,696,185)	$ (5,446,712)
Basic and diluted net loss per common share		$ (1.62)	$ (0.89)	$ (1.53)	$ (2.54)	$ (2.98)
Weighted average shares used in computing basic and diluted net loss per common share		3,672,110	2,665,199	2,696,762	1,846,455	1,830,804

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period From May 26, 1998 (Inception) Through December 31, 2010	Nine Months Ended December 31,		Fiscal Years Ended March 31,		
		2010	2009	2010	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)			
Cash flows from operating activities:						
Net loss	$ (39,036,660)	$ (5,945,878)	$ (2,368,788)	$ (4,124,548)	$ (4,696,185)	$ (5,446,712)
Adjustments to reconcile net loss to operating activities:						
Depreciation and amortization	684,811	31,986	38,253	51,003	47,127	83,002
Acquired in-process research and development	7,523,179	-	-	-	-	-
Amortization of imputed discount on non-interest bearing notes	45,000	-	-	-	-	-
Amortization of discounts on 7%, 7.5% and 10% convertible notes	188,470	57,529	-	18,536	-	-
Amortization of discounts on Platinum Notes	2,092,908	829,816	215,413	426,165	293,986	542,941
Amortization of discounts on August 2010 Notes	516,013	516,013	-	-	-	-
Change in put and note term extension option and warrant liabilities	(449,489)	(156,956)	104,184	148,377	(170,589)	(127,925)
Stock-based compensation	2,356,109	1,221,916	273,711	668,504	108,260	247,591
Fair value of Series C Preferred stock, common stock, and warrants granted for services	925,392	-	262,500	371,618	3,922	107,153
Consulting services by related parties settled by issuing promissory notes	44,573	-	-	-	-	-
Gain on sale of assets	(16,748)	-	-	-	-	(8,532)
Changes in operating assets and liabilities:						
Unbilled contract payments receivable	(255,404)	(8,227)	(530,539)	(247,177)	201,119	(197,619)
Prepaid expenses and other current assets	(6,034)	627,475	(79,653)	(646,240)	35,187	(19,822)
Security deposits and other assets	(31,144)	4,500	1,499	3,000	-	(2,128)
Accounts payable and accrued expenses	11,464,664	2,108,109	1,525,159	2,291,380	2,199,129	1,578,445
Deferred revenues	102,071	(37,168)	(37,500)	101,739	-	(330,000)
Net cash used in operating activities	(13,852,289)	(750,885)	(595,761)	(937,643)	(1,978,044)	(3,573,606)
Cash flows from investing activities:						
Purchases of equipment, net	(648,386)	(57,754)	-	-	(7,610)	(6,452)
Net cash used in investing activities	(648,386)	(57,754)	-	-	(7,610)	(6,452)

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period From May 26, 1998 (Inception) Through December 31, 2010 (Unaudited)	Nine Months Ended December 31, 2010 (Unaudited)	Nine Months Ended December 31, 2009 (Unaudited)	Fiscal Years Ended March 31, 2010	Fiscal Years Ended March 31, 2009	Fiscal Years Ended March 31, 2008
Cash flows from financing activities:						
Proceeds from issuance of common stock	$ 120,804	$ -	$ 80	$ 80	$ 970	$ 43,920
Net proceeds from issuance of Series A preferred stock	964,710	-	-	-	-	-
Net proceeds from issuance of Series B preferred stock	2,143,391	-	-	-	-	-
Net proceeds from issuance of Series C preferred stock and warrants	1,090,470	-	-	-	-	-
Proceeds from issuance of notes under line of credit	200,000	-	-	-	-	-
Proceeds from issuance of 7% note payable to Founding shareholder	90,000	-	-	-	-	-
Net proceeds from issuance of 7% convertible notes	575,000	-	-	-	-	-
Net proceeds from issuance of 10% convertible notes and warrants	1,655,000	-	-	-	-	-
Net proceeds from issuance of Platinum Notes and warrants	3,700,000	-	-	-	250,000	3,450,000
Net proceeds from issuance of 2008/2010 Notes and warrants	2,971,815	270,000	748,495	1,196,815	1,505,000	-
Net proceeds from issuance of 2006/2007 Notes and warrants	1,025,000	-	-	-	-	265,000
Proceeds from issuance of 7% notes payable	55,000	-	-	-	-	-
Net proceeds from issuance of August 2010 Notes and warrants	800,000	800,000	-	-	-	-
Repayment of capital lease obligations	(79,001)	(19,952)	(17,867)	(24,158)	(18,808)	(16,082)
Repayment of notes	(532,124)	(163,000)	(13,213)	(55,000)	-	(150,000)
Net cash provided by financing activities	14,780,065	887,048	717,495	1,117,737	1,737,162	3,592,838
Net increase (decrease) in cash and cash equivalents	279,390	78,409	121,734	180,094	(248,492)	12,780
Cash and cash equivalents at beginning of period	-	200,981	20,887	20,887	269,379	256,599
Cash and cash equivalents at end of period	$ 279,390	$ 279,390	$ 142,621	$ 200,981	$ 20,887	$ 269,379
Supplemental disclosure of cash flow activities:						
Cash paid for interest	$ 124,662	$ 97,739	$ 15,322	$ 5,414	$ 10,518	$ 5,201
Cash paid for income taxes	$ 15,218	$ 1,600	$ 1,600	$ 1,600	$ 1,600	$ 1,600
Supplemental disclosure of noncash activities:						
Forgiveness of accrued compensation and accrued interest payable to officers transferred to equity	$ 799,956	$ -	$ -	$ -	$ -	$ -
Exercise of warrants and options in exchange for debt cancellation	$ 112,796	$ -	$ -	$ -	$ -	$ -
Settlement of accrued and prepaid interest by issuance of Series C Preferred Stock	$ 35,281	$ -	$ -	$ -	$ -	$ -
Conversion of 10% notes payable, net of discount, and related accrued interest into Series C Preferred stock	$ 2,050,334	$ -	$ -	$ -	$ -	$ -
Issuance of Series B-1 Preferred stock for acquired in-process research and development	$ 7,523,179	$ -	$ -	$ -	$ -	$ -
Conversion of 7% notes payable, net of discount, and related accrued interest into Series B Preferred stock	$ 508,003	$ -	$ -	$ -	$ -	$ -
Conversion of accounts payable into convertible promissory notes	$ 868,688	$ -	$ 56,320	$ 56,320	$ -	$ 562,368
Conversion of accounts payable into note payable	$ 2,637,788	$ 953,832	$ 117,298	$ 1,591,375	$ -	$ -
Conversion of accounts payable into common stock	$ 1,548,750	$ -	$ 1,548,750	$ 1,548,750	$ -	$ -
Conversion of accrued interest on convertible promissory notes into common stock	$ 921,438	$ -	$ -	$ 921,438	$ -	$ -
Notes receivable from sale of common stock to related parties upon exercise of options and warrants	$ 149,771	$ -	$ -	$ -	$ -	$ -
Capital lease obligations	$ 120,683	$ -	$ -	$ -	$ 12,066	$ 108,617
Recognition of put option and note term extension option liabilities upon issuance of Platinum Notes	$ 141,210	$ -	$ -	$ -	$ 13,285	$ 127,925
Incremental fair value of put option and note term extension option liabilities from debt modifications	$ 479,350	$ 158,011	$ 122,073	$ 122,073	$ 199,266	$ -
Incremental fair value of note conversion option from debt modification	$ 1,891,248	$ 1,062,781	$ 828,467	$ 828,467	$ -	$ -
Incremental fair value of warrant from debt modifications	$ 155,628	$ -	$ 90,028	$ 90,028	$ 65,600	$ -

Recognition of warrant liability upon adoption of new accounting standard	$ 151,281	$ -	$ 151,281	$ 151,281	$ -	$ -		

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF PREFERRED STOCK

Period from May 26, 1998 (inception) through December 31, 2010

	Preferred Stock	Series A Preferred Stock	Series B Preferred Stock	Series B-1 Preferred Stock	Series C Preferred Stock	Total Preferred Stock
	(Shares)					
Balances at May 26, 1998 (inception)	-	$ -	$ -	$ -	$ -	$ -
Issuance of Series A preferred stock at $2.302 per share for cash, net of issuance costs of $24,009	429,350	964,258	-	-	-	964,258
Balances at March 31, 2000	429,350	964,258	-	-	-	964,258
Issuance of Series A preferred stock at $2.302 per share for cash, net of issuance costs of $5,487	2,580	452	-	-	-	452
Issuance of Series B preferred stock at $5.545 per share for cash, including conversion of $575,000 face value of 7% convertible notes plus accrued interest of $3,802, net of unamortized discount of $70,799 and issuance costs of $39,750	316,282	-	1,643,252	-	-	1,643,252
Balances at March 31, 2001	748,212	964,710	1,643,252	-	-	2,607,962
Issuance of Series B preferred stock at $5.545 per share for cash, net of issuance costs of $97,209	199,286	-	1,007,843	-	-	1,007,843
Balances at March 31, 2002 and 2003	947,498	964,710	2,651,095	-	-	3,615,805
Issuance of Series B-1 preferred stock at $5.545 for acquired in-process research and development	1,356,750	-	-	7,523,179	-	7,523,179
Balances at March 31, 2004	2,304,248	964,710	2,651,095	7,523,179	-	11,138,984
Issuance of Series C preferred stock at $6.00 per share for cash, including conversion of $1,655,000 face value of 10% convertible notes plus accrued interest of $408,574, net of unamortized note discount of $13,240 and issuance costs of $27,241	390,327	-	-	-	2,301,493	2,301,493
Proceeds allocated to warrants issued in connection with Series C preferred stock	-	-	-	-	(25,482)	(25,482)
Balances at March 31, 2005	2,694,575	964,710	2,651,095	7,523,179	2,276,011	13,414,995
Issuance of Series C preferred stock at $6.00 per share for cash, net of issuance costs of $20,689	143,331	-	-	-	839,311	839,311
Issuance of Series C preferred stock at $6.00 per share for services and in payment of interest on line of credit	46,749	-	-	-	280,505	280,505
Balances at March 31, 2006, 2007, 2008, 2009 and 2010; and at December 31, 2010 (unaudited)	2,884,655	$ 964,710	$ 2,651,095	$ 7,523,179	$ 3,395,827	$ 14,534,811

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

Period from May 26, 1998 (inception) through December 31, 2010

	Common Stock		Additional Paid-in Capital	Notes Receivable from Sale of Stock to Related Parties	Deficit Accumulated During the Development Stage	Total Shareholders' Deficit
	Shares	Amount				
Balances at May 26, 1998 (inception)	-	$ -	$ -	$ -	$ -	$ -
Initial sale of common stock for cash to Founder	1,000,000	5,000	-	-	-	5,000
Fair value of common stock issued for services	4,000	400	-	-	-	400
Net loss for fiscal year 1999	-	-	-	-	(230,933)	(230,933)
Balances at March 31, 1999	1,004,000	5,400	-	-	(230,933)	(225,533)
Sale of common stock for cash	200,000	20,000	-	-	-	20,000
Fair value of common stock issued for services	104,375	21,888	-	-	-	21,888
Fair value of warrants issued for services	-	-	39,545	-	-	39,545
Net loss for fiscal year 2000	-	-	-	-	(699,969)	(699,969)
Balances at March 31, 2000	1,308,375	47,288	39,545	-	(930,902)	(844,069)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	14,000	4,620	-	-	-	4,620
Fair value of common stock issued for services	100,000	33,000	-	-	-	33,000
Fair value of warrants issued for services	-	-	13,085	-	-	13,085
Proceeds allocated to warrants issued in connection with 7% convertible notes	-	-	91,171	-	-	91,171
Net loss for fiscal year 2001	-	-	-	-	(1,809,031)	(1,809,031)
Balances at March 31, 2001	1,422,375	84,908	143,801	-	(2,739,933)	(2,511,224)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	1,511	498	-	-	-	498
Fair value of warrants issued for services	-	-	33,076	-	-	33,076
Proceeds allocated to warrants issued in connection with 10% convertible notes	-	-	7,318	-	-	7,318
Net loss for fiscal year 2002	-	-	-	-	(2,112,982)	(2,112,982)
Balances at March 31, 2002 (continued)	1,423,886	85,406	184,195	-	(4,852,915)	(4,583,314)

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

Period from May 26, 1998 (inception) through December 31, 2010

	Common Stock		Additional Paid-in	Notes Receivable from Sale of Stock to	Deficit Accumulated During the	Total Shareholders'
	Shares	Amount	Capital	Related Parties	Development Stage	Deficit
Balances at March 31, 2002 (continued)	1,423,886	$ 85,406	$ 184,195	$ -	$ (4,852,915)	$ (4,583,314)
Common stock issued upon exercise of options from 1999 Stock Incentive Plan	15,000	4,950	-	-	-	4,950
Fair value of warrants issued for services	-	-	46,461	-	-	46,461
Proceeds allocated to warrants issued in connection with 10% convertible notes	-	-	86,811	-	-	86,811
Net loss for fiscal year 2003	-	-	-	-	(502,573)	(502,573)
Balances at March 31, 2003	1,438,886	90,356	317,467	-	(5,355,488)	(4,947,665)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	2,925	590	-	-	-	590
Fair value of warrants issued for services	-	-	2,168	-	-	2,168
Proceeds allocated to warrants issued in connection with 10% convertible notes	-	-	11,445	-	-	11,445
Net loss for fiscal year 2004	-	-	-	-	(8,755,466)	(8,755,466)
Balances at March 31, 2004	1,441,811	90,946	331,080	-	(14,110,954)	(13,688,928)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	10,708	4,807	-	-	-	4,807
Proceeds allocated to warrants issued in connection with Series C preferred stock	-	-	25,482	-	-	25,482
Fair value of warrants issued for services	-	-	1,460	-	-	1,460
Net loss for fiscal year 2005	-	-	-	-	(1,082,796)	(1,082,796)
Balances at March 31, 2005	1,452,519	95,753	358,022	-	(15,193,750)	(14,739,975)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	14,604	6,687	-	-	-	6,687
Fair value of warrants issued for services	-	-	3,327	-	-	3,327
Net loss for fiscal year 2006	-	-	-	-	(1,772,165)	(1,772,165)
Balances at March 31, 2006 (continued)	1,467,123	102,440	361,349	-	(16,965,915)	(16,502,126)

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

Period from May 26, 1998 (inception) through December 31, 2010

	Common Stock		Additional Paid-in	Notes Receivable from Sale of Stock to Related	Deficit Accumulated During the Development	Total Shareholders'
	Shares	Amount	Capital	Parties	Stage	Deficit
Balances at March 31, 2006 (continued)	1,467,123	$ 102,440	$ 361,349	$ -	$ (16,965,915)	$ (16,502,126)
Common stock issued upon exercise of options from 1999 Stock Incentive Plan and warrants for:						
Cash	33,465	27,682	-	-	-	27,682
Debt cancellation	108,418	112,796	-	-	-	112,796
Notes receivable	204,498	149,771	-	(149,771)	-	-
Sale of common stock for cash	10,000	1,000	-	-	-	1,000
Share-based compensation expense	-	-	109,838	-	-	109,838
Fair value of warrants issued for services	-	-	3,063	-	-	3,063
Forgiveness of accrued compensation and accrued interest payable to officers	-	-	799,956	-	-	799,956
Net loss for fiscal year 2007	-	-	-	-	(1,999,818)	(1,999,818)
Balances at March 31, 2007	1,823,504	393,689	1,274,206	(149,771)	(18,965,733)	(17,447,609)
Common stock issued upon exercise of stock options from 1999 Stock Incentive Plan	2,234	1,920	-	-	-	1,920
Common stock issued upon settlement of employment contract	20,000	42,000	-	-	-	42,000
Share-based compensation expense	-	-	247,591	-	-	247,591
Proceeds allocated to warrants issued in connection with Platinum Notes	-	-	220,974	-	-	220,974
Fair value of warrants issued for services	-	-	224,000	-	-	224,000
Accrued interest on notes receivable	-	-	-	(9,186)	-	(9,186)
Net loss for fiscal year 2008	-	-	-	-	(5,446,712)	(5,446,712)
Balances at March 31, 2008	1,845,738	437,609	1,966,771	(158,957)	(24,412,445)	(22,167,022)
Common stock issued upon exercise of stock options from 2008 Stock Incentive Plan and Scientific Advisory Plan	3,500	970	-	-	-	970
Share-based compensation expense	-	-	108,260	-	-	108,260
Proceeds allocated to warrants issued in connection with Platinum Notes and incremental fair value of warrant modification	-	-	72,703	-	-	72,703
Fair value of warrants issued for services	-	-	5,262	-	-	5,262
Accrued interest on notes receivable	-	-	-	(7,975)	-	(7,975)
Effect of reverse stock split	(6)	-	-	-	-	-
Net loss for fiscal year 2009	-	-	-	-	(4,696,185)	(4,696,185)
Balances at March 31, 2009	1,849,232	438,579	2,152,996	(166,932)	(29,108,630)	(26,683,987)

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

Period from May 26, 1998 (inception) through December 31, 2010

	Common Stock		Additional Paid-in Capital	Notes Receivable from Sale of Stock to Related Parties	Deficit Accumulated During the Development Stage	Total Shareholders' Deficit
	Shares	Amount				
Balances at March 31, 2009 (continued)	1,849,232	$ 438,579	$ 2,152,996	$ (166,932)	$ (29,108,630)	$ (26,683,987)
Cumulative effect of adopting new accounting standard	-	-	(293,677)	-	142,396	(151,281)
Common stock issued upon exercise of warrant	1,086	928	(848)	-	-	80
Common stock issued for cancellation of accounts payable and accrued interest	1,646,792	2,470,188	-	-	-	2,470,188
Incremental fair value of note conversion options from debt modification	-	-	828,467	-	-	828,467
Common stock issued for services	175,000	262,500	-	-	-	262,500
Share-based compensation expense	-	-	668,504	-	-	668,504
Fair value of warrants issued for services and incremental fair value of warrant modification	-	-	110,119	-	-	110,119
Fair value of warrants issued in connection with the 7.5% Notes	-	-	291,210	-	-	291,210
Accrued interest on notes receivable	-	-	-	(8,374)	-	(8,374)
Net loss for fiscal year 2010	-	-	-	-	(4,124,548)	(4,124,548)
Balances at March 31, 2010	3,672,110	3,172,195	3,756,771	(175,306)	(33,090,782)	(26,337,122)
Share-based compensation expense (unaudited)	-	-	1,221,916	-	-	1,221,916
Accrued interest on notes receivable (unaudited)	-	-	-	(6,571)	-	(6,571)
Fair value of warrants issued in connection with the August 2010 Short-Term Notes (unaudited)	-	-	252,013	-	-	252,013
Incremental fair value of note conversion options from debt modification (unaudited)	-	-	1,062,781	-	-	1,062,781
Net loss for nine months ended December 31, 2010 (unaudited)	-	-	-	-	(5,945,878)	(5,945,878)
Balances at December 31, 2010 (unaudited)	3,672,110	$ 3,172,195	$ 6,293,481	$ (181,877)	$ (39,036,660)	$ (29,752,861)

See accompanying notes to consolidated financial statements.

VISTAGEN THERAPEUTICS, INC.
(a development stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

VistaGen Therapeutics, Inc. (the "Company") was incorporated in the State of California on May 26, 1998 (inception date). The Company is a biotechnology company focused on using proprietary pluripotent stem cell technologies to "rescue" promising drug candidates that pharmaceutical companies have "put on the shelf" (discontinued during development) due to toxicity concerns, despite positive efficacy data demonstrating their potential therapeutic benefits. The Company's goal is to build a diverse pipeline of proprietary "drug rescue variants" which are as effective as the original drug candidates but without the toxicity that caused them to be put on the shelf in the first place. The Company is in the development stage and since inception it has devoted substantially all its time and efforts to stem cell research, strategic collaborating, drug development, raising capital, creating, protecting and patenting intellectual property, and recruiting personnel.

2. Basis of Presentation and Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As a development stage company without sustainable revenues, the Company has experienced recurring losses and negative cash flows from operations. From inception through December 31, 2010, the Company has a deficit accumulated during development stage of $39,036,660 (unaudited). The Company expects these conditions to continue for the foreseeable future as it expands its *Human Clinical Trials in a Test Tube*™ platform and executes its drug rescue business programs.

At December 31, 2010 and March 31, 2010, the Company had approximately $279,000 (unaudited) and $201,000, respectively, in cash and cash equivalents. The Company believes such cash and cash equivalents will not enable it to fund its operations through the next twelve months. The Company anticipates that its cash expenditures during the next twelve months will be approximately $6 million and it expects to meet its cash needs and fund its working capital requirements through private placements of its securities, which may include both debt and equity securities, strategic collaborations and government grant awards. If the Company is unable to complete such private placements, or otherwise obtain sufficient financing through strategic collaborations or government grants, it may be required to reduce, defer, or discontinue certain of its research and development activities or may not be able to continue as a going concern entity. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. On May, 11, 2011, the Company completed a $3.87 million private placement of its equity securities (including approximately $1 million of cancelled indebtedness). See Note 16, *Subsequent Events*.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying consolidated financial statements include the Company's accounts, and the accounts of its wholly-owned subsidiaries, Artemis Neuroscience, Inc. ("Artemis"), a Maryland corporation, and VistaStem Canada, Inc., an Ontario corporation.

Unaudited Interim Financial Information

The accompanying unaudited interim consolidated balance sheet as of December 31, 2010 and the unaudited interim consolidated statements of operations, cash flows, preferred stock, and shareholders' deficit for the nine-month periods ended December 31, 2010 and 2009 have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the Company's consolidated financial position at December 31, 2010 and the consolidated results of operations and cash flows for the nine-month periods ended December 31, 2010 and 2009. The financial data and other information disclosed in the notes to the consolidated financial statements related to the nine-month periods are unaudited. The operating results for the nine-month period ended December 31, 2010 are not necessarily indicative of the operating results to be expected for the fiscal year ending March 31, 2011 or for any other interim period or for any other future year.

Reverse Stock Split and Increase in Authorized Shares

Upon the recommendation of the Company's Board of Directors and the approval of the shareholders at the Annual Shareholders Meeting on December 19, 2008, the Company filed an Amendment to its Articles of Incorporation on January 20, 2009 pursuant to which each outstanding share of common stock was reverse-split and exchanged for one-tenth of a share of common stock, and each outstanding share of preferred stock was reverse-split and exchanged for one-tenth of a preferred share. The number of shares of common stock the Company is authorized to issue after such reverse stock split was increased to 75 million shares and the number of shares of preferred stock that the Company is authorized to issue was increased to 20 million shares. The Company retroactively adjusted all shares and per share information to reflect the reverse stock split in the accompanying consolidated financial statements and notes thereto.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be highly liquid investments with maturities of three months or less at the date of purchase.

Property and Equipment

Property and equipment is stated at cost. Repairs and maintenance costs are expensed in the period incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from five to seven years.

Impairment or Disposal of Long-Lived Assets

The Company evaluates its long-lived assets for impairment, primarily property and equipment, whenever events or changes in circumstances indicate that their carrying value may not be recoverable from the estimated future cash flows expected to result from their use or eventual disposition. If the estimates of future undiscounted net cash flows are insufficient to recover the carrying value of the assets, the Company records an impairment loss in the amount by which the carrying value of the assets exceeds their fair value. If the assets are determined to be recoverable, but the useful lives are shorter than originally estimated, the Company depreciates or amortizes the net book value of the assets over the newly determined remaining useful lives. There have been no impairment charges recorded to date.

Revenue Recognition

The Company generates revenue principally from collaborative research and development arrangements, technology access fees, and government grants. Revenue arrangements with multiple components are divided into separate units of accounting if certain criteria are met, including whether the delivered component has stand-alone value to the customer, and whether there is objective and reliable evidence of the fair value of the undelivered items. Consideration received is allocated among the separate units of accounting based on their respective fair values, and the applicable revenue recognition criteria are then applied to each of the units.

The Company recognizes revenue when the four basic criteria of revenue recognition are met: (1) a contractual agreement exists; (2) the transfer of technology has been completed or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured. For each source of revenue, the Company complies with the above revenue recognition criteria in the following manner:

- Collaborative arrangements typically consist of non-refundable and/or exclusive technology access fees, cost reimbursements for specific research and development spending, and various milestone and future product royalty payments. If the delivered technology does not have stand-alone value or if the Company does not have objective or reliable evidence of the fair value of the undelivered component, the amount of revenue allocable to the delivered technology is deferred. Non-refundable upfront fees with stand-alone value that are not dependent on future performance under these agreements are recognized as revenue when received, and are deferred if the Company has continuing performance obligations and has no evidence of the fair value of those obligations. Cost reimbursements for research and development spending are recognized when the related costs are incurred and when collectability is reasonably assured. Payments received related to substantive, performance-based “at-risk” milestones are recognized as revenue upon achievement of the milestone event specified in the underlying contracts, which represent the culmination of the earnings process. Amounts received in advance are recorded as deferred revenue until the technology is transferred, costs are incurred, or a milestone is reached.

- Technology license agreements typically consist of non-refundable upfront license fees, annual minimum access fees or royalty payments. Non-refundable upfront license fees and annual minimum payments received with separable stand-alone values are recognized when the technology is transferred or accessed, provided that the technology transferred or accessed is not dependent on the outcome of the continuing research and development efforts.

- Government grants, which support the Company’s research efforts in specific projects, generally provide for reimbursement of approved costs as defined in the notices of grant awards. Grant revenue is recognized when associated project costs are incurred.

Research and Development Expenses

Research and development expenses include internal and external costs. Internal costs include salaries and employment related expenses of scientific personnel and direct project costs. External research and development expenses consist of sponsored stem cell research and development costs, costs associated with development of AV-101, the Company’s lead drug development candidate, and costs related to application and prosecution of patents related to the Company’s stem cell technology and AV-101. All such costs are charged to expense as incurred.

Share-Based Compensation

The Company recognizes compensation cost for all share-based awards to employees in its financial statements based on their grant date fair value. Share-based compensation expense is recognized over the period during which the employee is required to perform service in exchange for the award, which generally represents the scheduled vesting period. The Company has no awards with market or performance conditions. For equity awards to non-employees, the Company re-measures the fair value of the awards as they vest and the resulting value is recognized as an expense during the period over which the services are performed.

The Company has elected to calculate the historical pool of windfall tax benefits using the simplified method to establish the beginning balance of the pool of windfall benefits related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the pool of windfall tax benefits and statements of cash flows of the tax effects of employee share-based compensation awards that were outstanding upon the adoption of fair value accounting for share-based awards.

Initial Public Offering Costs

During the nine-month period ended December 31, 2010, general and administrative expenses include $1.9 million (unaudited) in costs associated with the Company's unsuccessful efforts to raise equity capital through an initial public offering.

Income Taxes

The Company accounts for income taxes using the asset and liability approach for financial reporting purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce the deferred tax assets to an amount expected to be realized.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents. The Company's investment policies limit any such investments to short-term, low-risk investments. The Company deposits cash and cash equivalents with high credit quality financial institutions and is insured to the maximum limitations. Balances in these accounts may exceed federally insured limits at times.

Comprehensive Loss

There are no components of other comprehensive loss other than net loss, and accordingly the Company's comprehensive loss is equivalent to net loss for the periods presented.

Loss per Common Share

Basic loss per share of common stock excludes dilution and is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period. Diluted loss per share of common stock reflects the potential dilution that could occur if securities or other contracts to issue shares of common stock were exercised or converted into shares of common stock. For all periods presented, potentially dilutive securities are excluded from the computation in loss periods, as their effect would be antidilutive.

Potentially dilutive securities excluded from diluted net loss per common share are as follows:

	Nine Months Ended December 31, 2010	Fiscal Years Ended March 31,		
	2010	2010	2009	2008
	Number of Potentially Dilutive Shares	Number of Potentially Dilutive Shares	Number of Potentially Dilutive Shares	Number of Potentially Dilutive Shares
	(Unaudited)			
All series of Preferred Stock issued and outstanding	2,884,655	2,884,655	2,884,655	2,884,655
Outstanding options under 2008 and 1999 Stock Incentive Plans and 1998 Scientific Advisory Board Stock Incentive Plan	3,949,153	3,949,153	904,353	828,022
Outstanding warrants to purchase common stock	2,265,600	1,873,700	1,178,100	1,156,244
Total	9,099,408	8,707,508	4,967,108	4,868,921

Adoption of New Accounting Standard

Effective April 1, 2009, the Company adopted a new accounting standard which clarified whether equity linked instruments (or embedded features), such as convertible securities and warrants to purchase common stock, are considered to be indexed to the Company's own stock and therefore qualify for a scope exception under previously issued accounting standards. As a result of the adoption of the new standard, the Company considers the 560,000 warrants to purchase its common stock issued with the Platinum Notes to be a warrant liability. Previously, the warrants were treated as equity. These warrants include certain exercise price adjustment features and accordingly are no longer deemed to be indexed to the Company's common stock. Therefore, they no longer qualify for a scope exception under the previously issued accounting standards. The Company has recorded the estimated fair value of the warrant liability as a non-current liability at the date of adoption of the new accounting standard and the liability will be marked to market at each subsequent balance sheet date.

The impact of the adoption of the new accounting standard is summarized in the following table:

	March 31, 2009	Impact of Accounting Standard Adoption	April 1, 2009
Warrant liability	$ -	$ 151,281	$ 151,281
Total liabilities	$ 12,342,820	$ 151,281	$ 12,494,101
Additional paid-in capital	$ 2,152,996	$ (293,677)	$ 1,859,319
Deficit accumulated during development stage	$ (29,108,630)	$ 142,396	$ (28,966,234)
Total shareholders' deficit	$ (26,683,987)	$ (151,281)	$ (26,835,268)

Recent Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-17 ("ASU 2010-17"), *Revenue Recognition – Milestone Method,* which provides new guidance on the use of the milestone method of recognizing revenue for research and development arrangements under which consideration to be received by the vendor is contingent upon the achievement of certain milestones. ASU 2010-17 provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. Additional disclosures describing the consideration arrangement and the entity's accounting policy for recognition of such milestone payments are also required. The new guidance is effective for fiscal years, and interim periods within such fiscal years, beginning on or after June 15, 2010, with early adoption permitted. The guidance may be applied prospectively to milestones achieved during the period of adoption or retrospectively for all prior periods. The Company is currently evaluating the potential impact, if any, of the adoption of this guidance on its financial position, results of operations and cash flows.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* ("ASU 2009-13") (prior authoritative literature: EITF Issue No. 08-1*, Revenue Arrangements with Multiple Deliverables*). ASU 2009-13, amends existing revenue recognition accounting pronouncements that are currently within the scope of ASC 605-25, *Multiple-Element Arrangements* (formerly included within EITF Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*). ASU 2009-13 provides accounting principles and application guidance on whether multiple deliverables exist, how the arrangement should be separated, and the consideration allocated. This guidance eliminates the requirement to establish the fair value of undelivered products and services and instead provides for separate revenue recognition based upon management's estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. ASC 605-25 previously required that the fair value of the undelivered item be the price of the item either sold in a separate transaction between unrelated third parties or the price charged for each item when the item is sold separately by the vendor. Under ASC 605-25, if the fair value of all of the elements in the arrangement was not determinable, then revenue was deferred until all of the items were delivered or fair value was determined. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years and interim periods beginning on or after June 15, 2010. The Company does not expect this standard to have a significant impact on its financial position and results of operations.

Effective July 1, 2009, the Company adopted ASC 105, *Generally Accepted Accounting Principles* (formerly SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a Replacement of FASB Statement No. 162*). ASC 105 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB. Following this statement, the FASB will issue new standards in the form of Accounting Standards Updates ("ASU"). ASC 105 is effective for financial statements issued for fiscal years and interim periods ending after September 15, 2009. The issuance of ASC 105 does not change GAAP and therefore the adoption of ASC 105 only affects the specific references to U.S. GAAP literature in the notes to financial statements. The adoption of ASC 105 did not have an impact on the Company's financial position or results of operations.

Effective April 1, 2009 the Company adopted ASC 855, *Subsequent Events* (formerly SFAS No. 165, *Subsequent Events*). ASC 855 provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855 also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. ASC 855 is effective for financial statements issued for fiscal years and interim periods ending after June 15, 2009. The adoption of ASC 855 did not have a material impact on the Company's financial position or results of operations.

4. Fair Value Measurements

On April 1, 2008, the Company adopted the principles of fair value accounting as they relate to its financial assets and financial liabilities. Fair value is defined as the estimated exit price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date rather than on an entry price which represents the purchase price of an asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on several factors, including the instrument's complexity. The required fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels is described as follows:

- *Level 1* — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

- *Level 2* — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- *Level 3* — Unobservable inputs (*i.e.,* inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in estimating the fair value of an asset or liability) are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Where quoted prices are available in an active market, securities are classified as Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific financial instrument, then the Company estimates fair value by using pricing models, quoted prices of financial instruments with similar characteristics or discounted cash flows. In certain cases where there is limited activity or less transparency around inputs to valuation, financial assets or liabilities are classified as Level 3 within the valuation hierarchy.

The Company does not use derivative instruments for hedging of market risks or for trading or speculative purposes. In conjunction with the issuance of the Platinum Notes (see Note 8, *Convertible Promissory Notes and Other Notes Payable*), the Company determined that i) the cash payment option or put option, which provides the lender with the right to require the Company to repay part of the debt at a 25% premium, and ii) the term extension option, which provides the lender with the right to extend the maturity date one year, are embedded derivatives that should be bifurcated and accounted for separately as liabilities. Also, in conjunction with the Platinum Notes, the Company issued warrants to purchase 560,000 shares of its common stock. These warrants include certain exercise price adjustment features. As a result of adopting a new accounting standard, as disclosed in Note 3, *Summary of Significant Accounting Policies*, the Company determined that the warrants are liabilities. These liabilities are recorded at their estimated fair value. The Company determined the fair value of the i) put option and note term extension option using an internal valuation model with Level 3 inputs and ii) warrants using a lattice model with Level 3 inputs. Inputs used to determine fair value include estimated value of the underlying common stock at the valuation measurement date, the remaining contractual term of the notes, risk-free interest rates, expected volatility of the price of the underlying common stock, and the probability of a qualified financing. Changes in the fair value of these liabilities are recognized as a non-cash charge or income in other income (expense) in the consolidated statements of operations.

The fair value hierarchy for liabilities measured at fair value on a recurring basis is as follows:

	Total Carrying Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2010 (unaudited):				
Put option and note term extension option liabilities	$ 158,011	$ -	$ -	$ 158,011
Warrant liability	$ 396,765	$ -	$ -	$ 396,765
March 31, 2010:				
Put option and note term extension option liabilities	$ 150,147	$ -	$ -	$ 150,147
Warrant liability	$ 403,574	$ -	$ -	$ 403,574

During the nine-month period ended December 31, 2010 (unaudited) and the fiscal year ended March 31, 2010, there were no significant changes to the valuation models used for purposes of determining the fair value of the Level 3 put option and note term extension option liabilities and warrant liability.

The changes in Level 3 liabilities measured at fair value on a recurring basis are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Put Option and Note Term Extension Option Liabilities	Warrant Liability	Total
Balance at March 31, 2008	$ -	$ -	$ -
Recognition of liability and note discount upon modification of 2007 Platinum Notes	199,266	-	199,266
Recognition of liability and note discount upon issuance of 2008 Platinum Note	13,285	-	13,285
Marked to market (gain) loss included in net loss	(170,589)	-	(170,589)
Balance at March 31, 2009	41,962	-	41,962
Recognition of warrant liability upon adoption of new accounting standard	-	151,281	151,281
Marked to market (gain) loss included in net loss	(13,888)	162,265	148,377
Recognition of liability and note discount upon modification of Platinum Notes	122,073	90,028	212,101
Balance at March 31, 2010	150,147	403,574	553,721
Marked to market (gain) loss included in net loss (unaudited)	(150,147)	(6,809)	(156,956)
Recognition of liability and note discount upon modification of Platinum Notes (unaudited)	158,011	-	158,011
Balance at December 31, 2010 (unaudited)	$ 158,011	$ 396,765	$ 554,776

No assets or other liabilities were carried at fair value as of December 31, 2010 and March 31, 2010.

5. Property and Equipment

Property and equipment consist of the following:

	December 31, 2010 (Unaudited)	March 31, 2010	March 31, 2009
Laboratory equipment	$ 494,926	$ 439,808	$ 439,808
Computers and network equipment	60,703	58,067	58,067
Office furniture and equipment	75,097	75,097	75,097
	630,726	572,972	572,972
Accumulated depreciation and amortization	(529,721)	(497,735)	(446,731)
Property and equipment, net	$ 101,005	$ 75,237	$ 126,241

The Company granted a security interest covering its laboratory and computer equipment in conjunction with notes payable under a line of credit agreement (see Note 8, *Convertible Promissory Notes and Other Notes Payable*).

6. AV-101 Acquisition

In November 2003, pursuant to an Agreement and Plan of Merger (the "Agreement"), the Company acquired Artemis, a private company in the development stage, for the purpose of acquiring exclusive licenses to patents related to the use and function of AV-101, a drug candidate then in preclinical development as a potential therapy for patients suffering from epilepsy, neuropathic pain, and neurodegenerative diseases such as Huntington's and Parkinson's diseases. Pursuant to the Agreement, each share of common stock of Artemis was converted into the right to receive 0.9045 shares of the Company's Series B-1 preferred stock, resulting in the Company's issuing 1,356,750 shares of its Series B-1 preferred stock. The shares of Series B-1 preferred stock were valued at $5.545 per share, and accordingly the purchase price of all outstanding shares of Artemis was $7.523 million. The total purchase price was allocated to AV-101 acquired in-process research and development and was expensed subsequent to the acquisition, since AV-101 required further research and development before the Company could commence clinical trials and did not have any proven alternative future uses.

The United States National Institutes of Health ("NIH") awarded the Company $4.3 million to support preclinical development of AV-101 during fiscal years 2006 to 2008. The Company submitted its Investigational New Drug ("IND") Application to conduct a Phase I clinical trial of AV-101 for neuropathic pain and started the clinical study in the quarter ended March 31, 2010. In April 2009, the NIH awarded the Company a $4.2 million grant to support the Phase I clinical development of AV-101.

7. Accrued Expenses

The accrued expenses consist of:

	December 31, 2010	March 31, 2010	March 31, 2009
	(Unaudited)		
Accrued professional services	$ 111,528	$ 537,078	$ 168,309
Accrued research and development expenses	15,226	128,806	142,723
Other accrued expenses	129,656	235,829	292,196
	$ 256,410	$ 901,713	$ 603,228

8. Convertible Promissory Notes and Other Notes Payable

The following tables summarize the loan activity for the Company's convertible promissory notes and other notes payable:

	Balance 3/31/2008	Additions	Payments	Amortization	Reclass-ification to Current	Balance 3/31/2009	Accrued Interest 3/31/2009
Convertible Promissory Notes:							
2006/2007 Notes, including $947,368 to related parties, at March 31, 2008 and 2009	$ 1,837,368	$ -	$ -	$ -	$ -	$ 1,837,368	$ 323,789
Platinum Notes	3,750,000	250,000	-	-	-	4,000,000	686,917
Note discounts	(222,805)	(286,593)	-	293,985	-	(215,413)	-
Platinum Notes, net	3,527,195	(36,593)	-	293,985	-	3,784,587	686,917
2008/2010 Notes	-	1,505,000	-	-	-	1,505,000	104,733
Total convertible promissory notes, net	$ 5,364,563	$ 1,468,407	$ -	$ 293,985	$ -	$ 7,126,955	$ 1,115,439
Other Notes Payable							
Related parties:							
7% Notes payable to Officer and Directors for legal and consulting services (1)	$ 34,423	$ -	$ -	$ -	$ -	$ 34,423	$ 15,938
Notes payable to Cato BioVentures under line of credit —	-	-	-	-	170,000	170,000	25,842
Total current notes payable to related parties	$ 34,423	$ -	$ -	$ -	$ 170,000	$ 204,423	$ 41,780
Notes payable to Cato BioVentures under line of credit — non-current at March 31, 2008	$ 170,000	$ -	$ -	$ -	$ (170,000)	$ -	$ -
Accrued officer's compensation							
Non-interest bearing notes payable to Officer for deferred salary	$ 56,986	$ -	$ -	$ -	$ -	$ 56,986	$ -

(1) Includes two notes with principal balances of $26,419 and $8,004 and corresponding accrued interest of $9,580 and $ 6,358, respectively, as of March 31, 2009.

	Balance 3/31/2009	Additions	Payments	Amor-tization	Balance 3/31/2010	Accrued Interest 3/31/2010
Convertible Promissory Notes:						
2006/2007 Notes, including $947,368 to related parties, at March 31, 2009 and 2010	$ 1,837,368	$ -	$ -	$ -	$ 1,837,368	$ 507,525
Platinum Notes	4,000,000	-	-	-	4,000,000	165,480
Note discounts	(215,413)	(1,040,568)	-	426,165	(829,816)	-
Platinum Notes, net	3,784,587	(1,040,568)	-	426,165	3,170,184	165,480
2008/2010 Notes	1,505,000	1,196,815	-	-	2,701,815	306,044
Total convertible promissory notes, net	$ 7,126,955	$ 156,247	$ -	$ 426,165	$ 7,709,367	$ 979,049
Other Notes Payable						
Related parties:						
7% Notes payable to Officer and Directors for legal and consulting services (1)	$ 34,423	$ -	$ -	$ -	$ 34,423	$ 15,938
Notes payable to Cato BioVentures under line of credit —	170,000	-	-	-	170,000	33,067
Total current notes payable to related parties	$ 204,423	$ -	$ -	$ -	$ 204,423	$ 49,005
Accrued officer's compensation						
Non-interest bearing notes payable to Officer for deferred salary	$ 56,986	$ -	$ -	$ -	$ 56,986	$ -
Unrelated parties, current portion:						
10% Notes payable to vendors for accounts payable converted to notes payable	$ -	$ 279,116	$ (45,000)	$ -	$ 234,116	$ 1,889
Note discounts	-	(35,000)	-	15,210	(19,790)	-
10% Notes, net	-	244,116	(45,000)	15,210	214,326	1,889
Total current notes payable to unrelated parties	$ -	$ 244,116	$ (45,000)	$ 15,210	$ 214,326	$ 1,889
Unrelated parties, long term portion:						
7.5% Notes payable to vendors for accounts payable converted to notes payable	$ -	$ 1,312,259	$ (10,000)	$ -	$ 1,302,259	$ 3,707
Note discount	-	(291,210)	-	3,326	(287,884)	-
7.5% Notes, net	$ -	$ 1,021,049	$ (10,000)	$ 3,326	$ 1,014,375	$ 3,707

(1) Includes two notes with principal balances of $26,419 and $8,004 and corresponding accrued interest of $9,580 and $ 6,358, respectively, as of March 31, 2010.

	Balance 3/31/2010	Additions	Payments	Amortization	Reclass-ification to Long Term	Balance 12/31/2010	Accrued Interest 12/31/2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Convertible Promissory Notes (1)*:*							
2006/2007 Notes, including $947,368 to related parties, at March 31, 2010; and at December 31, 2010 (unaudited)	$ 1,837,368	$ -	$ -	$ -	$ -	$ 1,837,368	$ 655,357
Platinum Notes	4,000,000	-	-	-	-	4,000,000	486,131
Note discounts	(829,816)	(1,220,792)	-	829,816	-	(1,220,792)	-
Platinum Notes, net	3,170,184	(1,220,792)	-	829,816	-	2,779,208	486,131
2008/2010 Notes	2,701,815	270,000	-	-	-	2,971,815	535,247
Total convertible promissory notes, net	$ 7,709,367	$ (950,792)	$ -	$ 829,816	$ -	$ 7,588,391	$ 1,676,735
Non-interest bearing promissory notes							
Non-interest bearing promissory notes including $525,000 to related parties at December 31, 2010 (unaudited)	$ -	$ 1,120,000	$ -	$ -	$ -	$ 1,120,000	$ -
Note discount	-	(572,013)	-	516,013	-	(56,000)	-
Non-interest bearing notes, net	$ -	$ 547,987	$ -	$ 516,013	$ -	$ 1,064,000	$ -
Other Notes Payable							
Related parties:							
7% Notes payable to Officer and Directors for legal and consulting services (2)	$ 34,423	$ -	$ -	$ -	$ -	$ 34,423	$ 15,938
Notes payable to Cato BioVentures under line of credit —	170,000	-	-	-	(170,000)	-	-
Total current notes payable to related parties	$ 204,423	$ -	$ -	$ -	$ (170,000)	$ 34,423	$ 15,938
Accrued officer's compensation							
Non-interest bearing notes payable to Officer for deferred salary	$ 56,986	$ -	$ -	$ -	$ -	$ 56,986	$ -
Unrelated parties, current portion:							
10% Notes payable to vendors for accounts payable converted to notes payable	234,116	18,231	(73,000)	-	(45,322)	134,025	6,567
Note discounts	(19,790)	-	-	19,790	-	-	-
10% Notes, net	214,326	18,231	(73,000)	19,790	(45,322)	134,025	6,567
Total current notes payable to unrelated parties	$ 214,326	$ 18,231	$ (73,000)	$ 19,790	$ (45,322)	$ 134,025	$ 6,567
Related parties, long term portion							
Notes payable to Cato BioVentures under line of credit —	-	-	-	-	170,000	170,000	38,981
Total long term notes payable to related parties	$ -	$ -	$ -	$ -	$ 170,000	$ 170,000	$ 38,981
Unrelated parties, long term portion:							
7.5% Notes payable to vendors for accounts payable converted to notes payable	$ 1,302,259	$ 886,796	$ (90,000)	$ -	$ -	$ 2,099,055	$ 27,616
Note discount	(287,884)	-	-	37,739	-	(250,145)	-
7.5% Notes, net	1,014,375	886,796	(90,000)	37,739	-	1,848,910	27,616
10% Notes payable to vendors for accounts payable converted to notes payable	-	48,805	-	-	45,322	94,127	-
Total long term notes payable to unrelated parties	$ 1,014,375	$ 935,601	$ (90,000)	$ 37,739	$ 45,322	$ 1,943,037	$ 27,616

(1) The 2006/2007 Notes and the 2008/2010 Notes totaling $4,809,183 and related accrued interest totaling $1,190,604 at December 31, 2010 (unaudited) are classified as current liabilities. The Platinum Notes totaling $2,779,208 and related accrued interest totaling $486,131 at December 31, 2010 (unaudited) are classified as non-current liabilities.

(2) Includes two notes with principal balances of $26,419 and $8,004 and corresponding accrued interest of $9,580 and $6,358, respectively, as of December 31, 2010 (unaudited).

2006/2007 Notes

During 2006 and 2007, the Company raised $1,025,000 in convertible promissory notes (the "2006/2007 Notes") from individual investors, some of whom are represented by the members of the Company's Board of Directors. In addition, Cato BioVentures ("CBV"), a related party, agreed to convert $812,368 of the Company's accounts payable and accrued interest into the 2006/2007 Notes as partial payment for contract research services rendered by Cato Research Ltd. ("CRL"), an affiliate of CBV. This resulted in a total of $1,837,368 in 2006/2007 Notes. The 2006/2007 Notes bear interest at an annual rate of 10%, are unsecured, and had an original maturity date of August 31, 2007, which has since been extended to April 30, 2011. The 2006/2007 Notes and accrued interest automatically convert into shares of equity securities issued upon the closing of an equity or equity based financing or series of equity based financings resulting in gross proceeds to the Company totaling at least $5.0 million whereby the Company becomes a publicly traded company ("Qualified Financing") or upon the sale of the Company or its assets. The 2006/2007 Notes and accrued interest will convert into shares at a conversion price per share equal to the price per share of the stock sold in the Qualified Financing or, in the case of a sale of the Company or substantially all of its assets, $6.00 per share.

Along with the issuance of the 2006/2007 Notes, each noteholder was also issued a warrant to purchase that number of shares of common stock determined by dividing the principal amount of such noteholder's 2006/2007 Notes by the price per share sold in the Qualified Financing. The warrants are exercisable upon a Qualified Financing at an exercise price equal to the lower of: (i) $6.00; or (ii) the price per share in a Qualified Financing. The warrants expire on December 31, 2013 or 10 days preceding the closing date of the sale of the Company or its assets. The warrants are also subject to a "call" feature whereby the Company has the right to call the warrants at a price of $0.10 per share if shares of its common stock publicly trade at a per share price greater than $15.00 for at least 15 consecutive trading days, subject to certain other conditions as described in the warrants.

As a condition of the Company's issuance of the Platinum Notes (as described below), the holders of the 2006/2007 Notes agreed to (i) extend the maturity date of the Notes to June 30, 2008; (ii) use the definition of "Qualified Financing" for automatic conversion; (iii) extend the expiration of the Warrants to June 30, 2012 to be co-terminus with the warrants issued with the Platinum Notes; (iv) eliminate a provision causing the Warrants to expire upon completion of the Company's initial public offering; (v) have a warrant exercise price equal to the lesser of $6.00 or the share price in a Qualified Financing; and (vi) incorporate the "call" feature into the Warrants.

On May 16, 2008, in conjunction with the issuance by the Company of the 2008/2010 Notes, the 2006/2007 Noteholders agreed to further extend the maturity of the 2006/2007 Notes to December 31, 2009 and the expiration date of the Warrants to December 31, 2013. On December 9, 2009, the Company and the Noteholders amended the 2006/2007 Notes to extend the maturity date to December 31, 2010. In December 2010, the Company and the Noteholders amended the 2006/2007 Notes to extend the maturity date to April 30, 2011. The modifications to the 2006/2007 Notes and Warrants did not have any accounting consequence as the Notes and Warrants are contingently convertible and exercisable. The effective annual interest rate on the Notes is 8.52% under the May 16, 2008 modification, and 7.71% under the December 15, 2009 modification and 7.32% under the December 2010 modification. See Note 16, *Subsequent Events,* for the conversion of these notes into common stock and warrants in May 2011.

Platinum Notes

On June 18, 2007, the Company completed a $2.5 million convertible promissory note offering that was funded by a single investor, Platinum Long Term Growth Fund VII ("Platinum"). On July 2, 2007, the Company completed an additional $1.25 million convertible promissory note offering with the same investor (collectively, the "2007 Platinum Notes"). The 2007 Platinum Notes bear interest at an annual rate of 10%, are unsecured and had an original maturity date of June 30, 2008. On May 16, 2008, in conjunction with the issuance of the 2008/2010 Notes, the maturity date of the 2007 Platinum Notes was extended to December 31, 2009. On December 30, 2009, Platinum agreed to extend the maturity date of the 2007 Platinum Notes to December 31, 2010. In December 2010, Platinum agreed to extend the maturity date of the 2007 Platinum Notes to June 30, 2011, and in May 2011 Platinum agreed to extend the maturity date to June 30, 2012. (See Note 16, *Subsequent Events.*) Platinum may, in its sole discretion, extend the note maturity one year, to June 30, 2013. The 2006/2007 Notes, the 2007 Platinum Notes, and the 2008/2010 Notes (as defined below) rank senior in preference or priority to all outstanding and future indebtedness of the Company. The agreement pursuant to which the 2007 Platinum Notes were issued contains certain restrictive covenants which, among other things, prohibit the Company from incurring certain amounts of indebtedness, paying dividends or redeeming its preferred or common stock without Platinum's prior written consent.

The 2007 Platinum Notes' principal and accrued interest will automatically be converted, subject to certain conditions, upon the closing of a Qualified Financing. The number of shares issuable to Platinum upon conversion of the 2007 Platinum Notes is determined in accordance with one of the following two formulas, as selected by Platinum in its sole discretion: (i) the outstanding principal plus accrued but unpaid interest of each 2007 Platinum Note as of the closing of the Qualified Financing multiplied by 1.25 and divided by the per share price of shares sold in the Qualified Financing; or (ii) the outstanding principal plus accrued but unpaid interest of each 2007 Platinum Note as of the closing of the Qualified Financing divided by the per share price of a share assuming the Company's pre-Qualified Financing value is $30 million, on a fully-diluted basis. In lieu of converting the then current outstanding balance due under the 2007 Platinum Notes, Platinum may, at its option, elect before converting to receive a cash payment as partial satisfaction of the outstanding balance of the 2007 Platinum Notes. The cash payment is either $750,000 or $1,125,000, depending on the amount that will be raised in a Qualified Financing and would result in a corresponding principal reduction of either $600,000 or $900,000, respectively. The 2007 Platinum Notes are voluntarily convertible, at the option of Platinum, at any time prior to a Qualified Financing or their maturity date, into shares of common stock generally at the lesser of (i) the price per share of the Company's most recent equity financing; (ii) the price per share of any subsequent equity financing; or (iii) the price per share assuming a $30 million valuation of the Company on a fully diluted basis.

In addition, Platinum was issued warrants to purchase up to 525,000 shares of common stock at an exercise price of $6.00 per share, subject to adjustment downwards in the event that the Company issues additional shares of common stock at a per share price lower than $6.00 per share at any time prior to the Company becoming a public company. The warrant exercise price was subsequently amended to $1.50 per share. The warrants had an original expiration date of June 30, 2012, which was subsequently extended to December 31, 2013. The warrants are also subject to a "call" feature whereby the Company has the right to call the warrants at a price of $0.10 per share if shares of the Company's common stock publicly trade at a per share price greater than $15.00 for at least 15 consecutive trading days, subject to certain other conditions as described in the warrants. The Company used the lattice method to determine the fair value of the warrants.

In connection with the issuance and sale of the 2007 Platinum Notes, the Company engaged a placement agent. Pursuant to the terms of the agreement with the placement agent, the Company paid a cash fee of 8% of the gross proceeds received in the financings and will be obligated to pay 4% of the cash proceeds the Company receives upon exercise of any warrants issued in this transaction. Additionally, the Company agreed to issue to the placement agent a warrant to purchase 120,000 shares of the Company's common stock with an exercise price of $6.00 and an expiration date of June 30, 2012. On March 12, 2010, the exercise price of these warrants was amended to $2.25, and the incremental fair value of the amended warrant was changed to interest expense in the fiscal year ended March 31, 2010. The Company valued the warrants at a fair value of $0.97 per share on the date of issuance using the Black-Scholes option pricing model and the following assumptions: fair value of common stock — $2.10 per share; risk-free interest rate — 4.97%; volatility — 97%; contractual term — 5.00 years.

The Company determined that i) the cash payment option, or put option, which provides the lender with the right to require the Company to repay part of the debt at a 25% premium upon the closing of a Qualified Financing, and ii) the term extension option, which provides the lender with the right to extend the maturity date one year, are embedded derivatives that should be bifurcated and accounted for separately. Accordingly, the Company recorded the fair value of the derivatives at their inception, as liabilities which are required to be marked to market at each balance sheet date with the changes in fair value recorded as other income and expense. At December 31, 2010 and at March 31, 2010 and 2009, the fair value of the derivatives was $158,011, $150,147, and $41,962, respectively.

The Company allocated the proceeds from the 2007 Platinum Notes and warrants based on their relative fair values. The relative fair value attributable to the warrants is $220,974, which was recorded as a discount to the 2007 Platinum Notes and a corresponding credit to additional paid-in capital. The Company also recorded an additional note discount for the fair value of the derivative liabilities of $85,237 and $42,688 at June 18, 2007 and July 2, 2007, respectively, or a total of $127,925, and $300,000 in cash placement fees and $116,847 for the fair value of warrants issued for placement fees. The note discount totaling $765,746 was amortized to interest expense using the effective interest method over the original one year term of the 2007 Platinum Notes. The original effective interest rate on the note was 32.27% based on the stated interest rate, the amount of amortized discount, and its term. The Company further determined that the note included a contingent beneficial conversion feature ranging from $712,500 to $787,500. The contingent beneficial conversion feature will be recorded if and when an initial public offering is completed, and the 2007 Platinum Notes are converted into common stock.

On May 16, 2008, the Company issued an additional $250,000 convertible promissory note to Platinum (the "2008 Platinum Note", and together with the 2007 Platinum Notes, the "Platinum Notes"). The terms of the 2008 Platinum Note were substantially the same as those of the 2007 Platinum Notes, with a maturity date of December 31, 2009, which was later extended to December 31, 2010. In December 2010, the 2008 Platinum Note maturity date was extended to June 30, 2011, and in May 2011 the maturity date was extended to June 30, 2012. In lieu of the automatic conversion of the entire outstanding balance due under the 2008 Platinum Note, Platinum may, at its option, elect before automatic conversion to receive a cash payment as partial satisfaction of the outstanding balance of the note. The cash payment is either $50,000 or $75,000, depending on the amount that will be raised in a Qualified Financing and would result in a corresponding reduction of either $40,000 or $60,000, respectively. The Company also issued a warrant to purchase up to 35,000 shares of common stock to Platinum with the same exercise price as the previous warrants issued to Platinum to purchase 525,000 shares of common stock. This warrant expires December 31, 2013.

In connection with the issuance and sale of the 2008 Platinum Note the Company engaged a placement agent. Pursuant to the terms of the agreement with the placement agent, the Company was obligated to pay a cash fee of 8% of the gross proceeds received from the financing in excess of $250,000 ("threshold amount") and 4% of the cash proceeds received upon exercise of warrants issued in this transaction. Additionally, the Company agreed to issue to the placement agent warrants to purchase 16,000 shares of the Company's common stock with an exercise price of $6.00 and an expiration date of June 28, 2012. On March 12, 2010, the exercise price of warrants to purchase 2,400 of the 16,000 shares of common stock was amended to $2.25, and the incremental fair value of the amended warrant was charged to interest expense in the fiscal year ended March 31, 2010. The Company also agreed to issue the placement agent warrants to purchase 0.032 shares of the Company's common stock for each dollar of gross proceeds in excess of the threshold amount. The Company valued these warrants at a fair value of $0.08 per share on the date of issuance using the Black-Scholes option pricing model and the following assumptions: fair value of common stock — $0.60 per share; risk-free interest rate — 4.12%; volatility — 77%; contractual term — 4.00 years.

The Company allocated the note proceeds from the 2008 Platinum Note and associated warrant based on their relative fair values. The relative fair value attributable to the warrant was $7,103, which the Company recorded as a discount to the 2008 Platinum Note and a corresponding credit to additional paid-in capital. The Company recorded an additional note discount of $13,285 for the fair value of the put option and term extension option liabilities and $1,339 for the fair value of warrants issued for placement fees. The note discount totaling $21,727 is being amortized to interest expense using the effective interest method over the term of the 2008 Platinum Note. The original effective interest rate on the 2008 Platinum Note was 14.98% based on the stated interest rate, the amount of amortized discount, and its term. The Company further determined that the 2008 Platinum Note included a contingent beneficial conversion feature ranging from $47,500 to $52,500 which will be recorded if and when an initial public offering is completed, and the 2008 Platinum Note is converted into common stock.

Extension of maturity date

On May 16, 2008, in conjunction with the 2008/2010 Note financing on that date, the maturity date of the 2007 Platinum Notes was extended to December 31, 2009 from June 30, 2008, and the expiration date of the associated warrants was extended to December 31, 2013. On December 30, 2009, Platinum agreed to extend the maturity date of the Platinum Notes to December 31, 2010. The Company also reduced the exercise price of the associated warrants from $6.00 to $1.50 per share. In December 2010, the maturity date of the 2007 Platinum Notes was extended to June 30, 2011 from December 31, 2010. In May 2011, the maturity date was extended to June 30, 2012. See Note 16, *Subsequent Events*.

The Company evaluated the extension of the maturity dates of the Platinum Notes and modifications to the associated warrants and determined that the modifications are to be accounted for as a troubled debt restructuring on a prospective basis. The Company has recorded discounts of $65,600 and $90,028, respectively, to the Platinum Notes which is equal to the incremental fair value of the modified warrants under the May 16, 2008 and December 30, 2009 modifications, with a corresponding credit to additional paid-in capital under the May 16, 2008 modification, and a warrant liability under the December 30, 2009 modification. The incremental fair value of the cash payment and note term extension options of $199,266, $122,073, and $158,011, respectively, was recorded as a note discount, with a corresponding credit to the related liability for these derivatives under the May 16, 2008, December 30, 2009, and December 2010 modifications. The incremental fair value of the Platinum Notes' conversion option was not significant under the May 16, 2008 modification and was $828,467 and $1,062,781 under the December 30, 2009 and December 31, 2010 modifications, respectively, which was recorded as a note discount with a corresponding credit to additional paid-in capital. The note discount is being amortized as non-cash interest expense over the remaining term of the Platinum Notes using the effective interest method. The effective annual interest rate of the extended Platinum Notes is 14.65% under the May 16, 2008 modification and 27.50% under the December 30, 2009 modification and 26.96% under the December 2010 modification.

Warrant liability

As a result of the adoption of the new standard as disclosed in Note 3,*Summary of Significant Accounting Policies*, the Company considers Platinum's warrants to purchase up to 560,000 shares of the Company's common stock issued with the Platinum Notes to be a warrant liability. Previously, the warrants were treated as equity. These warrants include certain exercise price adjustment features and accordingly are no longer deemed to be indexed to the Company's common stock. Therefore, under the new standard, they no longer qualify for a scope exception under the previously issued accounting standards. On April 1, 2009, the Company adopted the new accounting standard and accordingly recorded the estimated fair value of the warrant liability of $151,281 as a non-current liability in the consolidated balance sheet. Changes in the estimated fair value of the warrant liability are recorded in other income (expense) in the consolidated statement of operations. The warrant liability was recorded at its fair value of $396,765 and $403,574 at December 31, 2010 (unaudited) and March 31, 2010, which resulted in a non-cash income of $6,809 to other income (expense) in the nine-month period ended December 31, 2010 and a non-cash charge of $162,265 to other income (expense) in the fiscal year ended March 31, 2010.

2008/2010 Notes

Between May 2008 and March 31, 2010, the Company raised $2,701,815 in convertible promissory notes (the "2008/2010 Notes") including a third party vendor conversion of $81,320 of the Company's accounts payable and accrued expenses into the 2008/2010 Notes. Between April 1, 2010 and September 30, 2010, the Company raised an additional $270,000 (unaudited). This resulted in a total of $2,971,815 in 2008/2010 Notes (unaudited). The 2008/2010 Notes bear interest at an annual rate of 10%, are unsecured, and had an original maturity date of December 31, 2009 prior to an extension of the maturity date to December 31, 2010, and later to April 30, 2011. The 2008/2010 Notes, along with the 2006/2007 Notes and Platinum Notes, rank senior in preference or priority to all outstanding and future indebtedness of the Company. The outstanding principal balance of the 2008/2010 Notes and accrued interest will automatically be converted into shares of common stock upon the occurrence of an equity or equity based financing or series of equity based financings resulting in gross proceeds to the Company totaling at least $3 million ("$3 Million Qualified Financing") or a sale of the Company or its assets. The note conversion price per share will be equal to the price of the common stock sold in the $3 Million Qualified Financing, or $6.00 per share upon a sale of the Company or its assets, whichever occurs first. The noteholder may voluntarily elect to convert the note and accrued interest at $6.00 per share any time prior to a $3 Million Qualified Financing or the note maturity date.

Each holder of 2008/2010 Notes also has been issued warrants to purchase that number of shares of common stock equal to the number of shares determined by dividing the principal amount of such holder's 2008/2010 Notes by the price per share sold in a $3 Million Qualified Financing and then multiplying the quotient by 0.5. The warrants expire on December 31, 2013 or 10 days preceding the closing date of the sale of the Company or its assets. The warrants are exercisable at an exercise price equal to the price per share paid in the $3 Million Qualified Financing multiplied by 1.5.

On December 15, 2009, the Company amended the terms of the 2008/2010 Notes to increase the maximum allowable indebtedness under the 2008/2010 Notes to $5,000,000 from $2,000,000; to extend the maturity date of the 2008/2010 Notes to December 31, 2010 from December 31, 2009; and to use the current definition of $3 Million Qualified Financing. The Company also amended the related warrants to increase the number of shares issuable upon exercise of the warrants. Under the amended warrants (as reflected in the preceding paragraph), the number of shares issuable is calculated by multiplying the outstanding principal amount of the 2008/2010 Notes by 50% and then dividing by the $3 Million Qualified Financing price. The exercise price of the warrants (as reflected in the preceding paragraph) was modified to equal 150% of the price per share of shares sold in a $3 Million Qualified Financing. The modifications to the 2008/2010 Notes and warrants do not have any accounting consequence, since the effect of the modifications on the fair value of the note conversion feature was not significant, and since the warrants are contingently exercisable.

In December 2010, the Company amended the terms of the 2008/2010 Notes to extend the maturity date to April 30, 2011 from December 31, 2010. The December 2010 modification, consistent with the above, did not have any accounting consequences since the effect of the modification on the fair value of the note conversion feature was not significant. See Note 16, *Subsequent Events,* for the conversion of these notes into common stock and warrants in May 2011.

August 2010 Short-Term Notes

In August of 2010, the Company issued short-term, non-interest bearing, unsecured promissory notes "August 2010 Short-Term Notes" having an aggregate principal amount of $1,064,000 for a purchase price of $800,000. The August 2010 Short-Term are due and payable at the earlier of (i) ten business days following the Closing Date of an initial public offering or (ii) December 1, 2010.

Each holder of August 2010 Short-Term Notes also has been issued warrants to purchase the number of shares of common stock equal to 0.33 times the dollars invested. The warrants expire three years from the date of issuance and have an exercise price of $3.00 per share. The Company valued the resulting 264,000 warrants at a fair value of $0.50 per share on the date of issuance using the Black-Scholes option pricing model with the following assumptions: fair value of common stock - $1.48 per share; risk-free interest rate – 0.86%; volatility - 78.29%; contractual term – 3 years. The Company recorded the fair value of the warrants as a discount to the notes with a corresponding credit to additional paid-in capital. The note discount is being amortized using the interest method. The effective annual interest rate of the August 2010 Short-Term Notes is 151.04%.

In November 2010, the Company amended the August 2010 Short-Term Notes to extend the maturity date to December 31, 2010 from December 1, 2010, increased the number of warrants to purchase the number of shares of common stock to equal 0.50 times the dollars invested from 0.33 times the dollars invested and reduced the exercise price to $2.00 per share from $3.00 per share. This increased the number of warrants related to this financing to 400,000 from 264,000. The Company evaluated the extension of the maturity dates of the August 2010 Short-Term Notes and modifications to the associated warrants and determined that the modification is to be accounted for as a troubled debt restructuring on a prospective basis. The Company recorded a discount of $121,099 to the August 2010 Short-Term Notes which is equal to the incremental fair value of the modified warrants under the November 2010 modification, with a corresponding credit to additional paid-in capital.

In December 2010, the Company further amended the August 2010 Short-Term Notes to extend the maturity date to April 30, 2011 from December 31, 2010 and increased the aggregate principal amount to $1,120,000 from $1,064,000. The Company evaluated the extension of the maturity dates of the August 2010 Short-Term Notes and modifications to the associated principal amount determined that the modification is to be accounted for as a troubled debt restructuring on a prospective basis. The Company recorded a discount of $56,000 to the August 2010 Short-Term Notes which is equal to the increased principal amount, with a corresponding credit to debt. See Note 16, *Subsequent Events,* for further amendments to these Notes.

The effective interest rate on the August 2010 Short-Term Notes subsequent to these modifications is 63.64% from the original effective interest rate of 151.04%.

7% Notes payable for consulting services

During the period from July 2000 to April 2003, the Company engaged certain members of the Board of Directors to provide consulting services outside of their responsibilities as Board members. In exchange for these services the Company issued promissory notes and warrants. The notes originally accrued interest at an annual rate of 7%. Effective January 2006, the Company and the individuals agreed that no further interest would accrue on the notes and unpaid accrued interest. The notes payable and accrued interest of $50,361 at December 31, 2010 (unaudited) and March 31, 2010 and 2009 are due and payable.

Notes payable to Cato BioVentures under line of credit

In February 2004, the Company entered into a loan agreement that established a revolving line of credit facility for up to $200,000 with CBV, a related party, which was increased in 2006 to $400,000. Between June 2004 and October 2004, the Company drew down an aggregate amount of $200,000. Loans made pursuant to the loan agreement bear interest at the rate of prime plus 1% and were due to mature on February 3, 2007. In September 2005, the Company paid all interest accrued to that date and prepaid the interest payable through the maturity date, an aggregate of approximately $35,300, by issuing 5,883 shares of the Company's Series C preferred stock. The Company has expensed the prepaid interest over the remaining term of the notes. Pursuant to the loan agreement, the Company granted CBV a continuing security interest in the Company's personal property and equipment, excluding intellectual property. In August 2006 and February 2007, the loan agreement was modified to extend the maturity date of the outstanding balance to December 31, 2009 and to increase the amount available to the Company under the credit facility from $200,000 to $400,000. The annual interest rate on the loans made pursuant to the loan agreement was 4.25% at December 31, 2010 (unaudited), and at March 31, 2010 and 2009, respectively.

On December 31, 2009, the Company amended its loan agreement with CBV to extend the maturity date of the loans made pursuant to the loan agreement from December 31, 2009 to December 31, 2010, or ninety days after the initial public offering of the Company's common stock, whichever occurs first.

On December 28, 2010, the Company amended its loan agreement with CBV to extend the maturity date of the loans made pursuant to the loan agreement from December 31, 2010 to December 31, 2012, or ninety days following the closing of an offering of $5,000,000 or more in common stock or the closing of a reverse merger into a public shell company whose common stock currently trades on the OTC Bulletin Board.

On April 24, 2011, the Company entered into a new loan agreement with Cato Holding Company which cancelled this loan agreement in full. See Note 16,*Subsequent Events.*

Non-interest bearing note issued in payment of legal fees

In February 2005, the Company issued a non-interest bearing promissory note with a face amount of $225,000 to its outside legal counsel in payment of approximately $180,000 in legal services rendered between July 1999 and November 2004. The note was due in March 2006, at which time it was amended, extending the maturity date to October 2006. The final payment of $125,000 was made in July 2007. When the note was issued in February 2005, the difference between the face value of the note and the aggregate unpaid invoices for legal services was treated as a discount to the note, which was amortized to interest expense over the original 14-month term of the note.

Note payable issued for the cancellation of accounts payable

On October 12, 2009, the Company issued a promissory note payable to the Regents of the University of California ("UC") with a principal balance of $90,000 in exchange for the cancellation of certain amounts payable under a research collaboration agreement (the "UC Note 1"). The UC Note is payable in monthly principal installments of $15,000 through May 30, 2010. Interest on the UC Note at 10% per annum is payable on May 30, 2010. If the Company completes an initial public offering of its stock, the remaining balance of the UC Note will be payable within 10 business days after the initial public offering is consummated. The Company made the first two monthly installments totaling in the aggregate $30,000. On February 25, 2010, the Company issued a promissory note payable to UC with a principal balance of $170,000 in exchange for the cancellation of the remaining $60,000 of Note 1 and the cancellation of certain amounts payable under a research collaboration agreement ("UC Note 2"). UC Note is payable in monthly principal installments of $15,000 through May 31, 2010, with the remaining $125,000 plus all accrued and unpaid interest due on or before June 30, 2010. Interest on UC Note 2 at 10% per annum is payable on May 30, 2010. If the Company completes an initial public offering of its stock, the remaining balance of the Note will be payable within 10 business days after the initial public offering is consummated. On June 28, 2010, the Company amended UC Note 2 to extend the payment terms as follows: monthly installments of $15,000 are payable through May 31, 2010, $10,000 due on June 30, 2010 and $115,000 plus all accrued and unpaid interest due and payable on or before August 30, 2010. On August 25, 2010 and again on October 30, 2010, the Company amended UC Note 2 to extend the date of the final installment payment to be made under UC Note 2 to December 31, 2010 while adding a strategic premium to preserve license rights under the research collaboration agreement in exchange for an increase in the then-outstanding principal amount of UC Note 2 by $15,000 to $125,000. On December 22, 2010, the Company amended UC Note 2 a fourth time and increased the monthly payment amount to $5,000 with payments continuing until the outstanding balance of principal and interest is paid in full. The provision requiring the payment of the outstanding balance within 10 business days following the closing of an initial public offering remains unchanged.

On March 1, 2010, the Company issued a 10% promissory note with a principal balance of $75,000 in exchange for the cancellation of certain amounts payable for accrued royalties. The principal balance plus all accrued and unpaid interest is due on or before December 31, 2010 ("March 2010 Note"). If the Company completes an initial public offering of its stock prior to any installment dates, $25,000 of the remaining balance of the March 2010 Note will be due on June 30, 2010, and any remaining balance of the March 2010 Note and all accrued and unpaid interest will be payable within 90 business days after the initial public offering is consummated. On December 28, 2010, the Company amended the March 2010 Note and extended its maturity date to the first to occur of April 30, 2011 or 30 days following the date of closing of the closing of a financing with gross proceeds of $5,000,000 or more.

On August 1, 2010, the Company issued a 10% promissory note with a principal balance of $40,962 in exchange for the cancellation of certain amounts payable for services rendered ("August 2010 Note"). Under the terms of the August 2010 Note, the Company must make payments of $1,000 per month with any unpaid principal or accrued interest due and payable upon the first to occur of (i) August 1, 2013, (ii) the issuance and sale of equity securities whereby the Company raises at least $5,000,000 or (iii) the sale or acquisition of all or substantially all of the Company's stock or assets.

On March 15, 2010, the Company issued an unsecured 7.5% promissory note with a principal balance of $1,280,125 in exchange for the cancellation of certain amounts payable for legal services rendered by Morrison & Foerster LLP, the Company's primary outside legal counsel ("Morrison & Foerster Note"). The Company is obligated to make monthly payments of $10,000 until December 15, 2011. However, the monthly payments will increase to $50,000 upon the completion of an initial public offering, and, in addition, a $250,000 payment will be payable upon the completion of an equity financing of at least $3 million. The Note bears annual interest at 7.5% and the outstanding balance of the Morrison & Foerster Note and accrued interest is payable on December 31, 2011 or upon the sale of the Company or its assets, or upon an event of default (as defined in the Morrison & Foerster Note), whichever occurs first. Additionally, all amounts payable for services rendered by the payee on behalf of the Company from March 1, 2010 through the closing of an initial public offering shall be automatically added to the outstanding principal balance of the Morrison & Foerster Note upon delivery of an invoice for such services. Additional billings of $31,601 and $805,365 were added to the outstanding principal of the Note for the periods ending March 31, 2010 and December 31, 2010 (unaudited) related to services rendered. The remaining additions to the Note in the reporting periods were accrued but unpaid interest. The Company also issued to Morrison & Foerster a warrant to purchase up to 425,000 shares of its common stock at an exercise price of $3.00 per share. The Warrant expires on December 31, 2014. The Company valued the Warrant at a fair value of $0.69 per share on the date of issuance using the Black-Scholes option pricing model and the following assumptions: fair value of common stock — $1.48 per share; risk-free interest rate — 2.35%; volatility — 74.82%; contractual term — 4.83 years. The Company recorded the fair value of the Warrant as a discount to the Morrison & Foerster Note and a corresponding credit to additional paid-in capital. The effective annual interest rate of the 7.5% promissory note is 14.86%. See Note 16, *Subsequent Events,* for further amendments to this Note.

9. Capital Stock

The Company is authorized to issue two classes of stock, to be designated, respectively, common stock and preferred stock. As of March 31, 2009, the Company is authorized to issue 95,000,000 total shares. Of that amount, 75,000,000 shares shall be no par value common stock. The remaining 20,000,000 shares shall be no par value preferred stock.

Preferred Stock

The 20,000,000 no par value preferred stock may be issued in various series as approved by the Board of Directors and in accordance with the Amended and Restated Articles of Incorporation ("Articles of Incorporation"). The holders of preferred stock are entitled to a liquidation preference upon a liquidation, dissolution or winding up of the Company or upon the occurrence of a deemed liquidation event. The preferred stock is non-redeemable. As a result of the nature of the liquidation preference, the preferred stock is classified outside of shareholders' deficit in the accompanying consolidated balance sheets. A summary of issued and outstanding preferred stock is as follows:

Series	Shares Authorized	Shares Issued and Outstanding	Net Proceeds	Liquidation Value
A	434,469	431,930	$ 964,710	$ 994,206
B	565,531	515,568	2,651,095	2,858,853
B-1	1,356,800	1,356,750	7,523,179	7,523,179
C	850,000	580,407	3,395,827	3,482,777
Total at December 31, 2010 (unaudited); andMarch 31, 2010 and 2009	3,206,800	2,884,655	$ 14,534,811	$ 14,859,015

The rights, preferences, privileges and restrictions of the Series A, Series B, Series B-1 and Series C preferred stock are set forth in the Company's Articles of Incorporation, and are summarized as follows:

Dividends

Subject to the rights of any series of preferred stock which may from time to time come into existence, the holders of outstanding shares of Series C preferred stock ("Series C") and Series B-1 preferred stock ("Series B-1") (together, the "Senior Preferred") are entitled to receive dividends prior and in preference to any declaration or payment of any dividend on the Series B preferred stock ("Series B"), Series A preferred stock ("Series A") or common stock at an annual rate of 8% of the original issue price of such series, when and if declared by the Board of Directors. Such dividends shall not be cumulative. Following full payment of such dividends, the holders of the Series B and Series A (together the "Junior Preferred") shall be entitled to receive dividends prior and in preference to any declaration or payment of any dividend on the common stock at an annual rate of 8% of the original issue price of such series, when and if declared by the Board of Directors. Such dividends shall not be cumulative.

Through December 31, 2010, no dividends have been declared (unaudited).

Liquidation Preference

In the event of any liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, the holders of shares of each series of preferred stock retain a liquidation preference over common shareholders as follows:

a) the holders of Series C and Series B-1 shall be entitled to receive, on a pari passu basis with respect to each other and in preference to the Junior Preferred and common stock, amounts equal to the original issue price for each share held, plus amounts equal to all declared but unpaid dividends on such shares. In the event the assets and funds available for distribution are insufficient to permit such payment of the full preferential amount, the assets and funds available for distribution shall be distributed ratably among holders of the Senior Preferred in proportion to the preferential amount each such holder would otherwise be entitled to receive.

b) after payment has been made to the holders of Senior Preferred, the holders of the Junior Preferred shall be entitled to receive on a pari passu basis with respect to each other and in preference to the common stock, amounts equal to the original issue price for each share held, plus amounts equal to all declared but unpaid dividends on such shares. In the event the assets and funds available for distribution are insufficient to permit such payment of the full preferential amount, the assets and funds available for distribution shall be distributed ratably among holders of the Junior Preferred in proportion to the preferential amount each such holder would otherwise be entitled to receive.

c) after payment has been made to the holders of Senior Preferred and Junior Preferred, if assets remain, the holders of common stock shall receive *pro rata* all the remaining assets of the Company.

A merger or consolidation of the Company, or a sale of all or substantially all its assets after which the shareholders do not hold a majority of the voting power, will each be deemed to be a liquidation, dissolution or winding up of the Company.

Conversion

The holders of shares of each series of the Company's preferred stock have the right at any time to convert their shares into common stock on a one-for-one basis, subject to adjustment for dilutive issuances, splits, and combinations. The preferred stock will automatically convert into common stock, on a one-for-one basis, subject to certain anti-dilution adjustments, upon (i) the closing of an underwritten public offering of shares of common stock at a public offering price of at least $50.00 per share and minimum proceeds, net of underwriter's fees, of $15,000,000; or (ii) the written consent or agreement of the holders of at least a majority of outstanding shares of all classes of preferred stock.

Voting

The holder of each share of preferred stock shall have the right to one vote for each share of common stock into which such preferred stock could be converted. The holder shall have full voting rights and powers equal to the voting rights and powers of the holders of the common stock. In addition to these voting rights, the holders of the Series B-1, voting together as a class on an as-converted basis, shall be entitled to elect one member of Board of Directors.

Warrants

In connection with the Series C preferred stock financing, certain investors were issued warrants to purchase common stock. As of March 31, 2010, none of these warrants were exercised and all of them have expired.

In connection with the Company's issuance and sale of the 2006/2007 Notes, each holder was issued a warrant to purchase that number of shares of common stock determined by dividing the principal amount of such holder's 2006/2007 Note by the price per share sold under a Qualified Financing. The warrants expire on December 31, 2013 or 10 days preceding the Closing Date of the Sale of the Company or its assets. The warrants are exercisable upon a Qualified Financing at an exercise price equal to the lower of: (i) $6.00; and (ii) the price per share under a Qualified Financing. See Note 8, *Convertible Promissory Notes and Other Payables*.

In connection with the Company's issuance and sale of the Platinum Notes, Platinum was issued warrants to purchase up to 560,000 shares of common stock at an exercise price of $6.00 per share, subsequently amended to $1.50 per share. The warrants expire on December 31, 2013. See Note 8, *Convertible Promissory Notes and Other Payables*.

In connection with the Platinum transactions, the Company issued to its placement agent a warrant to purchase up to 136,000 shares of common stock at an exercise price of $6.00 and with an expiration date of June 30, 2012. On March 5, 2010, in connection with strategic advisory services and additional investment banking services by the placement agent relating to the Platinum transactions, we adjusted the exercise price of warrants to purchase 122,400 of the 136,000 shares of common stock to $2.25 per share. See Note 8, *Convertible Promissory Notes and Other Payables*.

In connection with the issuance and sale of the 2008/2010 Notes, each holder of a 2008/2010 Note was issued warrants to purchase that number of shares of common stock equal to the number of shares determined by dividing the principal amount of such holder's 2008/2010 Note by the price per share sold under a $3 Million Qualified Financing and then multiplying the quotient by 0.5. The warrants expire on December 31, 2013 or 10 days preceding the closing date of the sale of the Company or its assets. The warrants are exercisable upon a $3 Million Qualified Financing at an exercise price equal to the price per share under a $3 Million Qualified Financing multiplied by 1.5. See Note 8, *Convertible Promissory Notes and Other Payables*.

In connection with the August 2010 Short-Term Notes, each holder of an August 2010 Short-Term Notes was issued warrants to purchase the number of shares of common stock equal to 0.33 times the dollars invested. The warrants expire three years from the date of issuance and have an exercise price of $3.00 per share. In November 2010, the Company amended the August 2010 Short-Term Notes to increased the number of warrants to purchase the number of shares of common stock to equal 0.50 times the dollars invested from 0.33 times the dollars invested and reduced the exercise price to $2.00 per share from $3.00 per share. This increased the number of warrants related to this financing to 400,000 from 264,000. See Note 8, *Convertible Promissory Notes and Other Payables.*

The warrants issued in connection with the 2006/2007 Notes and Platinum Notes described above are subject to a "call" feature whereby the Company has the right to call the warrants at a price of $0.10 per share if shares of the Company's common stock have been trading at a per share price greater than $15.00 for at least fifteen consecutive trading days, subject to certain other conditions as provided in the warrants.

In August 2006, the Company entered into a consulting services agreement in connection with its preparation for a going public transaction. Pursuant to the consulting agreement, the Company agreed to issue to the consulting firm a 5 year warrant to purchase 298,900 shares of its common stock with an exercise price of $0.88 per share. This warrant was issued on May 26, 2007. The Company valued this warrant at a fair value of $0.36 per share on the date of issuance using the Black- Scholes option pricing model and the following assumptions: fair value of common stock — $0.70 per share; risk-free interest rate — 4.68%; volatility — 106%; contractual term — 5 years. In early 2007, the Company terminated the planned going public transaction due to macro market conditions, and accordingly, charged the fair value of the warrant to interest expense.

In November and December 2009, other strategic management consultants were issued warrants to purchase an aggregate of 3,000 shares at a purchase price of $2.00 per share exercisable for a period of five years following date of issuance and warrants to purchase an aggregate of 235,000 shares at a purchase price of $1.50 per share exercisable for a period of three years following the date of issuance.

On March 5, 2010, the Company entered into an agreement for financial advisory services under which it issued warrants for the purchase of up to 150,000 shares of the Company's common stock at an exercise price of $3.00 per share. The warrants expire on June 30, 2012. The Company valued this warrant at a fair value of $0.47 per share on the date of issuance using the Black- Scholes option pricing model and the following assumptions: fair value of common stock — $1.48 per share; risk-free interest rate — 0.91%; volatility — 86.16%; contractual term — 2.32 years. The Company also adjusted the exercise price of warrants to purchase up to 122,400 shares of the 136,000 shares previously issued to the financial advisors from $6.00 to $2.25 per share. The Company valued the re-pricing at a fair value of $0.57 per share on the date of issuance using the Black- Scholes option pricing model and the following assumptions: fair value of common stock — $1.48 per share; risk-free interest rate — 0.91%; volatility — 86.16%; contractual term — 2.32 years. The re-pricing resulted in an incremental value of $38,847, which has been recorded to consultant expense with a corresponding amount to additional paid-in capital.

As discussed in Note 8, on March 15, 2010 the Company issued to a noteholder a warrant to purchase up to 425,000 shares of its common stock at an exercise price of $3.00 per share. The warrant expires on December 31, 2014. The Company valued the warrants at a fair value of $0.69 per share on the date of issuance using the Black-Scholes option pricing model and the following assumptions: fair value of common stock -- $1.48 per share; risk-free interest – 2.35%; volatility – 74.82%; contractual term – 4.83 years. The Company recorded the fair value of the warrant as a discount to the note and a corresponding credit to additional paid-in capital.

Common Stock

The Company has issued shares of common stock in exchange for cash and services, cancellation of accounts payable and accrued interest, and upon the exercise of employee stock options and warrants. The holders of shares of common stock are entitled to receive an annual dividend when and if declared by the Company's Board of Directors and only on a *pro rata* basis after payment of the preferential dividends to the holders of preferred shares. Through December 31, 2010 no such dividends have been declared (unaudited). Holders of shares of common stock have liquidation rights to receive any remaining assets on a *pro rata* basis following full payment of outstanding liabilities and the preferential amounts payable with respect to preferred shares.

On October 30, 2009, the Company sold to Cato BioVentures, a related party, 750,000 shares of the Company's common stock valued at $1.50 per share in exchange for the cancellation of $1,125,000 in amounts payable for research and development services. On October 30, 2009, the Company also entered into an agreement with a consultant for consulting services totaling $312,500 covering the period from April 1, 2009 until June 30, 2010, or the date the Company completes an initial public offering, whichever occurs first. Under the agreement, the Company issued the consultant 175,000 shares of its common stock valued at $1.50 per share ($262,500) and agreed to pay the balance of $50,000 in cash. On April 20, 2010, the agreement was amended such that in addition to the 175,000 shares, the consultant would receive an additional $80,000 broken up into four separate payments. The agreement, as amended, terminates on December 31, 2010 (unaudited).

On November 5, 2009, the Company sold 614,292 shares of its common stock valued at $1.50 per share to the Platinum in exchange for the cancellation of $921,438 in accrued interest payable under the Platinum Notes.

On December 2, 2009, the Company sold 282,500 shares of its common stock valued at $1.50 per share to University Health Network in exchange for the cancellation of $423,750 of the Company's accounts payable debt consisting of $301,250 in amounts payable under a sponsored research agreement and for the payment of a contract and technology reinstatement fee of $122,500.

Notes Receivable from Sale of Common Stock to Related Parties

Upon the approval of the Board of Directors, in December 2006 and March 2007, two of the Company's officers, who are also directors, exercised options and warrants to purchase an aggregate of 204,498 shares of common stock in exchange for full recourse promissory notes in the total amount of $149,771. The notes bear interest at a rate of 4.90% per annum and are due and payable no later than the earlier of (i) December 1, 2016 or March 1, 2016 (depending on the note); or (ii) ten days prior to the Company's becoming subject to the requirements of the U.S. Securities Exchange Act of 1934.

Registration Rights

The Company granted registration rights to investors in its preferred stock and to the holders of its common stock. The investors have registration rights under specified conditions beginning the earlier of (i) five years from the date of the Fourth Amended and Restated Investors' Rights Agreement, dated August 1, 2005, and (ii) six months after an initial public offering (as defined). The Company will bear the registration expenses related to the registration and will use its best efforts to effect and maintain the effectiveness of such registration statement.

Warrants Outstanding

A summary of warrants outstanding is as follows:

	Expiration Date	Exercise Price	Shares Subject to Purchase		
			Pro Forma December 31, 2010	December 31, 2010	March 31, 2010
			(Unaudited)	(Unaudited)	
Exercisable Warrants					
	5/11/2009	$ 0.86	-	-	100
	10/31/2010	$ 6.00	-	-	8,000
	7/28/2011	$ 0.88	2,750	2,750	2,750
	11/18/2011	$ 6.00	8,333	8,333	8,333
	5/17/2012	$ 0.88	298,900	298,900	298,900
	6/28/2012	$ 6.00	13,600	13,600	13,600
	6/28/2012	$ 2.25	2,400	2,400	2,400
	6/30/2012	$ 2.25	120,000	120,000	120,000
	6/30/2012	$ 3.00	150,000	150,000	150,000
	12/31/2012	$ 1.50	235,000	235,000	235,000
	3/20/2013	$ 2.10	2,917	2,917	2,917
	8/3/2013 to 9/20/2013	$ 2.00	400,000	400,000	-
	12/31/2013	$ 1.50	560,000	560,000	560,000
	12/31/2013	$ 2.25	43,700	43,700	43,700
	11/1/2014	$ 2.00	3,000	3,000	3,000
	12/31/2014	$ 3.00	425,000	425,000	425,000
Total Exercisable Warrants			2,265,600	2,265,600	1,873,700

Contingently Exercisable Warrants (a)

	Expiration Date	Exercise Price	
	12/31/2013	$ 1.50	1,224,898
	12/31/2013	$ 2.25	990,568
Total Contingently Exercisable			2,215,466
Total Exercisable and ContingentlyExercisable Warrants			4,481,066

(a) The Company has issued contingently exercisable warrants to the holders of the 2006/2007 Notes and 2008/2010 Notes (see Note 8,*Convertible Promissory Notes and Other Notes Payable*). The warrants become exercisable and may only be exercised upon the occurrence of a Qualified Financing or $3 Million Qualified Financing (whichever is applicable), or sale of the Company or its assets. If the warrants become exercisable upon a Qualified Financing or $3 Million Qualified Financing (whichever is applicable), then the number of shares and exercise price will vary based on the price per share of common stock sold in the Qualified Financing or $3 Million Qualified Financing (whichever is applicable). The pro forma data shows the number of shares and exercise price for the warrants assuming a Qualified Financing occurs at $1.50 per common share.

Shares of Common Stock Reserved for Future Issuance

The Company has reserved shares of its common stock for future issuance as follows:

	December 31, 2010 (Unaudited)	March 31, 2010
Platinum Notes and accrued interest (a)	3,738,441	3,471,233
2006/2007 Notes and 2008/2010 Notes and accrued interest (b)	4,000,471	3,568,500
All series of preferred stock issued and outstanding	2,884,655	2,884,655
Outstanding options under 2008 Stock Incentive Plan, 1999 Stock Incentive Plan, and Scientific Advisory Board 1998 Stock Incentive Plan	3,949,153	3,949,153
Options available for grant under stock incentive plans	1,723,700	1,723,700
Outstanding exercisable warrants to purchase common stock	2,265,600	1,873,700
Contingently exercisable warrants to purchase common stock (b)	2,215,466	2,125,503
	20,777,486	19,596,444

(a) The shares of common stock reserved for future issuance assume a Qualified Financing occurs at $1.50 per common share and the Platinum Notes and accrued interest, plus a 25% premium, are converted at this share price.

(b) The 2006/2007 Notes and 2008/2010 Notes and accrued interest are convertible, and the associated warrants are exercisable upon the occurrence of a Qualified Financing or $3 Million Qualified Financing (whichever is applicable), or sale of the Company or its assets. The shares of common stock reserved for future issuance assume a Qualified Financing or $3 Million Qualified Financing (whichever is applicable) occurs at $1.50 per common share.

10. Research and Development Expenses

The Company recorded research and development expenses of approximately $1.2 million and $2.0 million for the nine-month periods ended December 31, 2010 and 2009 (unaudited), respectively, and $2.5 million, $2.0 million, and $3.3 million in fiscal years ended March 31, 2010, 2009, and 2008, respectively. Research and development expense is composed primarily of employee compensation expenses and direct project expenses, including costs incurred by third-party research collaborators, some of which may be reimbursed under the terms of grant or collaboration agreements.

11. Income Taxes

The provision for income taxes for the periods presented in the consolidated statements of operations represents minimum California franchise taxes. Income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax losses as a result of the following:

	Fiscal Years Ended March 31,		
	2010	2009	2008
Computed expected tax benefit	(34.0) %	(34.0) %	(34.0) %
Losses not benefited	34.0	34.0	34.0
Other	0.1	0.1	0.1
Income tax expense	0.10%	0.10%	0.10%

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows (thousands):

	March 31,	
	2010	2009
Deferred tax assets:		
Net operating loss carryovers	$ 10,515	$ 8,102
Basis differences in fixed assets	26	113
Accruals and reserves	6	20
Total deferred tax assets	10,547	8,235
Valuation allowance	(10,547)	(8,235)
Net deferred tax assets	$ -	$ -

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by $2,312,000, $1,794,000, and $2,047,000, during the fiscal years ended March 31, 2010, 2009, and 2008, respectively. When realized, deferred tax assets related to employee stock options will be credited to additional paid-in capital.

As of March 31, 2010, the Company had U.S. federal net operating loss carryforwards of $23.4 million, which will expire in fiscal years 2019 through 2029. As of March 31, 2010, the Company had state net operating loss carryforwards of $22.5 million, which will expire in fiscal years 2011 through 2029.

U.S. federal and state tax laws include substantial restrictions on the utilization of net operating loss carryforwards in the event of an ownership change of a corporation. The Company has not performed a change in ownership analysis since its inception in 1998 and accordingly some or all of its net operating loss carryforwards may not be available to offset future taxable income, if any. Even if the loss carryforwards are available they may be subject to substantial annual limitations resulting from past ownership changes, and ownership changes occurring after March 31, 2010, that could result in the expiration of the loss carryforwards before they are utilized.

The Company files income tax returns in the U.S. federal jurisdiction and California and Maryland state jurisdictions. The Company is subject to U.S. federal and state income tax examinations by tax authorities for tax years 1999 through 2010 due to net operating losses that are being carried forward for tax purposes.

The Company does not have any uncertain tax positions or unrecognized tax benefits at December 31, 2010 (unaudited) and March 31, 2010 and 2009. The Company's policy is to recognize interest and penalties related to income taxes as components of interest expense and other expense, respectively.

12. Licensing and Collaborative Agreements

Joint Research and Development Agreement

In October 2004, the Company entered into a joint research and development agreement pursuant to which the Company licensed certain of its intellectual property rights to a collaborator. In exchange, the collaborator reimbursed the Company for the costs the Company incurred in developing the licensed technology and in obtaining supplemental third party licenses. The Company recognized revenue derived from the agreement of $375,000 in fiscal year 2008. The agreement expired on October 1, 2007 in accordance with its terms.

U.S. National Institutes of Health

The NIH has awarded the Company a $4.3 million grant to support the preclinical development of AV-101, the Company's lead drug candidate for treatment of epilepsy, neuropathic pain and neurodegenerative diseases such as Huntington's and Parkinson's diseases. In April 2009, the NIH awarded the Company a $4.2 million grant to support the Phase I clinical development of AV-101. The Company recognized $1.2 million and $1.6 million for the nine-month periods ended December 31, 2010 and 2009 (unaudited), respectively, and $2.2 million in fiscal year 2010, $0 in fiscal year 2009, and $1.2 million in fiscal year 2008 of grant revenue related to AV-101. The grant is subject to an annual review by the NIH and funding is conditioned upon the Company's continuing satisfaction of defined project milestones.

Cato Research Ltd.

The Company has built a strategic development relationship with CRL, a global contract research and development organization, or CRO. CRL has provided the Company with access to essential CRO services supporting its preclinical and planned clinical development programs. The Company recorded research and development expenses of $338,078 and $436,298 for the nine-month periods ended December 31, 2010 and 2009, respectively (unaudited), and $567,582 in fiscal year 2010, $558,302 in fiscal year 2009, and $820,991 in fiscal year 2008 for services provided by CRL.

13. Stock Option Plans and 401(k) Plan

The Company has the following share-based compensation plans.

2008 Stock Incentive Plan

On December 19, 2008, the Company adopted the 2008 Stock Incentive Plan (the "2008 Plan"). The maximum number of shares of the Company's common stock that may be granted pursuant to the 2008 Plan is 5,000,000 shares. In all cases, the maximum number of shares under the 2008 Plan will be subject to adjustments for stock splits, stock dividends or other similar changes in the common stock or capital structure.

1999 Stock Incentive Plan

On December 6, 1999, the Company adopted the 1999 Stock Incentive Plan (the "1999 Plan"). The Company initially reserved 900,000 shares for the issuance of awards under the 1999 Plan. The 1999 Plan has terminated under its own terms and, as a result, no awards may currently be granted under the 1999 Plan. However, the options and awards that have already been granted pursuant to the 1999 Plan remain operative.

Scientific Advisory Board 1998 Stock Incentive Plan

The Company's Board of Directors adopted the Scientific Advisory Board 1998 Stock Incentive Plan (the "SAB Plan") in July 1998. The Board of Directors authorized 25,000 shares of common stock for awards from the SAB Plan. A committee designated by the Board of Directors administers the SAB Plan. The SAB Plan expired in July 2008. The Compensation Committee has not granted any awards from the SAB Plan since August 2001.

Description of the 2008 Plan

Under the terms of the 2008 Plan, the Compensation Committee, a committee designated by the Company's Board of Directors may grant shares, options or similar rights having either a fixed or variable price related to the fair market value of the shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or any other security with the value derived from the value of the shares. Such awards include stock options, restricted stock, restricted stock units, stock appreciation rights and dividend equivalent rights.

The Compensation Committee may grant nonstatutory stock options under the 2008 Plan at a price of not less than 100% of the fair market value of the Company's common stock on the date the option is granted. Incentive stock options under the 2008 Plan may be granted at a price of not less than 100% of the fair market value of the Company's common stock on the date the option is granted. Incentive stock options granted to employees who, on the date of grant, own stock representing more than 10% of the voting power of all of the Company's classes of stock are granted at an exercise price of not less than 110% of the fair market value of the Company's common stock. The maximum term of these incentive stock options granted to employees who own stock possessing more than 10% of the voting power of all classes of the Company's stock may not exceed five years. The maximum term of an incentive stock option granted to any other participant may not exceed ten years. The Compensation Committee determines the term and exercise or purchase price of all other awards granted under the 2008 Plan. The Compensation Committee also determines the terms and conditions of awards, including the vesting schedule and any forfeiture provisions. Awards under the 2008 Plan may vest upon the passage of time or upon the attainment of certain performance criteria established by the Compensation Committee.

Unless terminated sooner, the 2008 Plan will automatically terminate in 2017. The Board of Directors may at any time amend, suspend or terminate the Company's 2008 Plan.

The Company recorded $1,221,916 and $273,711 (unaudited) of share-based compensation, net of estimated forfeitures, in general and administrative expenses, in the consolidated statements of operations for the nine-month periods ended December 31, 2010 and 2009, respectively. The Company recorded $668,504, $108,260, and $247,591 of share-based compensation, net of estimated forfeitures, in general and administrative expenses, in the consolidated statements of operations for fiscal years ended March 31, 2010, 2009, and 2008, respectively. No tax benefit has been recognized related to share-based compensation expense for fiscal years ended March 31, 2010, 2009, and 2008, since the Company has incurred cumulative net losses for which a valuation allowance has been established. There were no options granted during the nine-month period ended December 31, 2010 (unaudited). The following assumptions were used to determine share-based compensation expense using the Black-Scholes option valuation model:

	Fiscal Years Ended March 31,		
	2010	2009	2008
Expected dividend yield	0%	0%	0%
Risk-free rate	2.39% - 3.80%	2.68%	3.29% - 4.74%
Volatility	81.78% to 89.08%	91.14% to 97.14%	81.16% to 91.55%
Expected option term	10 years	10 years	10 years

The expected dividend yield is zero, as the Company has not paid any dividends and does not anticipate paying dividends in the near future. The risk-free interest rate for periods related to the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on historical volatilities of peer group public companies' stock over the expected term of the option. The expected term of options represents the period that the Company's share-based compensation awards are expected to be outstanding. The Company used the simplified method provided in SEC Staff Accounting Bulletin 107 to estimate the expected term for fiscal years prior to fiscal year 2008 and, based on historical experience, the Company used the full option term for subsequent fiscal years. The Company calculated the forfeiture rate based on an analysis of historical data as it reasonably approximates the currently anticipated rate of forfeiture for granted and outstanding options that have not vested.

The following table summarizes stock option activity under the Company's stock option plans:

	Nine Months Ended December 31, 2010		Fiscal Years Ended March 31,					
			2010		2009		2008	
	Number of Shares (Unaudited)	Weighted-Average Exercise Price (Unaudited)	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	3,949,153	$ 1.42	904,353	$ 1.17	828,022	$ 1.22	416,565	$ 0.82
Options:								
Granted	-	-	3,068,800	1.50	212,500	1.13	481,557	1.46
Exercised	-	-	-	-	(3,500)	0.28	(2,234)	0.86
Forfeited or expired	-	-	(24,000)	1.65	(132,669)	1.67	(67,866)	0.73
Outstanding at end of period	3,949,153	$ 1.42	3,949,153	$ 1.42	904,353	$ 1.17	828,022	$ 1.22
Exercisable at end of period	2,378,974	$ 1.37	762,773	$ 1.10	579,959	$ 1.05	513,216	$ 0.97
Weighted average grant-date fair value of options granted during the period		$ -		$ 1.50		$ 1.13		$ 1.08

At December 31, 2010 and March 31, 2010, there were 1,723,700 (unaudited) and 1,723,700 shares, respectively, of the Company's common stock available for grant under the 2008 Plan.

Aggregate intrinsic value is the sum of the amounts by which the fair value of the stock exceeded the exercise price ("in-the-money-options"). Total intrinsic value of stock options exercised during the fiscal years ended March 31, 2009 and 2008 was $2,985 and $2,772, respectively. At December 31, 2010, the aggregate intrinsic value of outstanding options was $430,751, of which $390,458 related to exercisable options (unaudited). At March 31, 2010, the aggregate intrinsic value of outstanding options was $430,751, of which $384,048 related to exercisable options.

The following tables summarize information on stock options outstanding and exercisable under the 2008 Plan and the previous 1999 Plan, and the SAB Plan.

March 31, 2010:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Years to Expiration	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.720	112,540	7.13	$ 0.72	97,957	$ 0.72
$ 0.792	40,000	2.13	$ 0.79	40,000	$ 0.79
$ 0.800	135,315	5.32	$ 0.80	135,315	$ 0.80
$ 0.860	23,000	5.07	$ 0.86	23,000	$ 0.86
$ 0.880	175,999	3.35	$ 0.88	173,727	$ 0.88
$ 0.950	11,000	5.03	$ 0.95	11,000	$ 0.95
$ 1.130	287,500	9.05	$ 1.13	148,750	$ 1.13
$ 1.500	2,838,800	9.68	$ 1.50	12,567	$ 1.50
$ 1.650	150,000	4.60	$ 1.65	-	$ 1.65
$ 2.100	149,999	7.84	$ 2.10	106,915	$ 2.10
$ 2.310	25,000	2.80	$ 2.31	13,542	$ 2.31
	3,949,153	8.70	$ 1.42	762,773	$ 1.10

December 31, 2010 (unaudited):

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Years to Expiration	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.720	112,540	6.38	$ 0.72	107,332	$ 0.72
$ 0.792	40,000	1.38	$ 0.79	40,000	$ 0.79
$ 0.800	135,315	4.57	$ 0.80	135,315	$ 0.80
$ 0.860	23,000	4.33	$ 0.86	23,000	$ 0.86
$ 0.880	175,999	2.60	$ 0.88	175,999	$ 0.88
$ 0.950	11,000	4.28	$ 0.95	11,000	$ 0.95
$ 1.130	287,500	6.99	$ 1.13	183,437	$ 1.13
$ 1.500	2,838,800	8.93	$ 1.50	1,478,873	$ 1.50
$ 1.650	150,000	3.85	$ 1.65	81,249	$ 1.65
$ 2.100	149,999	7.09	$ 2.10	124,540	$ 2.10
$ 2.310	25,000	2.05	$ 2.31	18,229	$ 2.31
	3,949,153	8.70	$ 1.42	2,378,974	$ 1.37

As of December 31, 2010, there was approximately $1,540,525 of total unrecognized compensation cost related to non-vested share-based compensation awards, which is expected to be recognized through March 2013 (unaudited). As of March 31, 2010, there was approximately $2,762,441 of total unrecognized compensation cost related to non-vested share-based compensation awards, which is expected to be recognized through March 2013.

On December 31, 2009, the Company, with the optionees' approval, amended the exercise price of all stock options granted on March 24, 2009 and June 17, 2009 and increased the exercise price to $1.13 per share.

401(k) Plan

The Company maintains a retirement and deferred savings plan for its employees. This plan is intended to qualify as a tax-qualified plan under Section 401(k) of the Internal Revenue Code. The retirement and deferred savings plan provides that each participant may contribute a portion of his or her pre-tax compensation, subject to statutory limits. Under the plan, each employee is fully vested in his or her deferred salary contributions. Employee contributions are held and invested by the plan's trustee. The retirement and deferred savings plan also permits the Company to make discretionary contributions, subject to established limits and a vesting schedule. To date, the Company has not made any discretionary contributions to the retirement and deferred savings plan on behalf of participating employees.

14. Related Party Transactions

CBV is the Company's largest equity investor, holding common stock, a majority of the Company's Series B-1 preferred stock as well as 2006/2007 Notes and warrants to purchase shares of its common stock. The Company's Chief Executive Officer, who is also a member of the Company's Board of Directors, served as a Principal of CBV and as an officer of CRL until August 2009. As described in Note 8, *Convertible Promissory Notes and Other Notes Payable,* as of March 31, 2009, CBV has loaned the Company $170,000 under a credit facility and also holds 2006/2007 Notes with a face value of $812,368. CBV is the parent of CRL. During fiscal year 2007, the Company entered into a research and development arrangement with CRL related to the development of its lead drug candidate, AV-101, under which the Company incurred expenses of $338,078 and $436,298 (unaudited) for the nine-month periods ended December 31, 2010 and 2009, and $567,582, $558,302, and $820,921 for the fiscal years ended March 31, 2010, 2009, and 2008, respectively. In addition to the interest payable to CBV under the credit facility and 2006/2007 Notes, the Company also incurred interest on amounts payable to CRL for research and development services. The total interest expense was $0 and $66,168 (unaudited) for the nine-month periods ended December 31, 2010 and 2009, $54,608, $65,671, and $24,310 for the fiscal years ended March 31, 2010, 2009, and 2008, respectively. On October 30, 2009, the Company sold to CBV approximately 750,000 shares of the Company's common stock valued at $1.50 per share in exchange for the cancellation of $1,125,000 in amounts payable for research and development services rendered by CRL.

Prior to his appointment as one of the Company's officers and directors, in April 2003, the Company retained a consultant to provide legal and other consulting services. During the course of the consultancy, as payment for his services, the Company issued him warrants to purchase 55,898 shares of common stock at $0.80 per share and a 7% promissory note in the principal amount of $34,588. The unpaid balance of principal and accrued interest as of December 31, 2010 amounted to $35,999 (unaudited) (see Note 8, *Convertible Promissory Notes and Other Notes Payable*). Upon the approval by the Board of Directors, in December 2006, the Company accepted a full-recourse promissory note in the amount of $103,411 from the officer and director, who also extinguished a portion of the non-interest bearing note payable for deferred salary, in payment of the exercise price for options and warrants to purchase an aggregate of 126,389 shares of the Company's common stock (see Note 9, *Capital Stock*). The note bears interest at a rate of 4.90% per annum and is due and payable no later than the earlier of (i) December 1, 2016 or (ii) ten days prior to the Company becoming subject to the requirements of the U.S. Securities Exchange Act of 1934.

In March 2007, the Company accepted a full recourse promissory note in the amount of $46,360 from an Officer and Director in exchange for the exercise of 52,681 stock options. The note bears interest at a rate of 4.90% per annum and is due and payable no later than the earlier of (i) March 1, 2016 or (ii) ten days prior to the Company becoming subject to the requirements of the U.S. Securities Exchange Act of 1934.

One of the Company's former directors is a senior officer of an executive recruitment firm which the Company has periodically engaged to identify candidates for various senior management positions. From April 2000 through March 31, 2009, the Company paid the recruitment firm and affiliates thereof a total of $185,000 in the form of cash and shares of the Company's preferred stock. In January 2000, the Company issued the former director 11,828 shares of Series A preferred stock in exchange for cancellation of $27,255 in indebtedness. In February 2001, the Company issued the recruitment firm 6,312 shares of Series B preferred stock in exchange for cancellation of $35,000 in indebtedness. The former director also holds a 2006/2007 Note with a principal balance of $25,000 and an associated warrant.

The Company has also engaged a current director, separately from his duties as a director, as a management consultant from July 1, 2000 through June 30, 2010 to provide strategic and other business advisory services. As payment for consulting services rendered through June 30, 2010, the director has been issued warrants and non-qualified options to purchase an aggregate of 250,815 shares of common stock, of which he has exercised warrants for 18,568 shares of common stock, and he has been issued a promissory note, the outstanding principal and accrued interest of which is $14,362 as of December 31, 2010 (unaudited). See Note 8, *Convertible Promissory Notes and Other Notes Payable*, for a summary of convertible promissory notes and other notes payable to related parties.

15. Commitments, Contingencies, Guarantees and Indemnifications

From time to time, the Company may become involved in claims and other legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the Company's consolidated financial position, results of operations or its cash flows.

The Company indemnifies its officers and directors for certain events or occurrences while the officer or director is or was serving at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The Company will indemnify the officers or directors against any and all expenses incurred by the officers or directors because of their status as one of the Company's directors or executive officers to the fullest extent permitted by California law. The Company believes the fair value of these indemnification agreements is minimal. Accordingly, there are no liabilities recorded for these agreements as of December 31, 2010 (unaudited), and March 31, 2010 and 2009.

Research and License Agreements

The Company has entered into various agreements with research institutions, universities, clinical and other organizations for the performance of research and development activities and for the acquisition of licenses related to those activities. At March 31, 2010, the annual aggregate commitments under these agreements amount to $312,000 in fiscal year 2011.

Leases

As of December 31, 2010 (unaudited) and March 31, 2010 and 2009, the following assets are under capital lease obligations and included in property and equipment:

	December 31, 2010 (Unaudited)	March 31, 2010	March 31, 2009
Leased equipment	$ 120,683	$ 120,683	$ 120,683
Accumulated amortization	(85,610)	(66,600)	(41,257)
Total leased equipment, net	$ 35,073	$ 54,083	$ 79,426

Amortization expense for assets recorded under capital leases is included in depreciation expense.

Future minimum payments, by year and in the aggregate, required under capital leases are as follows:

Fiscal Years Ended March 31,	Equipment Capital Leases
2011	$ 32,530
2012	32,530
2013	4,595
2014	-
	69,655
Less imputed interest included in minimum lease payments	8,020
Present value of minimum lease payments	61,635
Less current portion	26,978
	$ 34,657

Total facility rent expense incurred for the nine-month periods ended December 31, 2010 and 2009 was $112,640and $117,221(unaudited), respectively. Total facility rent expense incurred by the Company for the fiscal years ended March 31, 2010, 2009, and 2008, was $154,756, $152,263, and $155,122, respectively.

Long-term Debt Repayment

At December 31, 2010 (unaudited), future minimum principal payments related to long-term debt were as follows (in thousands):

Year	Amount
2011	$ 7,515,740
2012	5,027,439
2013	633,786
2014	600,000
2015	506,671
Thereafter	-
	$ 14,283,636

16. Subsequent Events

The Company has evaluated events and transactions that have occurred after December 31, 2010 through May 16, 2011 (the date that these consolidated financial statements were issued). The following material events and transactions occurred during this period.

Ratification of December 2010 Amendment to Sponsored Research Collaboration with University Health Network and Issuance of Common Stock

On December 15, 2010, the Company and UHN entered into second amended of UHN Agreement to (i) expand its scope to include induced pluripotent stem cell ("iPS Cell") technology, (ii) extend the term of the UHN Agreement and the time during which the Company may exercise the options to fund additional research projects, and (iii) include an additional option to fund other research projects. Under this second amendment, the Company agreed to issue to UHN 700,000 shares of common stock at a price per share of $1.50. On April 25, 2011, the Company and UHN entered into third Amendment of the UHN Agreement to (i) further expand the scope of the stem cell research and development project and the options to include therapeutic and cell therapy applications of iPS Cells and certain cells derived from iPS cells; (ii) create two additional options to fund research and development with respect to two Future Research Projects (iii) extend the date that the Company shall have to exercise the options and the Future Research Projects until April 30, 2012 and (iv) set forth a schedule of monthly sponsored research payments to be made by the Company to UHN. Under this third amendment, the Company agreed to issue to UHN 100,000 shares of common stock at a price per share of $1.75. The scheduled monthly sponsored research payments was set at $50,000 per month beginning June 1, 2011 and end on May 1, 2013.

Extension of Award Period for CIRM Award RT1-01012-1

Pursuant to Notice of Grant Award dated March 16, 2011, (the "NGA"), the Company has been granted a 6-month extension of the award period for Grant No. RT1-01012-1 issued to the Company by the California Institute of Regenerative Medicine. Under terms of the NGA, the expiration date of the award period has been extended to September 30, 2011, with all other terms and conditions given in the original Notice of Grant Award dated April 1, 2009, continuing in full force and effect.

Issuance of Long-Term Promissory Note and Cancellation of Amounts Payable

On February 25, 2011, the Company issued to Burr, Pilger, and Mayer, LLC ("BPM") an unsecured promissory note with a principal amount of $98,674 for the amounts payable in connection with valuation services provided to the Company by BPM. The Note bears interest at the rate of 7.5% per annum and has payment terms of $1,000 per month, beginning March 1, 2011 and continuing until all principal and interest are paid in full.

On April 29, 2011, the Company issued to Desjardines Securities, Inc. ("Desjardines") an unsecured promissory note with a principal amount of CDN $236,000 for the amounts payable in connection with investment banking services provided to the Company by Desjardines. The Note bears interest at 7.5% and will be due, along with all accrued but unpaid interest on the earliest of (i) June 30, 2014, (ii) the consummation of a Change of Control and (iii) the acceleration of the maturity date of the Note upon the occurrence and during the continuance of an Event of Default. The Company will make payments of CDN $4,000 per month beginning May 31, 2011, increasing to CDN $6,000 per month on January 31, 2012.

On May 5, 2011, the Company issued to McCarthy Tetrault LLP ("McCarthy") an unsecured promissory note with a principal amount of CDN $502,797 for the amounts payable in connection with legal services provided to the Company by McCarthy. The Note bears interest at 7.5% and will be due, along with all accrued but unpaid interest on the earliest of (i) June 30, 2014, (ii) the consummation of a Change of Control and (iii) the acceleration of the maturity date of the Note upon the occurrence and during the continuance of an Event of Default. The Company will make payments of CDN $10,000 per month beginning May 31, 2011, increasing to CDN $15,000 per month on January 31, 2012.

Amendments of Notes Payable

On May 5, 2011, the Company and Morrison & Foerster LLP entered into Amendment No. 1 to the Morrison & Foerster Note ("Amendment No. 1"). Under this Amendment No. 1, the principal balance of the Note increased to $2,200,000. The Note bears interest at 7.5% and principal will be due, along with all accrued but unpaid interest on the earliest of (i) March 31, 2016, (ii) the consummation of a Change of Control and (iii) the acceleration of the maturity date of the Note upon the occurrence and during the continuance of an Event of Default. The Company will make payments of $10,000 per month until June 1, 2011 and will increase to: $15,000 per month through March 31, 2012, $25,000 per month through March 31, 2013, and $50,000 per month through maturity.

On December 31, 2010, the Company and all but one of the investors of the August 2010 Short-Term Notes agreed to amend the Notes (Amendment No. 3) extending the maturity date of the Note from December 31, 2010 to April 30, 2011 or 10 business days upon the Company's closing of an initial public offering.

On April 30, 2011, the Company and the investor of the August 2010 Short-Term Note that did not participate in the above amendment, with an outstanding principal amount of $175,000, entered into Amendment No. 3 to the August 2010 Short-Term Note whereby the Company will repay $50,000 within three days of the closing of a qualified financing, and beginning on May 1, 2011 make four payments of $5,000 per month, increasing to $11,125 per month for the remaining nine months of the agreement, plus a final payment on May 2, 2012 equal to any remaining balance.

Issuance of Long-Term Promissory Note and Cancellation of Note Payable to Cato BioVentures under line of credit and partial cancellation of August 2010 Short-Term Notes

Pursuant to a Promissory Note dated April 29, 2011, in the amount of $352,273, between the Company and Cato Holding Company ("CHC"), the parties agreed to cancel in full all amounts due and payable under the loan agreement dated February 3, 2004 as amended August 10, 2006 and further amended pursuant to Amendment No. 2, dated February 14, 2007, Amendment No. 3 dated December 31, 2009 and Amendment No. 4, dated December 31, 2010 in the amount of $247,273 as well as cancel $105,000 in principal amount owned by the Company to CHC under the unsecured Promissory Note dated August 19, 2010. Additionally, CHC released certain security interests in the Company's marketable personal property. The Note bears interest of 7% per annum, compounded monthly. The Company shall make 6 monthly payments of $10,000 each beginning May 1, 2011; and thereafter shall pay $12,500 monthly until the note is repaid in full. The Company may prepay the outstanding balance under this Note in full or in part at any time during the term of this Note without penalty.

Issuance of common shares to prepay CRO services to CRL

On April 29, 2011, the Company agreed to issue 157,143 common shares to CRL at a price per share of $1.75 as prepayment for research and development services to be performed by CRL during 2011.

Issuance of stock options

On April 29, 2011, the Board of Directors granted 800,000 options to purchase the Company's common stock with an exercise price of $1.75 per share to various employees and consultants of the Company.

Merger, private placement of common stock and warrants, and other related transactions

In March and April 2011, VistaGen entered into and executed several contemporaneous and related transactions, as described below.

Merger

On May 11, 2011, VistaGen entered into an Agreement and Plan of Merger (the "Merger Agreement") with Excaliber Enterprises, Ltd. ("Excaliber"), a public reporting company, and Excaliber Merger Subsidiary, Inc., a newly-formed wholly-owned subsidiary of Excaliber ("Merger Sub"). Under the Merger Agreement, Merger Sub merged with and into VistaGen, with VistaGen remaining as the surviving corporation and with the shareholders of VistaGen exchanging all of their stock in VistaGen for a total of 6,836,511 shares of common stock of Excaliber, constituting approximately 90% of the outstanding shares of common stock of Excaliber ("Merger"). Each VistaGen shareholder received one-half (0.05) of one share of Excaliber common stock in exchange for each one (1.0) share of VistaGen common stock. Concurrently, VistaGen's officers and certain directors became officers and directors of Excaliber. VistaGen's pre-Merger obligations to contingently issue common shares in accordance with employee stock options, nonemployee stock options, warrants, and convertible debt instruments were also assumed. The Merger Agreement provides that within 15 days of the closing of the Merger, the board of directors of Excaliber must approve a 2 for 1 stock split. In addition, Excaliber intends to change its name to "VistaGen Therapeutics, Inc." VistaGen, as the accounting acquirer, will record the Merger as the issuance of stock for the net monetary assets of Excaliber, accompanied by a recapitalization. This accounting will be identical to that resulting from a reverse merger, except that no goodwill or other intangible assets will be recorded.

Private placement

On May 11, 2011, in accordance with Subscription Agreements and a Private Offering Memorandum, VistaGen sold 2,216,112 Investment Units totaling $3,878,197 in exchange for cash of $2,369,194, a short-term note receivable of $500,000 due on July 6, 2011, cancellation of short-term notes maturing on April 30, 2011 totaling $854,500, and consulting services totaling $55,003. The Investment Units were sold for $1.75 per unit and consisted of one share of VistaGen's common stock and a three-year warrant to purchase 0.25 of one share of VistaGen's common stock at an exercise price of $2.50 per share. Accordingly, 554,028 warrants to purchase VistaGen's common stock were issued to the purchasers of the Investment Units. Concurrently, VistaGen issued three-year warrants to purchase 11,429 shares of its common stock at $2.50 per share to placement agents, and agreed to pay $202,000 in placement agent and broker fees.

Conversion of convertible promissory notes

On May 11, 2011, concurrent with the Merger, certain convertible promissory noteholders converted their notes and accrued interest. The 2006/2007 Notes totaling $1,837,368 and accrued interest of $722,216 as of May 11, 2011 were converted into 1,462,607 Investment Units of VistaGen (as described above, under *Private Placement*). The 2008/2010 Notes totaling $2,971,815 and accrued interest of $643,388 as of May 11, 2011 were converted into 2,065,795 Investment Units.

Conversion of preferred stock

On May 11, 2011, concurrent with the Merger, VistaGen’s preferred shareholders converted their preferred shares into 2,884,655 shares of VistaGen’s common stock.

Amendment to Platinum Notes

On May 5, 2011, the Platinum Notes were amended and restated to extend the maturity date of the Notes to June 30, 2012 from June 30, 2011 and eliminate the cash payment option upon an automatic conversion of the Notes. In connection with the Note amendments, VistaGen issued to Platinum a three-year warrant to purchase 826,764 shares of its common stock at an exercise price of $2.50 per share.

EXCALIBER ENTERPRISES, LTD.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(INTRODUCTORY NOTE)

The unaudited pro forma consolidated balance sheet as of December 31, 2010 and the unaudited pro forma consolidated statement of operations for year ended December 31, 2010, combine the historical financial statements of Excaliber Enterprises, Ltd. ("Excaliber") with VistaGen Therapeutics, Inc. ("VistaGen") after giving effect to the Merger by recording the transaction as the issuance of VistaGen's stock for the net monetary assets of Excaliber, accompanied by a recapitalization with no goodwill or other intangibles recorded. Pro forma adjustments to the balance sheet are computed as if the transaction occurred at December 31, 2010, while the pro forma adjustments to the statement of operations are computed as if the transaction occurred on January 1, 2010.

The unaudited pro forma consolidated financial information also gives effect to transactions by VistaGen occurring concurrent with the Merger as follows:

1) The sale of Investment Units in a private offering;
2) The conversion of certain convertible promissory notes and accrued interest;
3) The conversion of preferred stock;
4) The conversion of VistaGen shares into Excaliber shares.

The pro forma statements are presented for illustrative purposes only. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable. The unaudited pro forma consolidated financial statements do not purport to represent what the consolidated results of operations or financial position of Excaliber would actually have been if the Merger had in fact occurred on the date we refer to below, nor do they purport to project the results of operations or financial condition of Excaliber for any future period or as of any date.

The unaudited pro forma consolidated balance sheet as of December 31, 2010 was prepared by combining the balance sheet of Excaliber as of December 31, 2010 with the balance sheet of VistaGen as of December 31, 2010, giving effect to the Merger as if it occurred on December 31, 2010.

The unaudited pro forma consolidated statements of operations for the period presented was prepared by combining Excaliber's statement of operations for the year ended December 31, 2010 with VistaGen's statement of operations for the same period, giving effect to the Merger as if it occurred on January 1, 2010.

The historical financial information of Excaliber for the year ended December 31, 2010 has been derived from the audited financial statements of Excaliber filed previously with the SEC as part of Excaliber's Annual Report on Form 10-K for the year ended December 31, 2010. The historical financial information of VistaGen for the year ended December 31, 2010 has been derived from the unaudited financial statements of VistaGen for the year ended December 31, 2010.

EXCALIBER ENTERPRISES, LTD.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2010

	Historical		Pro Forma Adjustments				Pro Forma
	Vistagen	Excaliber	Vistagen		Excaliber		Combined
Assets							
Current assets:							
Cash and cash equivalents	$ 279,390	$ 1,808	$ 2,217,194	(1)	$ -		$ 2,498,392
Note receivable	-	-	500,000	(1)	-		500,000
Unbilled contract payments receivable	255,404	-	-		-		255,404
Prepaid expenses	26,637	-	20,003	(1)	-		46,640
Total current assets	561,431	1,808	2,737,197		-		3,300,436
Property and equipment, net	101,005	392	-		-		101,397
Security deposits and other assets	31,145	-	-		-		31,145
Total assets	$ 693,581	$ 2,200	$ 2,737,197		$ -		$ 3,432,978
Liabilities, preferred stock and shareholders' deficit							
Current liabilities:							
Accounts payable	$ 1,325,938	$ 2,670	$ 50,000	(1)	$ -		$ 1,678,608
			300,000	(7)	-		
Accrued expenses	256,410	-	(35,000)	(1)	-		221,410
Notes payable and accrued interest	140,592	30	-		-		140,622
Notes payable and accrued interest to related parties	50,361	500	(14,500)	(1)	-		36,361
Put option and note term extension option liabilities	158,011	-	(158,011)	(4)	-		-
Capital lease obligations	29,316	-	-		-		29,316
Non-interest bearing promissory notes	1,064,000	-	(840,000)	(1)	-		224,000
Deferred revenues	102,071	-	-		-		102,071
Convertible promissory notes	4,809,183	-	(4,809,183)	(2)	-		-
Accrued interest on promissory notes	1,190,604	-	(1,190,604)	(2)	-		-
Total current liabilities	9,126,486	3,200	(6,697,298)		-		2,432,388
Non-current liabilities:							
Notes payable and accrued interest	1,970,654	-	-		-		1,970,654
Notes payable and accrued interest to related parties	208,981	-	-		-		208,981
Convertible promissory notes	2,779,208	-	158,011	(4)	-		2,937,219
Accrued interest on promissory notes	486,131	-	-		-		486,131
Accrued officers' compensation	56,986	-	-		-		56,986
Capital lease obligations	12,368	-	-		-		12,368
Accounts payable	874,052	-	-		-		874,052
Warrant liability	396,765	-	(396,765)	(4)	-		-
Total non-current liabilities	6,785,145	-	(238,754)		-		6,546,391
Total liabilities	15,911,631	3,200	(6,936,052)		-		8,978,779
Preferred stock	14,534,811	-	(14,534,811)	(3)	-		-
Shareholders' deficit:							
Common stock	3,172,195	5,849	5,565,020	(2)	(4,280)	(6)	13,770
			3,409,803	(1)	-		
			14,534,811	(3)	-		
			(26,669,628)	(6)	-		
Additional paid-in-capital	6,293,481	50,786	434,767	(2)	(57,635)	(5)	34,058,466
			-		4,280	(6)	
			266,394	(1)	-		
			396,765	(4)	-		
			26,669,628	(6)	-		
Notes receivable from sale of common stock torelated parties upon exercise of options and warrants	(181,877)	-	-		-		(181,877)
Deficit accumulated during development stage	(39,036,660)	(57,635)	(99,500)	(1)	57,635	(5)	(39,436,160)
			(300,000)	(7)			
Total shareholders' deficit	(29,752,861)	(1,000)	24,208,060		-		(5,545,801)
Total liabilities and shareholders' deficit	$ 693,581	$ 2,200	$ 2,737,197		$ -		$ 3,432,978

See accompanying notes to unaudited pro forma consolidated financial statements.

EXCALIBER ENTERPRISES, LTD.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

	Historical		Pro Forma		Pro Forma
	Vistagen	Excaliber	Adjustments		Combined
Revenues:					
Grant revenue	$ 1,922,760	$ -	$ -		$ 1,922,760
Total revenue	1,922,760	-	-		1,922,760
Operating expenses:					
Research and development	1,688,891	-	-		1,688,891
General and administrative	5,352,938	8,946	-		5,361,884
Merger expenses	-	-	300,000	(12)	300,000
Total operating expenses	7,041,829	8,946	300,000		7,350,775
Loss from operations	(5,119,069)	(8,946)	(300,000)		(5,428,015)
Other expenses, net:					
Interest expense, net	(2,693,982)	-	1,002,616	(8)(9)	(1,790,866)
			(99,500)	(10)	
Change in put and note extension option and warrant liabilities	112,763	-	(112,763)	(11)	-
Other income, net	250	-	-		250
Total other expenses, net	(2,580,969)	-	790,353		(1,790,616)
Loss before income taxes	(7,700,038)	(8,946)	490,353		(7,218,631)
Income taxes	(1,600)	(30)	-		(1,630)
Net loss	$ (7,701,638)	$ (8,976)	$ 490,353		$ (7,220,261)
Basic and diluted net loss per share					$ (0.62)
Weighted average shares used in the computation of net loss per share					11,695,524

See accompanying notes to unaudited pro forma consolidated financial statements.

EXCALIBER ENTERPRISES, LTD.

NOTES TO UNAUDITED PRO FORMA

CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -- GENERAL

Merger, private placement of common stock and warrants, and other related transactions

In March and April 2011, VistaGen entered into and executed several contemporaneous and related transactions (together, the “Transactions”), as described below.

Merger

On May 11, 2011, Excaliber Enterprises, Ltd. ("Excaliber", ”we", or "our"), a public reporting company, Excaliber Merger Subsidiary, Inc., a newly-formed wholly-owned subsidiary of Excaliber ("Merger Sub"), and VistaGen Therapeutics, Inc. ("VistaGen") entered into an Agreement and Plan of Merger (the "Merger Agreement"). Under the Merger Agreement, Merger Sub merged with and into VistaGen, with VistaGen remaining as the surviving corporation and with the shareholders of VistaGen exchanging all of their stock in VistaGen for a total of 6,836,511 shares of common stock of Excaliber, constituting approximately 90% of the outstanding shares of common stock of Excaliber ("Merger"). Each such VistaGen shareholder received one-half (0.05) of one share of Excaliber common stock in exchange for each one (1.0) share of VistaGen common stock. Concurrently, VistaGen's officers and certain directors became officers and directors of Excaliber. VistaGen's pre-Merger obligations to contingently issue common shares in accordance with employee stock options, nonemployee stock options, warrants, and convertible debt instruments were also assumed. The Merger Agreement provides that within 15 days of the closing of the merger, our board of directors must approve a 2 for 1 forward split of our common stock. In addition, we intend to change our name to "VistaGen Therapeutics, Inc." within 60 days of the date of this Form 8K.

VistaGen, as the accounting acquirer, has recorded the Merger as the issuance of stock for the net monetary assets of Excaliber, accompanied by a recapitalization. This accounting is identical to that resulting from a reverse merger, except that no goodwill or other intangible assets are recorded. A total of 5,848,707 shares of common stock, representing the aggregate number of shares held by the stockholders of Excaliber immediately prior to the Merger, were reduced to 784,500 shares and have been retroactively reflected as outstanding for all periods presented in the accompanying pro forma consolidated financial statements. Additionally, the accompanying pro forma consolidated financial statements retroactively reflect the $.001 par value of the capital stock of Excaliber, and the planned post-Merger 2 for 1 stock split. Merger costs (consisting of legal, accounting and other professional fees) have been reflected as an expense in the pro forma financial statements.

Private Placement

On May 11, 2011, in accordance with Subscription Agreements and a Private Offering Memorandum, VistaGen sold 2,216,112 Investment Units totaling $3,878,197 in exchange for cash of $2,369,194, a short-term note receivable of $500,000 due on July 6, 2011, cancellation of short-term notes maturing on April 30, 2011 totaling $854,500, and consulting services totaling $55,003. The Investment Units were sold for $1.75 per unit and consisted of one share of VistaGen's common stock and a three-year warrant to purchase 0.25 of one share of VistaGen's common stock at an exercise price of $2.50 per share. Accordingly, 554,028 warrants to purchase VistaGen's common stock were issued to the purchasers of the Investment Units. Concurrently, VistaGen issued three-year warrants to purchase 11,429 shares of its common stock at $2.50 per share to placement agents, and agreed to pay $202,000 in placement agent and broker fees.

Conversion of convertible promissory notes

On May 11, 2011, concurrent with the Merger, certain convertible promissory noteholders converted their notes and accrued interest. The 2006/2007 Notes totaling $1,837,368 and accrued interest of $655,357 as of December 31, 2010 were converted into 1,424,414 Investment Units of VistaGen (as described above, under *Private Placement*). The 2008/2010 Notes totaling $2,971,815 and accrued interest of $535,247 as of December 31, 2010 were converted into 2,004,035 Investment Units. Interest accruing on the foregoing notes for the period January 1, 2011 through May 11, 2011 was also converted into VistaGen's Investment Units. The issuance of these Investment Units has not been reflected in the pro forma balance sheet at December 31, 2010. In addition, the conversion of the 2006/2007 and 2008/2010 Notes will result in VistaGen reporting a loss on debt extinguishment which has not been reflected in the pro forma financial statements.

Conversion of Preferred Stock

On May 11, 2011, concurrent with the Merger, VistaGen's convertible preferred shareholders converted their preferred shares on a 1 for 1 basis into 2,884,655 shares of VistaGen's common stock.

The pro forma unaudited adjustments give effect to the Transactions, on the unaudited pro forma consolidated balance sheet at December 31, 2010 and on the unaudited pro forma consolidated statement of operations for the year ended December 31, 2010, as if the Transactions occurred on December 31, 2010 for purposes of the pro forma consolidated balance sheet and on January 1, 2010 for the purposes of the pro forma consolidated statement of operations.

Note 2 - PRO FORMA ADJUSTMENTS

Adjustments to the accompanying unaudited pro forma consolidated financial statements are as follows:

Adjustments to the unaudited pro forma consolidated balance sheet
VistaGen pre-Merger transactions which were pre-conditions to completion of the Merger

(1) Reflects the sale of Investment Units totaling $3,878,197, in exchange for cash of $2,369,194, a short-term note receivable of $500,000, cancellation of short-term notes totaling $854,500, and consulting services totaling $55,003, net of estimated costs (placement agent and broker fees) totaling $202,000, based upon the assumption the transaction occurred as of December 31, 2010.

(2) Reflects the conversion of the 2006/2007 and 2008/2010 convertible promissory notes, and accrued interest as of December 31, 2010, into Investment Units, based upon the assumption the conversion occurred as of December 31, 2010.

(3) Reflects the conversion of convertible preferred stock into shares of common stock, based upon the assumption the conversion occurred as of December 31, 2010.

(4) Reflects the elimination of the put option and warrant liabilities associated with the Platinum Notes resulting from the amendment of the Notes in May 2011, and VistaGen becoming a public company.

Merger transaction

(5) Reflects the elimination of Excaliber's accumulated deficit.

(6) Reflects the 0.5 to 1 conversion of VistaGen common shares to Excaliber common shares and the related adjusted par value, reduction of Excaliber’s pre-Merger outstanding common shares to 784,500 from 5,848,707 shares, and the post-Merger 2 for 1 stock split, based upon the assumption the Merger and stock split occurred as of December 31, 2010.

(7) Reflects the costs associated with the Merger transaction.

Adjustments to the unaudited pro forma consolidated statement of operations
VistaGen pre-Merger transactions which were pre-conditions to completion of the Merger

(8) Reflects the reduction in interest expense related to the short-term notes that were exchanged for Investment Units, based upon the assumption the Investment Units were sold on the date of the initial borrowing.

(9) Reflects the reduction in interest expense related to the convertible promissory notes, based on the assumption the conversion occurred as of January 1, 2010.

(10) Reflects the loss on extinguishment of short-term notes that were exchanged for Investment Units, based upon the assumption the Investment Units were sold on the date of the initial borrowing.

(11) Reflects the elimination of the change in fair value adjustments related to the put option and warrant liabilities associated with the Platinum Notes, resulting from the amendment of the Notes in May 2011, and VistaGen becoming a public company.

Merger transaction

(12) Reflects the costs associated with the Merger transaction.

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

EXCALIBER ENTERPRISES, LTD., EXCALIBER MERGER SUBSIDIARY, INC.

AND

VISTAGEN THERAPEUTICS, INC.

Dated as of May 11, 2011

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER ***("Agreement")*** made this 11th day of May, 2011, is entered into by and among Excaliber Enterprises, Ltd., a Nevada corporation ***("EXCALIBER")***, Excaliber Merger Subsidiary, Inc., a California corporation and wholly owned subsidiary of EXCALIBER ***("Merger Sub")***, and VistaGen Therapeutics, Inc., a California corporation ***("VISTAGEN")***. EXCALIBER, Merger Sub and VISTAGEN are sometimes referred to herein individually as a ***"Party""*** and collectively as the ***"Parties.""***

R E C I T A L S

A. VISTAGEN intends to enter into a series of transactions whereby: (i) VISTAGEN completes a private placement financing of VISTAGEN Common Stock and warrants to purchase Common Stock with aggregate gross proceeds of not less than $3.0 million (including cancellation of certain indebtedness); and (ii) VISTAGEN enters into a "reverse merger" transaction with a wholly owned subsidiary of a public company whereby VISTAGEN shareholders exchange their capital stock of VISTAGEN for shares in the public company parent (collectively, the ***"Contemplated Transactions")***.

B. VISTAGEN intends to effect the reverse merger portion of the Contemplated Transactions through the statutory merger of Merger Sub with and into VISTAGEN in accordance with this Agreement and the CGCL (as defined below), upon the consummation of which Merger Sub will cease to exist as a separate entity and VISTAGEN will survive as a wholly owned subsidiary of EXCALIBER (the ***"Merger")***. The Parties intend this transaction to be treated as reorganization under Section 386(a) of the Code (as defined below).

C. The respective Boards of Directors of each of the Parties have (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are advisable and in the best interests of their respective shareholders, and (ii) adopted this Agreement and the transactions contemplated hereby.

D. The Parties desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

E. After consummating the Merger contemplated by this Agreement, all shares of VISTAGEN capital stock owned by VISTAGEN shareholders will have converted into 6,834,884 shares of EXCALIBER Common Stock, Merger Sub will have ceased to exist, and EXCALIBER will remain an Exchange Act reporting company with VISTAGEN as its wholly owned subsidiary.

AGREEMENT

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the Parties agree as follows: **1. DEFINITIONS.**

1.1 Certain Definitions. The following terms used herein, as used in this Agreement, shall have the following meanings:

"Affiliate" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person.

"CGCL" means the General Corporation Law of the State of California.

"Code" means the Internal Revenue Code of 1986, as amended.

"Control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Effective Time" means the date and time the Merger becomes effective as specified in the Agreement of Merger or as otherwise provided in accordance with the CGCL.

"EXCALIBER Common Stock" means the Common Stock, par value $0.001 per share, of EXCALIBER.

"EXCALIBER Shareholders" means, collectively, the holders of the EXCALIBER Common Stock.

"Exchange Act" means the Securities Exchange Act of 1934.

"FINRA" means the Financial Industry Regulatory Authority, Inc.

"GAAP" means generally accepted accounting principles as applied in the United States of America.

"Governmental Entity" means any national, state, municipal, or other government or any court, administrative or regulatory agency or organization (including without limitation, any self-regulatory organization), or commission or other governmental authority or agency, domestic or foreign, including without limitation, FINRA and the NASDAQ Stock Market.

"Liens" mean all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever.

"Material Adverse Effect" means, when used in respect to VISTAGEN or EXCALIBER, any change or effect that either individually or in the aggregate with all other such changes or effects is materially adverse to the business, assets, properties, condition (financial or otherwise) or results of operations of such Party and its Subsidiaries taken as a whole.

"Merger Sub Common Stock" means the Common Stock of Merger Sub.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity.

"Platinum Bridge Notes" means those certain senior convertible promissory bridge notes issued by VISTAGEN to Platinum Long Term Growth Fund VII, LLC **("Platinum")** as amended prior to Closing, in the aggregate principal amount of $4.0 million, convertible into post-Merger units consisting of shares of EXCALIBER Common Stock and warrants to purchase shares of EXCALIBER Common Stock at a warrant price of $2.50 per share and convertible on the last to occur of (i) an aggregate sale of $5 million of new equity, post-Merger EXCALIBER securities and (ii) an effective registration statement as to the shares subject to the conversion.

"Platinum Bridge Note Joinder Agreement" means the joinder agreement, signed by EXCALIBER, confirming that EXCALIBER shall be jointly and severally liable with VISTAGEN for the Platinum Bridge Notes.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933.

"Subsidiary" means a Person, an amount of whose voting securities, other voting ownership or voting partnership interests is held by another Person, which is sufficient to elect at least a majority of such Person's board of directors or other governing body (or, if there are no such voting interests, fifty percent (50%) or more of such Person's equity interests).

"VISTAGEN Common Stock" means the Common Stock, no par value, ofVISTAGEN.

"VISTAGEN Convertible Notes" means the 2006/2007 Bridge Notes, the 2008/2010 Bridge Notes and the August 2010 Short-Term Notes.

"VISTAGENShareholders" means, collectively, the holders of the VISTAGEN Common Stock.

2. THE MERGER.

2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the CGCL, Merger Sub shall be merged with and into VISTAGEN at the Effective Time. At the Effective Time, the separate existence of Merger Sub shall cease, and VISTAGEN shall continue as the surviving corporation following the Merger (the ***"Surviving Corporation"***). The corporate existence of VISTAGEN, with all its purposes, rights, privileges, franchises, powers and objects, shall continue unaffected and unimpaired by the Merger and, as the Surviving Corporation, it shall be governed by the laws of the State of California. As a result of the Merger, the outstanding shares of capital stock of VISTAGEN and Merger Sub shall be converted or cancelled in the manner provided in this Section 2.

2.2 Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 8.1 and subject to the satisfaction or waiver (where applicable) of the conditions set forth in Section 7, the closing of the Merger (the ***"Closing")*** will take place at 10:00 a.m. Pacific Time on the first business day after satisfaction of the conditions set forth in Section 7 (or as soon as practicable thereafter following satisfaction or waiver of the conditions set forth in Section 7) (the ***"Closing Date"),*** at the Palo Alto offices of Morrison & Foerster LLP, unless another date, time or place is agreed to in writing by the Parties.

2.3 Actions and Deliveries at Closing On the Closing Date an agreement of merger in customary form***("Agreement of Merger")*** shall be duly prepared and executed, and shall be filed with the Secretary of State of the State of California (the *"Secretary* ***of State")*** in accordance with the CGCL. The Merger shall become effective upon the filing of the Agreement of Merger with the Secretary of State, or at such other time as is permissible in accordance with the CGCL. In addition, at the Closing:

2.3.1 VISTAGEN will deliver to EXCALIBER:

(a) An officers' certificate, duly executed on VISTAGEN's behalf, as to whether each condition specified in Sections 7.2.1 through 7.2.6, has been satisfied in all respects.

(b) A Secretary's certificate, duly executed on VISTAGEN'sbehalf.

2.3.2 EXCALIBER will deliver to VISTAGEN:

(a) An officers' certificate, duly executed on EXCALIBER'sbehalf, as to whether each condition specified in Sections 7.3.1 through 7.3.6 has been satisfied in all respects.

(b) A Secretary's certificate, duly executed on each of EXCALIBER's behalf.

2.3.3 Merger Sub will deliver to VISTAGEN and EXCALIBER:

(a) An officers' certificate, duly executed on Merger Sub's behalf, as to whether each condition specified in Sections 7.3.1 through 7.3.6 has been satisfied in all respects.

(b) A Secretary's certificate, duly executed on Merger Sub'sbehalf.

2.4 Effects of the Merger. Subject to the foregoing, the effects of the Mergershall be as provided in Section 1107 of the CGCL. At the Effective Time all of Merger Sub's property, rights, privileges, powers, and franchises will vest in the Surviving Corporation, and alldebts, liabilities, and duties of Merger Sub will become the Surviving Corporation's debts, liabilities, and duties.

2 . 5 Governing Documents of the Surviving Corporation. As of the Effective Time, by virtue of the Merger and without any action on the part of the Parties:

2.5.1 Articles of Incorporation. The Articles of Incorporation of VISTAGEN, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended as provided by the CGCL and the Articles of Incorporation.

2.5.2 Bylaws. The Bylaws of VISTAGEN, as in effect immediately prior to the Effective Time, will be the Surviving Corporation's Bylaws until thereafter amended.

2.6 Directors.

2.6.1 Directors of EXCALIBER. At the expiration of the 14f-1 Notice Review Period (as defined in Section 6.1.2), the Board of Directors of EXCALIBER shall consist of (i) Jon S. Saxe, Chairman, (ii) Shawn K. Singh, J.D., (iii) H. Ralph Snodgrass, Ph.D., (iv) Gregory A. Bonfiglio, J.D., and (v) Brian J. Underdown, Ph.D., each of such directors to hold office, subject to the applicable provisions of the Articles of Incorporation and Bylaws, each as amended to date, of EXCALIBER until their respective successors shall have been elected and qualified or until otherwise provided by law.

2.6.2 Directors of the Surviving Corporation. At the Effective Time, the Board of Directors of VISTAGEN shall continue to serve as the Board of Directors of the Surviving Corporation, subject to the applicable provisions of the Articles of Incorporation and Bylaws, each as amended to date, of VISTAGEN until their respective successors shall have been elected and qualified or until otherwise provided by law.

2.7 Officers.

2.7.1 Officers of EXCALIBER. At the Effective Time, the officers of EXCALIBER prior to the Effective Time shall resign, effective as of the Effective Time, and shall be replaced by the following individuals:

Shawn K. Singh, J.D.	Chief Executive Officer
H. Ralph Snodgrass, Ph.D.	President and Chief Scientific Officer
A. Franklin Rice, MBA	Chief Financial Officer and Secretary

who shall serve as officers of EXCALIBER subject to the applicable provisions of the Articles of Incorporation and Bylaws, each as amended to date, of EXCALIBER until their respective successors shall have been duly appointed or until otherwise provided by law.

2.7.2 Officers of the Surviving Corporation. At the Effective Time, the officers of VISTAGEN shall continue to serve as the officers of the Surviving Corporation, subject to the applicable provisions of the Articles of Incorporation and Bylaws, each as amended to date, of VISTAGEN until their respective successors shall have been elected and qualified or until otherwise provided by law.

2.8 Effect on Capital Stock of Merger Sub. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, each share of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time shall automatically be converted into and become one validly issued, fully paid and non-assessable share of Common Stock of the Surviving Corporation.

2.9 Effect on Capital Stock of VISTAGEN. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof:

2.9.1 *Conversion of VISTAGEN Common Stock.* Each issued and outstanding share of VISTAGEN Common Stock (other than shares of VISTAGEN Common Stock, if any, that are held by EXCALIBER or Merger Sub) shall be converted into the right to receive 0.5 fully paid and non-assessable shares of EXCALIBER Common Stock, with such 0.5 ratio referred to herein as the ***"Exchange Ratio"*** The shares of EXCALIBER Common Stock received in exchange for shares of VISTAGEN Common Stock pursuant to the Exchange Ratio are referred to herein as the ***"Merger Consideration."***

2.9.2 *Cancellation of Treasury Shares and Shares Held by EXCALIBER.* Any and all shares of VISTAGEN Common Stock owned by EXCALIBER or Merger Sub or held in the treasury of VISTAGEN shall be cancelled and cease to exist at the Effective Time, and no consideration shall be paid with respect thereto.

2.9.3 No Fractional Shares. No fractional shares of EXCALIBER Common Stock shall be issued in the Merger. If the number of shares a holder of VISTAGEN Common Stock holds immediately prior to the Closing multiplied by the Exchange Ratio would result in the issuance of a fractional share of EXCALIBER Common Stock then Excaliber should pay such holder the fair market value of any such fractional share.

2.9.4 Cancellation and Retirement of VISTAGEN Common Stock. As of the Effective Time, all shares of VISTAGEN Common Stock issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares of VISTAGEN Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration upon the surrender of such certificate in accordance with Section 2.10.

2.9.5 Stock Options and Warrants. At the Effective Time, all options to purchase shares of VISTAGEN Common Stock then outstanding and all warrants to purchase shares of VISTAGEN Common Stock, in each case whether vested or unvested, shall be assumed by EXCALIBER (each an ***"Assumed Option"*** or ***"Assumed Warrant"*** and together, each an *"Assumed* ***Option and Warrant")*** in accordance with this Section 2.9.5, provided that options and warrants to purchase shares of VISTAGEN Common Stock will be exercisable (i) at a rate of 0.5 shares of EXCALIBER Common Stock for each share of VISTAGEN Common Stock exercisable under the Assumed Option or Assumed Warrant and (ii) at an exercise price twice the exercise price stated on the Assumed Option grant or Assumed Warrant (with such modifications to the per option or per warrant exercisable number of shares and exercise price referred to herein as the ***"Assumed Option and Warrant Exchange Rate. ")*** Subject to the Assumed Option and Warrant Exchange Rate, each Assumed Option and Warrant will otherwise continue to have, and be subject to, the same terms and conditions of such options and warrants immediately prior to the Effective Time (including, without limitation, any repurchase rights or vesting provisions and provisions regarding the acceleration of vesting on certain transactions).

2.10 Exchange of Certificates.

2.10.1 Exchange Procedures. As soon as reasonably practicable after the Effective Time, EXCALIBER shall deliver to each holder of record of a certificate or certificates which, immediately prior to the Effective Time represented outstanding shares of VISTAGEN Common Stock (the ***"Certificates")*** whose shares are converted pursuant to Section 2.9 into the right to receive Merger Consideration: (i) a letter of transmittal (the ***"Letter of Transmittal")*** (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to EXCALIBER or its designated agent and shall be in such form and have such other customary provisions as EXCALIBER may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificate in exchange for the Merger Consideration allocable to the VISTAGEN Common Stock formerly represented thereby.

2.10.2 Merger Share Certificates. Upon surrender of a Certificate for cancellation to EXCALIBER, or to any agent or agents as may be appointed by EXCALIBER, together with the Letter of Transmittal, duly completed and executed in accordance with its terms and such other documents as EXCALIBER or its agent or agents shall determine, the holder of such Certificate shall be entitled to receive in exchange therefor, a certificate representing the number of shares of EXCALIBER Common Stock which such holder has the right to receive pursuant to the provisions of Section 2.9 and the Certificate so surrendered shall forthwith be cancelled. If any certificate for such EXCALIBER Common Stock is to be issued in a name other than that in which the Certificate surrendered for exchange is registered, it shall be a condition of such exchange that the Certificate so surrendered shall be properly endorsed, with signature guaranteed, or otherwise in proper form for transfer and that the Person requesting such exchange shall pay to EXCALIBER or its transfer agent any transfer or other taxes or other costs required by reason of the issuance of certificates for such EXCALIBER Common Stock in a name other than that of the registered holder of the Certificate surrendered, or establish to the satisfaction of EXCALIBER or its transfer agent that all taxes have been paid. Until surrendered as contemplated by this Section 2.10.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration as contemplated by Section 2.9.

2.10.3 Lost Certificates. If any Certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by EXCALIBER, the posting by such Person of a bond in such reasonable amount as EXCALIBER may direct as indemnity against any claim that may be made against it with respect to such Certificate, EXCALIBER shall issue in exchange for such lost, stolen or destroyed Certificate, the Merger Consideration due to such Person as provided in Section 2.9.

2.10.4 Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to EXCALIBER Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate for VISTAGEN Common Stock with respect to the shares of EXCALIBER Common Stock, the right to receive which is represented thereby, until the surrender of such Certificate in accordance with this Section 2.10.

2.10.5 No Further Ownership Rights in VISTAGEN Common Stock. All shares of EXCALIBER Common Stock issued upon the surrender of the Certificates in accordance with the terms of this Section 2, shall be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to VISTAGEN Common Stock theretofore represented by such certificates.

2.10.6 No Liability. None of the Parties shall be liable to any Person in respect of any shares of EXCALIBER Common Stock (or dividends or distributions with respect thereto) delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any Certificates shall not have been surrendered prior to the first (1st) anniversary of the Closing, any such shares, dividends or distributions in respect of such Certificate shall, to the extent permitted by applicable law, become the property of EXCALIBER, free and clear of all claims or interests of any Person previously entitled thereto.

3. REPRESENTATIONS AND WARRANTIES OF VISTAGEN.

VISTAGEN hereby represents and warrants to EXCALIBER as follows:

3.1 Organization, Standing and Corporate Power. VISTAGEN is validly existing and in good standing under the laws of the State of California, and has the requisite corporate power and authority to carry on its business as now being conducted.

3.2 Capital Structure. The authorized capital stock of VISTAGEN as of the date hereof consists of 75,000,000 shares of Common Stock and 20,000,000 shares of Preferred Stock. VISTAGEN's Board of Directors has granted options to purchase 4,749,153 shares of VISTAGEN Common Stock that remain outstanding, and has reserved for issuance an aggregate of 4,749,153 shares of VISTAGEN Common Stock under the VISTAGEN's equity incentive plans. In addition, VISTAGEN's Board of Directors has granted warrants to purchase 6,437,260 shares of VISTAGEN Common Stock, and has reserved 6,437,260 shares of VISTAGEN Common Stock for issuance pursuant to such outstanding warrants. Except for the Platinum Bridge Notes and as set forth above, no shares or other equity securities of VISTAGEN are issued, reserved for issuance or outstanding. All outstanding shares of VISTAGEN are duly authorized, validly issued, fully paid and non-assessable and not subject to preemptive rights, and issued in compliance with all applicable state and federal laws concerning the issuance of securities. At Closing, the outstanding capital stock of VISTAGEN shall consist of 13,669,769 shares of Common Stock and no shares of Preferred Stock, with options and warrants to purchase 11,186,413 shares of Common Stock outstanding. Except for the Platinum Bridge Notes and as set forth in this Section 3.2, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which VISTAGEN is a party or by which it is bound obligating VISTAGEN to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares or other equity or voting securities of VISTAGEN or obligating VISTAGEN to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. There are no outstanding contractual obligations, commitments, understandings or arrangements of VISTAGEN or any VISTAGEN Subsidiaries to repurchase, redeem or otherwise acquire or make any payment in respect of any securities of VISTAGEN.

3.3 Liabilities. At Closing, the outstanding liabilities of VISTAGEN will not exceed $12 million ($12,000,000).

3.4 Authority. VISTAGEN has the requisite corporate and other power and authority to enter into this Agreement and, subject to obtaining the VISTAGEN Shareholders' Approval (as defined in Section 3.9), to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by VISTAGEN and the consummation by VISTAGEN of the transactions contemplated hereby have been duly authorized by the Board of Directors of VISTAGEN; the Board of Directors has recommended adoption of this Agreement by the shareholders of VISTAGEN; and no other corporate proceedings on the part of VISTAGEN or its shareholders are necessary to authorize the execution, delivery and performance of this Agreement by VISTAGEN and the consummation by VISTAGEN of the transaction contemplated hereby, other than obtaining the VISTAGEN Shareholders' Approval. This Agreement has been duly executed and delivered by VISTAGEN and constitutes a valid and binding obligation of VISTAGEN, enforceable against such Party in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

3.5 Non-Contravention. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions hereof will not, conflict with, or result in any breach or violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of or "put" right with respect to any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of VISTAGEN under, (i) the Articles of Incorporation or Bylaws, each as amended to date, of VISTAGEN, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to VISTAGEN, its respective properties or assets, or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule, regulation or arbitration award applicable to VISTAGEN, its respective properties or assets, other than, in the case of clauses (ii) and (iii), any such conflicts, breaches, violations, defaults, rights, losses or Liens that individually or in the aggregate could not have either a Material Adverse Effect on VISTAGEN or could not prevent, hinder or delay the ability of VISTAGEN to consummate the transactions contemplated by this Agreement. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to VISTAGEN in connection with the execution and delivery of this Agreement by VISTAGEN or the consummation by VISTAGEN of the transactions contemplated hereby, except, with respect to this Agreement, the filing of the Agreement of Merger and other appropriate merger documents required by the CGCL with the California Secretary of State, and any other appropriate documents with the relevant authorities of other states in which VISTAGEN is qualified to do business.

3.6 Legal Proceedings. There is no suit, action, claim, arbitration, proceeding or investigation pending or, to the knowledge of VISTAGEN, threatened against, relating to or involving VISTAGEN, or real or personal property of VISTAGEN, before any Governmental Entity or other third party. To the knowledge of VISTAGEN, there is no basis for any such suit, action, proceeding or investigation.

3.7 Compliance with Law. To the knowledge of VISTAGEN, VISTAGEN is in compliance in all material respects with all applicable laws (including, without limitation, applicable laws relating to zoning, environmental matters and the safety and health of employees), ordinances, regulations and orders of all Governmental Entities. VISTAGEN has not been charged with and, to the knowledge of VISTAGEN, is not now under investigation with respect to, a violation of any applicable law, regulation, ordinance, order or other requirement of a Governmental Entity. VISTAGEN is not a party to or bound by any order, judgment, decree or injunction of any Governmental Entity.

3.8 Board Recommendation. The Board of Directors of VISTAGEN has unanimously determined that the terms of the Merger are fair to and in the best interests of the VISTAGEN Shareholders and recommended that the VISTAGEN Shareholders approve the Merger.

3.9 Required VISTAGEN Vote . The affirmative vote of the holders of a majority of the shares of VISTAGEN Common Stock is the only vote of the holders of any class or series of VISTAGEN's securities necessary to approve the Merger (the ***"VISTAGEN Shareholders' Approval")***.

4. REPRESENTATIONS AND WARRANTIES OF EXCALIBER AND MERGERSUB.

EXCALIBER and Merger Sub, jointly and severally, hereby represent and warrant toVISTAGEN as follows:

4.1 Organization, Standing and Corporate Power. EXCALIBER is validly existing and in good standing under the laws of the State of Nevada, and has the requisite corporate power and authority to carry on its business as now being conducted. Merger Sub is validly existing and in good standing under the laws of the State of California, and has the requisite corporate power and authority to carry on its business as now being conducted.

4.2 No Subsidiaries. Other than Merger Sub, EXCALIBER does not currently own, directly or indirectly, any capital stock or other equities, securities or interests in any other corporation or in any limited liability company, partnership, joint venture or other association.

4.3 Capital Structure.

4.3.1 The authorized capital stock of EXCALIBER consists of 200,000,000 shares of EXCALIBER Common Stock, 5,848,707 of which are issued and outstanding as of the date of this Agreement, and no shares of EXCALIBER Preferred Stock. All outstanding shares of capital stock of EXCALIBER are duly authorized, validly issued, fully paid and non-assessable and, not subject to preemptive rights, and issued in compliance with all applicable state and federal laws concerning the issuance of securities. Immediately prior to the Closing, there will be no more than 784,500 shares of EXCALIBER Common Stock issued and outstanding and no shares of EXCALIBER Preferred Stock issued and outstanding. Immediately prior to the Closing, there will be no outstanding bonds, debentures, notes or other indebtedness or other securities of EXCALIBER having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of EXCALIBER Common Stock may vote. There are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which EXCALIBER is a party or by which EXCALIBER is bound obligating EXCALIBER to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity securities of EXCALIBER or obligating EXCALIBER to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. There are no outstanding contractual obligations, commitments, understandings or arrangements of EXCALIBER to repurchase, redeem or otherwise acquire or make any payment in respect of any shares of capital stock of EXCALIBER. There are no agreements or arrangements pursuant to which EXCALIBER is or could be required to register shares of EXCALIBER Common Stock or other securities under the Securities Act or other agreements or arrangements with or among any holder of EXCALIBER securities with respect to securities of EXCALIBER.

4.3.2 The authorized capital stock of Merger Sub consists of one hundred (100) shares of Common Stock, no par value, one hundred (100) of which are issued and outstanding as of the date of this Agreement and held by EXCALIBER. All outstanding shares of capital stock of Merger Sub are duly authorized, validly issued, fully paid and nonassessable. There are no outstanding bonds, debentures, notes or other indebtedness or other securities of Merger Sub having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Merger Sub's Common Stock may vote. Other than as provided in this Agreement, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Merger Sub is a party or by which Merger Sub is bound obligating Merger Sub to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity securities of Merger Sub or obligating Merger Sub to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking.

4.4 Authority. Each of EXCALIBER and Merger Sub has the requisite corporate and other power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by each of EXCALIBER and Merger Sub and the consummation by EXCALIBER and Merger Sub of the transactions contemplated hereby have been duly authorized by the Board of Directors of EXCALIBER and Merger Sub and EXCALIBER as the sole stockholder of Merger Sub, and no other corporate proceedings on the part of EXCALIBER or Merger Sub are necessary to authorize the execution, delivery and performance of this Agreement by EXCALIBER and the consummation by EXCALIBER and Merger Sub of the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of EXCALIBER and Merger Sub and constitutes a valid and binding obligation of each of EXCALIBER and Merger Sub, enforceable against such Party in accordance with its terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

4.5 Non-Contravention. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions hereof will not, conflict with, or result in any breach or violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of or "put" right with respect to any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of either EXCALIBER or Merger Sub under, (i) the Articles of Incorporation or Bylaws, each as amended to date, of EXCALIBER or Merger Sub, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to EXCALIBER or Merger Sub, their respective properties or assets, or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order, decree, statute, law, ordinance, rule, regulation or arbitration award applicable to its properties or assets. No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to EXCALIBER or Merger Sub in connection with the execution and delivery of this Agreement by EXCALIBER or Merger Sub or the consummation by EXCALIBER and Merger Sub of the transactions contemplated hereby, except, with respect to this Agreement, for the filing of the Transaction 8-K, and other appropriate documents with the SEC, the filing of the Agreement of Merger and other appropriate merger documents required by the CGCL with the Secretary of State and appropriate documents with the relevant authorities of other states in which EXCALIBER is qualified to do business.

4.6 SEC Documents; Undisclosed Liabilities.

4.6.1 For all periods subsequent to September 24, 2007, EXCALIBER has filed all reports, schedules, forms, statements and other documents as required by the SEC in a timely basis (or has received a valid extension of such time of filing and has filed any such reports or other documents prior to the expiration of any such extension), and EXCALIBER has delivered or made available to VISTAGEN all reports, schedules, forms, statements and other documents filed with or furnished to the SEC during such period (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the ***"EXCALIBER SEC Documents"***). As of their respective dates (or, if amended, supplemented or superseded by a filing prior to the date hereof, then as of the date of such amendment, supplement or superseding filing) the EXCALIBER SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such EXCALIBER SEC Documents, and none of the EXCALIBER SEC Documents (including any and all consolidated financial statements included therein) as of such date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements of EXCALIBER included in such EXCALIBER SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited consolidated quarterly statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto), have been reviewed by an independent accountant registered with the Public Company Accounting Oversight Board and fairly and accurately present the consolidated financial position of EXCALIBER as of the dates thereof and the consolidated results of operations and changes in cash flows for the periods covered thereby (subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments as determined by EXCALIBER's independent accountants, which are not expected to have a material adverse effect on EXCALIBER and its business).

4.6.2 Except as set forth in the EXCALIBER SEC Documents, at the date of the most recent financial statements of EXCALIBER included in the EXCALIBER SEC Documents, EXCALIBER did not have, and since such date EXCALIBER has not incurred, any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) except for liabilities and obligations that have been incurred since the date of the most recent balance sheet included in the EXCALIBER Financial Statements in the ordinary course of business and are not (singly or in the aggregate) material to EXCALIBER's business.

4.6.3 The EXCALIBER SEC Documents include all certifications and statements required of it, if any, by (i) Rule 13a-14 or 15d-14 under the Exchange Act, and (ii) 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002), and each of such certifications and statements contain no qualifications or exceptions to the matters certified therein other than a knowledge qualification, permitted under such provision, and have not been modified or withdrawn and neither EXCALIBER nor any of its officers has received any notice from the SEC or any other Governmental Entity questioning or challenging the accuracy, completeness, form or manner of filing or submission of such certifications or statements.

4.6.4 EXCALIBER is in compliance in all material respects with all of the provisions of the Sarbanes-Oxley Act of 2002, and the provisions of the Exchange Act and the Securities Act relating thereto which under the terms of such provisions (including the dates by which such compliance is required) have become applicable to EXCALIBER,

4.7 Compliance with Law. To the knowledge of EXCALIBER, EXCALIBER is in compliance in all material respects with all applicable laws (including, without limitation, applicable laws relating to zoning, environmental matters and the safety and health of employees), ordinances, regulations and orders of all Governmental Entities. EXCALIBER has not been charged with and, to the knowledge of EXCALIBER, is not now under investigation with respect to, a violation of any applicable law, regulation, ordinance, order or other requirement of a Governmental Entity. EXCALIBER is not a party to or bound by any order, judgment, decree or injunction of any Governmental Entity.

4.8 Legal Proceedings. There is no suit, action, claim, arbitration, proceeding or investigation pending or, to the knowledge of EXCALIBER or Merger Sub, threatened against, relating to or involving EXCALIBER or Merger Sub, or real or personal property of EXCALIBER or Merger Sub, before any Governmental Entity or other third party. To the knowledge of EXCALIBER or Merger Sub, there is no basis for any such suit, action, proceeding or investigation.

5. COVENANTS RELATING TO CONDUCT OF BUSINESS PRIOR TO MERGER.

5.1 Conduct of VISTAGEN, EXCALIBER and Merger Sub. Except as expressly permitted by this Agreement, between the date of this Agreement and the Effective Time, each of EXCALIBER and VISTAGEN shall conduct its business only in the ordinary course in substantially the same manner as heretofore conducted, and use all its reasonable efforts to preserve intact its present business organization and employees, contractors and consultants and to preserve the goodwill of Persons with which it has business relations. Without limiting the generality of the foregoing, except as otherwise expressly provided in this Agreement, between the date of this Agreement and the Effective Time, (i) each of EXCALIBER and VISTAGEN shall pay accounts payable and pay and perform other obligations of its business when they become due and payable in the ordinary course of business consistent with past practice, or when required to be performed, as the case may be, and (ii) each of EXCALIBER, Merger Sub and VISTAGEN shall (unless otherwise mutually agreed to in writing):

5.1.1 not amend or alter its articles of incorporation, bylaws, or similar charter documents;

5.1.2 not engage in any transaction, except in the normal and ordinary course of business or create or suffer to exist any Lien or other encumbrance upon any of its assets or which will not be discharged in full prior to the Effective Time;

5.1.3 not sell, exchange, lease, assign or otherwise transfer any of its assets, or cancel or compromise any debts or claims relating to their assets, other than for fair value, in the ordinary course of business, and consistent with past practice;

5.1.4 not (i) declare, set aside or pay any dividends on or make other distributions in respect of any of its capital shares, (ii) split, combine, reclassify or take similar action with respect to any of its capital shares or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for its capital shares, (iii) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, or (iv) directly or indirectly redeem, repurchase or otherwise acquire any capital shares or any option with respect thereto, except for repurchases in connection with an existing option plan or warrant agreement that result from a participant's use of such Party's Common Stock to exercise options or warrants or pay withholding taxes in connection with such exercise, except that immediately prior to Closing, EXCALIBER shall repurchase 5,064,207 shares of issued and outstanding EXCALIBER Common Stock for no more than $100;

5.1.5 not sell, issue, grant or authorize the issuance or grant of any capital stock, other security (including the sale, transfer or grant of any treasury shares) or any obligation convertible or exchangeable for capital stock or any other security, except that (i) VISTAGEN may issue VISTAGEN Common Stock upon the valid exercise of stock options and warrants outstanding as of the date of this Agreement, (ii) VISTAGEN may convert debt held

under the VISTAGEN Convertible Notes into shares of VISTAGEN Common Stock, (iii) VISTAGEN may amend the Platinum Bridge Notes so as to conform to the Platinum Bridge Note terms set forth in Section 1.1 and (iv) VISTAGEN may issue VISTAGEN Common Stock in connection with a bona fide financing or corporate partnering transaction; provided, however, that VISTAGEN acknowledges and agrees that at Closing, EXCALIBER will only be required to issue 6,834,884 shares of EXCALIBER Common Stock in exchange for all of the issued and outstanding shares of VISTAGEN Common Stock.

5.1.6 not fail to use reasonable efforts to preserve intact its present business organizations, keep available the services of its employees, contractors and consultants (except as expressly provided herein) and preserve its material relationships with customers, suppliers, licensors, licensees, distributors and others, to the end that its good will and on-going business not be impaired prior to the Effective Time;

5.1.7 not organize any subsidiary or acquire any capital stock or other equity securities of any Person or any equity or ownership interest in any business;

5.1.8 with respect to VISTAGEN, not enter into any contract to which VISTAGEN is a party, or enter into any material amendment, supplement or waiver to an existing contract in which VISTAGEN is a party, in each case except in the ordinary course of business consistent with past practice;

5.1.9 with respect to EXCALIBER, not enter into any contract to which EXCALIBER is a party, or enter into any material amendment, supplement or waiver to an existing contract in which EXCALIBER is a party, in each case except in the ordinary course of business consistent with past practice;

5.1.10 not incur any severance pay obligation by reason of this Agreement or the transactions contemplated hereby;

5.1.11 not grant or extend any power of attorney other than in the ordinary course of business which does not affect a material part of its business;

5.1.12 keep in full force and effect insurance comparable in amount and scope of coverage to insurance now carried by it;

5.1.13 not make any material change with respect to their business in accounting or bookkeeping methods, principles or practices, except as required by GAAP;

5.1.14 promptly advise the other Party in writing of any Material Adverse Effect with respect to it;

5.1.15 not agree or otherwise commit, whether in writing or otherwise, to do, or take any action or omit to take any action that would result in, any of the foregoing;

5.1.16 not acquire or agree to acquire, by merging or consolidating with, by purchasing an equity interest in or a portion of the assets of, by licensing or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets of any other Person, except for the purchase of assets from suppliers or vendors in the ordinary course of business; or

5.1.17 not make any expenditure or enter into any commitment or transaction exceeding $10,000 other than purchases in the ordinary course of business consistent with past practices and other than payments of accounts payable that are settled by payments not in excess of the amounts owed.

5.2 Advice of Changes. Each Party shall promptly advise the other Party in writing of (a) any event occurring subsequent to the date of this Agreement that would render any representation or warranty of VISTAGEN contained in Section 3 or EXCALIBER or Merger Sub contained in Section 4 untrue or inaccurate such that the conditions set forth in Sections 7.2 or 7.3 would not be satisfied, (b) any breach of any covenant or obligation of VISTAGEN or EXCALIBER or Merger Sub pursuant to this Agreement such that the condition set forth in Sections 7.2 and 7.3 would not be satisfied, (c) any Material Adverse Effect in VISTAGEN or EXCALIBER, or (d) any change, event, circumstance, condition or effect that would reasonably be expected to result in a Material Adverse Effect on VISTAGEN or EXCALIBER or cause any of the conditions set forth in Sections 7.2 or 73 not to be satisfied.

5.3 SEC Reports. EXCALIBER shall (a) cause the forms, reports, schedules, statements and other documents required to be filed with the SEC by EXCALIBER between the date of this Agreement and the Effective Time to be filed in a timely manner, (b) submit to VISTAGEN all such forms, reports, schedules, statements and other documents at least two (2) days prior to filing for its review, and (c) remain a "reporting person" for the purposes of the Exchange Act. Except for forms, reports, schedules, statements and other documents required to be filed with the SEC by EXCALIBER between the date of this Agreement and the Effective Time, EXCALIBER shall not file or cause to be filed with, or furnish or cause to be furnished to, the SEC any forms, reports, schedules, statement or any other documents, without the prior express written approval of VISTAGEN.

6. ADDITIONAL AGREEMENTS.

6.1 Board of Directors of EXCALIBER.

6.1.1 As soon as practicable following the Closing, EXCALIBER shall file with the SEC a notice of a change in the majority of directors as required by Rule 14f-1 adopted pursuant to the Exchange Act (the ***"14f-1 Notice")***.

6.1.2 Within 15 days following the Closing, EXCALIBER's directors will approve a 2-for-1 forward stock split of EXCALIBER's Common Stock, will file a Certificate of Change or other appropriate documentation with the Nevada Secretary of State reflecting the reverse stock split, and will file with FINRA a notice pursuant to Rule 10b-17 of the Exchange Act to obtain a record date for EXCALIBER's 2-for-1 forward stock split.

6.1.3 At Closing, the current board of directors of EXCALIBER shall deliver duly adopted resolutions to: (a) appoint Jon S. Saxe and Shawn K. Singh, J.D. as directors of EXCALIBER, effective at closing; (b) accept the resignations of the current officers of EXCALIBER, effective at closing; (c) set the size of EXCALIBER's board of directors to five (5) members, effective upon required expiration of the SEC's review period of the 14f-1 Notice (the ***"14f-1 Notice Review Period")***; (d) appoint H. Ralph Snodgrass, Ph.D., Gregory A. Bonfiglio, J.D., and Brian J. Underdown, Ph.D. to serve as directors of EXCALIBER, effective upon expiration of the 14f-1 Notice Review Period; and (e) accept the resignations of Stephanie Y. Jones and Matthew L. Jones as directors of EXCALIBER, effective upon expiration of the 14f-1 Notice Review Period.

6.1.4 At Closing, the current officers of EXCALIBER and the directors of EXCALIBER shall deliver their resignations, as appropriate, as officers and directors of EXCALIBER (the ***"Resignations")***. The officers' resignations shall be effective at Closing. The directors' resignations shall be effective upon the expiration of the 14f-1 Notice Review Period.

6.2 No Action. During the time between Closing and the expiration of the 14f-1 Notice Review period, the directors of EXCALIBER shall take no action unless approved by a majority in interest of the outstanding shares of EXCALIBER Common Stock, except as otherwise required by applicable law.

6.3 Transaction Form 8-K. Prior to Closing, the Parties shall prepare the Form 8-K announcing the Closing, which shall include all information required by such form, including the information required by Form 10 with respect to the Parties, any other information required in connection with EXCALIBER ceasing to be a shell company as a result of the Merger, the VISTAGEN Financial Statements and the Pro Forma Financial Statements (as defined below) ***("Transaction Form 8-K")***, which shall be in a form reasonably acceptable to EXCALIBER. Prior to Closing, the Parties shall prepare the press release announcing the consummation of the Merger hereunder ***("Press Release")***. Within four (4) business days of the Closing, EXCALIBER shall file the Transaction Form 8-K with the SEC and distribute the Press Release.

6.4 Pro Forma Consolidated Financial Statements. Immediately, prior to the Closing, VISTAGEN shall deliver to EXCALIBER pro forma consolidated financial statements for the Parties giving effect to the Merger, for such periods as required by the SEC to be included in the Transaction Form 8-K or any other report or form required to be filed with the SEC at or after Closing with respect to the Merger, all prepared in all material respects with the published rules and regulations of the SEC and in accordance with GAAP applied on a consistent basis throughout the periods involved (the "***Pro Forma Financial Statements***"). The Pro Forma Financial Statements shall have been reviewed by the Accountant and shall be in a format acceptable for inclusion on the Transaction 8-K.

6.5 Required Information. In connection with the preparation of the Transaction Form 8-K, and Press Release, and for such other reasonable purposes, each Party shall, upon request by the others, furnish the others with all information concerning themselves, their respective subsidiaries, directors, officers, managers, managing members, stockholders and members (including the directors of EXCALIBER to be elected effective as of the Closing pursuant to Section 6.1 hereof any officers appointed by such directors thereafter) and such other matters as may be reasonably necessary or advisable in connection with the Merger, or any other statement, filing, notice or application made by or on behalf of each Party and EXCALIBER to any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated hereby. Each Party warrants and represents to the other Parties that all such information shall be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

6.6 Confidentiality; Access to Information.

6.6.1 Confidentiality. Any confidentiality agreement or letter of intent previously executed by the Parties shall be superseded in its entirety by the provisions of this Agreement. Each Party agrees to maintain in confidence any non-public information received from the other Parties, and to use such non-public information only for purposes of consummating the transactions contemplated by this Agreement. Such confidentiality obligations will not apply to (i) information which was known to a Party or its agents prior to receipt from another Party; (ii) information which is or becomes generally known; (iii) information acquired by a Party or its agents from a third party who was not bound to an obligation of confidentiality; and (iv) disclosure required by law. In the event this Agreement is terminated as provided in Section 8 hereof, each Party will return or cause to be returned to the other all documents and other material obtained from the other in connection with the Merger contemplated hereby.

6.6.2 Access to Information.

(a) VISTAGEN will afford EXCALIBER and its financial advisors,

accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of VISTAGEN during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of VISTAGEN, as EXCALIBER may reasonably request. No information or knowledge obtained by EXCALIBER in any investigation pursuant to this Section 6.6.2 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the Merger.

(b) EXCALIBER will afford VISTAGEN and its financial advisors,

underwriters, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of EXCALIBER during the period prior to the Closing to obtain all information concerning the business of EXCALIBER, as VISTAGEN may reasonably request. No information or knowledge obtained by VISTAGEN in any investigation pursuant to this Section 6.6 will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the Merger.

6.7 No Solicitation. Other than with respect to the Merger, each Party agrees that neither of them nor any of their officers, directors, managers, or managing members shall, and that they shall direct and use their reasonable best efforts to cause their agents and other representatives (including any investment banker, attorney or accountant retained by it) not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to (i) a merger, reorganization, share exchange, consolidation or similar transaction involving them, (ii) any sale, lease, exchange, mortgage, pledge, transfer or purchase of all or substantially all of the assets or equity securities of them, taken as a whole, in a single transaction or series of related transactions or (iii) any tender offer or exchange offer for 20% or more of the outstanding shares of EXCALIBER Common Stock (any such proposal or offer being hereinafter referred to as an ***"Acquisition Proposal"***). Each Party further agrees that neither of them nor any of their officers, directors, managers, or managing members shall, and that they shall direct and use their reasonable best efforts to cause their agents and representatives not to, directly or indirectly, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal. Each Party agrees that they will immediately cease and cause to be terminated any existing discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. Each Party agrees that they will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence hereof of the obligations undertaken in this Section 6.7.

6.8 Public Disclosure. Except to the extent previously disclosed or to the extent the Parties believe that they are required by applicable law or regulation to make disclosure, prior to Closing, no Party shall issue any statement or communication to the public regarding the Merger without the consent of the other Parties, which consent shall not be unreasonably withheld. To the extent a Party believes it is required by law or regulation to make disclosure regarding the Merger, it shall, if possible, immediately notify the other Parties prior to such disclosure. Notwithstanding the foregoing, the Parties agree that EXCALIBER will prepare and file the Transaction Form 8-K pursuant to the Exchange Act reasonably acceptable to each Party to report the execution of this Agreement and that any Party may file any reports as required by the Exchange Act including, without limitation, any reports on Schedule 13D.

6.9 Reasonable Efforts; Notification.

6.9.1 Upon the terms and subject to the conditions set forth in this Agreement, each of the Parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including using commercially reasonable efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Section 7 to be satisfied, (ii) the obtaining of all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations, notices and filings (including registrations, declarations, notices and filings with Governmental Entities, if any) and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental

Entity, (iii) the obtaining of all consents, approvals or waivers from third parties required as a result of the transactions contemplated in this Agreement, (iv) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, and (v) the execution or delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. In connection with and without limiting the foregoing, each Party, and its respective board of directors and each Party and its managers, members, directors, officers and shareholders shall, if any state takeover statute or similar statute or regulation is or becomes applicable to the Merger, this Agreement or any of the transactions contemplated by this Agreement, use their commercially reasonable efforts to enable the Merger and the other transactions contemplated by this Agreement to be consummated as promptly as practicable on the terms contemplated by this Agreement. Notwithstanding anything herein to the contrary, nothing in this Agreement shall be deemed to require any of the Parties to agree to any divestiture by itself or any of its affiliates of shares of capital stock, membership interests or ownership interest or of any business, assets or property, or the imposition of any material limitation on the ability of any of them to conduct their business or to own or exercise control of such assets, properties and stock.

6.9.2 VISTAGEN shall give prompt notice to EXCALIBER upon becoming aware that any representation or warranty made by them contained in this Agreement has become untrue or inaccurate, or of any failure of VISTAGEN to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by them under this Agreement, in each case, such that the conditions set forth in Section 7 would not be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the Parties or the conditions to the obligations of the Parties under this Agreement.

6.9.3 EXCALIBER shall give prompt notice to VISTAGEN upon becoming aware that any representation or warranty made by it contained in this Agreement has become untrue or inaccurate, or of any failure of EXCALIBER to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, in each case, such that the conditions set forth in Section 7 would not be satisfied; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the Parties or the conditions to the obligations of the Parties under this Agreement.

6.10 Treatment as a Reorganization. Consistent with the intent of the Parties, each of VISTAGEN and EXCALIBER shall treat, and cause its Affiliates to so treat, the Merger as a reorganization under Section 368(a) of the Code with respect to all Tax Returns, to the extent consistent with law.

6.11 Absence of Material Liabilities; Merger Expenses. Immediately prior to the Closing, EXCALIBER shall have no liabilities or obligations requiring the payment of monies. Each Party shall be responsible for such Party's legal fees and all other expenses incurred with respect to or in connection with the Merger and the transactions contemplated hereby.

6.12 Business Records. At Closing, EXCALIBER shall cause to be delivered to the Parties all records and documents relating to EXCALIBER, which EXCALIBER possesses, including, without limitation, books, records, government filings, Returns, charter documents, corporate records, stock records, consent decrees, orders, and correspondence, director and shareholder minutes and resolutions, stock ownership records, financial information and records, electronic files containing any financial information and records, and other documents used in or associated with EXCALIBER.

6.13 VISTAGEN Shareholders' Approval. VISTAGEN shall, as promptly as practicable, duly submit this Agreement and the transactions contemplated by this Agreement to the VISTAGEN Shareholders for approval and adoption (the ***"VISTAGEN Shareholders'*** *Approval")*. In connection with the Merger, this Agreement and the other transactions contemplated hereby, the Board of Directors of VISTAGEN shall (i) recommend to the VISTAGEN Shareholders that they consent to, and use all commercially reasonable efforts to obtain the approvals by the VISTAGEN Shareholders, of the Merger, this Agreement and the other transactions contemplated hereby, and (ii) otherwise comply with all requirements of applicable law and VISTAGEN's Articles of Incorporation and Bylaws, each as amended to date, in connection with obtaining the VISTAGEN Shareholders' Approval.

6.14 Stock Split. As promptly as practicable following the Closing, Excaliber shall effect a 2 for 1 stock split by way of a stock dividend.

7. CONDITIONS PRECEDENT.

7 . 1 Conditions to Each Party's Obligation to Effect the Merger. Therespective obligations of each Party to effect the Merger is subject to the satisfaction or waiveron or prior to the Closing Date of the following conditions:

7.1.1 No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect.

7.1.2 Subscription Agreements. VISTAGEN shall have received executed subscription agreements from certain investors for the purchase of VISTAGEN Common Stock with an aggregate purchase price of no less than $3 million.

7.1.3 Conversion of Preferred Stock. VISTAGEN shall have received written consent from the holders of a majority of the outstanding VISTAGEN Preferred Stock agreeing to convert all outstanding shares of VISTAGEN Preferred Stock into VISTAGEN Common Stock on a 1-for-1 basis conditional upon the consummation of this Merger.

7.2 Conditions to Obligations of EXCALIBER. The obligations ofEXCALIBER to effect the Merger are further subject to the following conditions:

7.2.1 Representations and Warranties. The representations and warranties of VISTAGEN set forth in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, unless made as of another date, in which case they shall be true and correct in all material respects as of such date.

7.2.2 Performance of Obligations of VISTAGEN. VISTAGEN shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

7.2.3 No Material Adverse Effect. Since the date hereof there must have been no event, series of events or the lack of occurrence thereof which, singularly or in the aggregate, could reasonably be expected to have a Material Adverse Effect on VISTAGEN.

7.2.4 Consents, etc. EXCALIBER shall have received evidence, in form and substance reasonably satisfactory to it, that such licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities and other third parties as necessary in connection with the transactions contemplated hereby have been obtained.

7.2.5 Shareholders' Approval. The VISTAGEN Shareholders' Approval shall have been obtained.

7.2.6 No Litigation. There shall not be pending or threatened by any Governmental Entity any suit, action or proceeding (or by any other Person any suit, action or proceeding which has a reasonable likelihood of success) challenging or seeking to restrain or prohibit the consummation of the Merger.

7.2.7 Auditors; Audited Financial Statements. VISTAGEN shall have delivered a written undertaking provided by Odenberg, Ullakko, Muranishi & Co. LLP *("**Accountant**")* acknowledging that VISTAGEN is consummating a reverse acquisition or reverse merger transaction with EXCALIBER, that such transactions will not disqualify or otherwise prevent Accountant from continuing its engagement as the auditors of VISTAGEN following the Closing or prohibit or impede Accountant from preparing in a timely manner or opining on the required financial statements following the Closing, and that accountant is duly registered with the Public Company Accounting Oversight Board.

7.2.8 [INTENTIONALLY OMITTED].

7.2.9 VISTAGEN Officer's Certificate. EXCALIBER shall have received an officer's certificate, substantially in a form satisfactory to Excaliber, duly executed on VISTAGEN's behalf.

7.2.10 VISTAGEN Secretary's Certificate. EXCALIBER shall have received a Secretary's certificate, substantially in a form satisfactory to Excaliber, duly executed on VISTAGEN's behalf.

7.2.11 Merger Sub Officer's Certificate. EXCALIBER shall have received an officer's certificate, substantially in a form satisfactory to Excaliber, duly executed on Merger Sub's behalf.

7.2.12 Merger Sub Secretary's Certificate. EXCALIBER shall have received a Secretary's certificate, substantially in a form satisfactory to Excaliber, duly executedon Merger Sub's behalf.

7.3 Conditions to Obligation of VISTAGEN. The obligation of VISTAGEN to effect the Merger is further subject to the following conditions:

7.3.1 Representations and Warranties. The representations and warranties of EXCALIBER and Merger Sub set forth in this Agreement shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, unless made as of another date, in which case they shall be true and correct in all material respects as of such date.

7.3.2 Due Diligence Items. EXCALIBER and Merger Sub shall have provided to VISTAGEN copies of all agreements and documents requested by VISTAGEN before the Closing, including, without limitation, copies of material agreements previously filed as exhibits to reports and documents filed with, or furnished to, the SEC and satisfactory evidence of termination of all such material agreements filed with, or furnished to, the SEC and VISTAGEN shall be satisfied with the aforementioned.

7.3.3 Performance of Obligations of EXCALIBER and Merger Sub. EXCALIBER and Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

7.3.4 No Material Adverse Effect. Since the date hereof there must have been no event, series of events or the lack of occurrence thereof which, singularly or in the aggregate, could reasonably be expected to have a Material Adverse Effect on EXCALIBER or Merger Sub.

7.3.5 Consents, etc. VISTAGEN shall have received evidence, in form and substance reasonably satisfactory to it, that such licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Entities and other third parties as necessary in connection with the transactions contemplated hereby have been obtained.

7.3.6 No Litigation. There shall not be pending or threatened by any Governmental Entity any suit, action or proceeding (or by any other Person any suit, action or proceeding which has a reasonable likelihood of success) challenging or seeking to restrain or prohibit the consummation of the Merger.

7.3.7 Platinum Bridge Note Joinder Agreement. EXCALIBER shall have executed the Platinum Bridge Note Joinder Agreement and delivered a signed copy to VISTAGEN

7.3.8 Resignations. EXCALIBER shall deliver to VISTAGEN theResignations, as required by Section 6.1.

7.3.9 Officer's Certificate. VISTAGEN shall have received an officer's certificate from EXCALIBER, substantially in a form satisfactory to VISTAGEN.

7.3.10 Secretary's Certificate. VISTAGEN shall have received a Secretary's certificate from EXCALIBER, substantially in a form satisfactory to VISTAGEN.

8. TERMINATION.

8.1 Termination. This Agreement may be terminated and abandoned at any time prior to the Effective Time:

8.1.1 by mutual written consent of EXCALIBER and VISTAGEN;

8.1.2 by either EXCALIBER or VISTAGEN if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable;

8.1.3 by either EXCALIBER or VISTAGEN if the Merger shall not have been consummated on or before June 15, 2011 (other than as the sole result of the failure of the Party seeking to terminate this Agreement to perform its obligations under this Agreement required to be performed at or prior to the Effective Time);

8.1.4 by EXCALIBER or VISTAGEN, if a Material Adverse Effect shall have occurred relative to VISTAGEN or EXCALIBER;

8.1.5 by EXCALIBER, if VISTAGEN materially breaches any of its representations and warranties contained in this Agreement or willfully fails to perform in any material respect any of its material obligations under this Agreement, which failure or breach is not cured within ten (10) days after EXCALIBER has notified VISTAGEN of its or their intent to terminate this Agreement pursuant to this Section 8.1.5;

8.1.6 by EXCALIBER or VISTAGEN, if the VISTAGEN Shareholders do not approve and adopt the Merger and the transactions contemplated by this Agreement under the CGCL;

8.1.7 by VISTAGEN, if a Material Adverse Effect shall have occurredrelative to EXCALIBER; and

8.1.8 by VISTAGEN, if EXCALIBER materially breaches any of its representations and warranties contained in this Agreement or willfully fails to perform in any material respect any of its material obligations under this Agreement, in each case, which failure or breach is not cured within ten (10) days after VISTAGEN has notified EXCALIBER of its or their intent to terminate this Agreement pursuant to this Section 8.1.8.

8.2 Effect of Termination. In the event of termination of this Agreement by either VISTAGEN or EXCALIBER as provided in Section 8.1, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of EXCALIBER or VISTAGEN, other than as provided in Section 8.3 and this Section 8.2.

8.3 Return of Documents. In the event of termination of this Agreement for any reason, EXCALIBER and VISTAGEN will return to the other Party all of the other Party's documents, work papers, and other materials (including copies) relating to the transactions contemplated in this Agreement, whether obtained before or after execution of this Agreement. EXCALIBER and VISTAGEN will not use any information so obtained from the other Party for any purpose and will take all reasonable steps to have such other Party's information kept confidential.

9. SURVIVAL/CAP.

No representations and warranties except (i) as specifically set forth in provisions contained herein which contemplate the performance of any agreement or covenant by any Party after the Closing, (ii) the obligations of all Parties pursuant to Section 2, and (iii) the obligations of all Parties pursuant to Section 6.11, and no agreements and covenants, contained in or made pursuant to this Agreement by any Party shall survive the Closing. No claims or causes of action shall be made or instituted by any Party from and after the Closing (i) based upon any representation or warranty, or (ii) based upon any agreement or covenant except for such agreement or covenant that shall have survived the Closing as described in the preceding sentence. In no event shall VISTAGEN be liable for more than the Merger Consideration for any claims made hereunder, if any.

10. GENERAL PROVISIONS.

10.1 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

10.2 Extension; Waiver. The Parties may (a) extend the time for the performance of any of the obligations or other acts of the other Parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement, or (c) waive compliance with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of any Party to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

10.3 Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given if delivered personally or sent by facsimile, electronic mail, or overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

if to VISTAGEN, to:

VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., No. 8
South San Francisco, CA 94080
Attn: Shawn K. Singh, J.D., Chief Executive Officer
Fax: 650.244.9979
E-mail: ssingh@vistagen.com

if to EXCALIBER or Merger Sub, to:

Excaliber Enterprises , Ltd.
13834 W. Hoyt Road
Rathdrum, ID 83858
Attn: Stephanie Jones, President Fax: None
E-mail: steph@wildblue.net

10.4 Interpretation. When a reference is made in this Agreement to a section or exhibit, such reference shall be to a section of, or an exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

10.5 Entire Agreement; No Third-Party Beneficiaries. This Agreement and the other agreements referred to herein constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter of this Agreement. Except as expressly provided herein, this Agreement is not intended to confer upon any Person other than the Parties any rights or remedies.

10.6 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

10.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

10.8 Enforcement. The Parties agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any federal or state court located in the State of California, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the Parties (a) consents to submit itself to the personal jurisdiction of any court sitting in the State of California in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement to the extent such courts would have subject matter jurisdiction with respect to such dispute and (b) agrees that it will not attempt to deny or defeat such personal jurisdiction or venue by motion or other request for leave from any such court.

10.9 Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

10.10 Counterparts. This Agreement may be executed in one or more identical counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more such counterparts shall have been executed by each of the Parties and delivered to the other Parties. Delivery of a copy of this Agreement bearing an original signature by facsimile transmission, by electronic mail in "portable document format" (".pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have caused their duly authorized officers to execute this Agreement as of the date first above written.

VISTAGEN THERAPEUTICS, INC.

By: /s/Shawn K. Singh
Name: Shawn K. Singh, J.D. Title: Chief Executive Officer

By: /s/Franklin Rice
Name: Franklin Rice Title: Secretary

EXCALIBER ENTERPRISES, LTD.

By: /s/Stephanie Y. Jones
Name: Stephanie Y. Jones Title: Chief Executive Officer

By: /s/Matthew L. Jones
Name: Matthew L. Jones Title: Secretary

EXCALIBER MERGER SUBSIDIARY, INC.

By: /s/Shawn K. Singh
Name: Shawn K. Singh Title: President and Secretary

Exhibit 3.1

ARTICLES OF
INCORPORATION OF
EXCALIBER ENTERPRISES, LTD.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, has this day voluntarily executed these Articles of Incorporation for the purpose of forming a corporation under the laws of the state of Nevada, and to that end, I do hereby certify:

ARTICLE 1
NAME

The complete name of this corporation shall be **EXCALIBER ENTERPRISES, LTD.**

ARTICLE II
REGISTERED AGENT AND PRINCIPAL OFFICE

The registered agent and principal office the corporation, in the state of Nevada, shall be as follows:

The registered agent in charge thereof is **Savoy Financial Group, Inc**, located at **6767 W. Tropicana Ave., Suite 207** , in the City of **Las Vegas, Nevada, 09103**, County of **Clark**.

ARTICLE III
DURATION

The duration of this corporation shall be perpetual.

ARTICLE IV
PURPOSES

The purpose for which this corporation is organized are as follows: To engage in any lawful act or activity for which a corporation may be organized under the general corporation laws of Nevada. Including but not limited to the following:

(a) Shall have such rights, privileges and powers as may be conferred upon corporations by any existing law.

(b) May at any time exercise such rights, privileges and powers, when not inconsistent with the purposes and objects for winch this corporation is organized.

(c) Shall have power to have succession by its corporate name for the period limited in its certificate or articles of incorporation, and when no period is limited, perpetually, or until dissolved and its affairs wound up according to law.

(d) Shall have power to sue and be sued in any court of law or equity.

(e) Shall have power to make contracts.

(f) Shall have power to bold, purchase and convey real and personal estate and to mortgage or lease any such: real and personal estate with its franchises. The power to hold real and personal estate shall include the power to take the same by devise or bequest in the State of Nevada, or in any other state, territory or country.

(g) Shall have power to appoint such officers and agents, as the affairs of the corporation shall require, and to allow them suitable compensation

(h) Shall have power to make By-Laws not inconsistent with the constitution or laws of the United States, or of the State of Nevada, for the management, regulation and government of its affairs and property, the transfer of its stock, the transaction of its business, and the calling and holding of meetings of its stockholders.

(i) Shall have power to wind up and dissolve itself; or be wound up or dissolved.

(j) Shall have power to adopt and use a common seal or stamp, and alter the same at pleasure. The use of a seal or stamp by the corporation on any corporate documents is not necessary. The corporation may use a seal or stamp, if it desires, but such use or non-use shall not in any way affect the legality of the document.

(k) Shall have power to borrow money and contract debts when necessary for the transaction of its business, or for the exercise of its corporate tights, privileges or franchises, or for any other lawful purpose of its incorporation: to issue bonds, promissory notes, bills of exchange, debentures, and other obligations and evidences of indebtedness, payable at a specified time or times, or payable upon the happening of a specified event or events, whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed, or in payment for property purchased, or acquired, or for any other lawful object.

(l) Shall have power to guarantee, purchase, hold, sell, 1054a, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds, securities or evidences of the indebtedness created by, any other corporation or corporations of the State of Nevada, or any other state or government, and, while owners of such stock, bonds, securities or evidences of indebtedness, to exorcise all the rights, powers and Privileges of ownership, including the right to vote, if soy.

(m) Shall have power to purchase, hold, sell and transfer shares of its own capital stock, and use therefor its capital, capital surplus, surplus, or other property or fund.

(n) Shall have power to hold meetings and keep the books, documents and papers outside of the State of Nevada at such places as may be from time to time designated by the Bylaws or by resolution of the directors except as other wise required by the laws of Nevada. To conduct business, have one or more offices, and hold, purchase, mortgage and convey real and personal property in the State of Nevada, and in any of the several states, territories, possessions and dependencies of the United States, the District of Columbia, and any foreign countries.

(o) Shall have power to do all and everything necessary and proper for the accomplishments of the objects cow: rated in its certificate or articles of incorporation, or any amendment thereof; or necessary or Incidental to the protection and benefit of the corporation and, in general, to carry on any lawful business necessary or incidental to the attainment of the objects of the corporation, whether or not such business is similar in nature to the objects set forth in the certificate or articles of incorporation of the corporation, or any amendment thereof

(p) Shall have power to make donations for the public welfare or for charitable, scientific or educational purposes.

(q) Shall have power to eater into partnerships, general or limited, or joint ventures, in connection with any lawful activities, as may be allowed by law.

ARTICLE V
SHARES

This corporation is authorized to issue one class of capital stock to be designated "Common Stock." The total number of shares of common stock which this Corporation is authorized to issue is Two Hundred Million (200,000,000) shares of Common Stock having a par value of $0.001 each share. The holders of the Common Stock shall have one (1) vote per share on each matter submitted to a vote of shareholders. Each share shall be entitled to the same dividend and liquidation rights. The capital stock of this corporation, after the amount of the subscription price has been paid in, shall never be assessable, or assessed to pay debts of this corporation.

ARTICLE VI
PREEMPTIVE RIGHTS

No preemptive rights, as that term is defined under NRS 78265, shall exist with respect to shares of stock or securities convertible into shares of stock of this corporation.

ARTICLE VII
CUMULATIVE VOTING

The shareholders of this corporation shall not be entitled to cumulative voting at the election of any directors.

ARTICLE VIII
DIRECTORS

The members of the governing board of this Corporation shall be styled directors and the number thereof at the inception, of this Corporation, shall be one (1). The director(s) need not be shareholders of this Corporation, nor residents of the State of Nevada. The number of directors may from time to time be increased or decreased in such manner as shall be provided for by the bylaws of the Corporation. The name and post office address of the person who is to serve as the initial director until the first annual meeting of the shareholders of the corporation, or until her successors are duly elected and qualified is as follows:

Name	Address
Traci Tucker	2419 N. 68th Place Scottsdale, AZ 85257

ARTICLE IX
CONTRACTS IN WHICH DIRECTORS HAVE AN INTEREST

Any contract or other transaction between this corporation and one or more of its directors, or between this corporation and any corporation, firm, association, or other entity, of which one or more of this corporation's directors are shareholders, members, directors, officers or employees or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the Board of Directors which acts upon or in reference to such contract or transaction and notwithstanding the participation of such director or directors in such actions, by voting or otherwise, even though the presence or vote, or both, of such director or directors might have been necessary to obligate this corporation upon such contract or transaction; provided, that the fact of such interest shall be disclosed to or known by the directors acting on such, contract or transaction.

ARTICLE X
INDEMNIFICATION

1. A director of this corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for liability of the director (i) for acts or omissions that involve intentional misconduct by the director or a knowing violation of law by the director, (ii) for conduct violating the Nevada Revised Statutes, or (iii) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. If the Nevada Revised Statutes are amended in the future to authorize corporate action further eliminating or limiting the personal liability of directors, than the liability of a director of this corporation shall be eliminated or limited to the full extent permitted by the Nevada Revised Statutes, as so amended, without any requirement of further action by the shareholders.

2. The corporation shall indemnify any individual made a party to a proceeding because that individual is or was a director of the corporation and shall advance or reimburse the reasonable expenses incurred by the individual in advance of final disposition of the proceeding, without regard to the limitations in Nevada Revised Statute 78.7502, or any other limitation which may hereafter be enacted, to the extent such limitation may be disregarded if authorized by the Articles of Incorporation, to the full extent and under all circumstances permitted by applicable law.

3. Any repeal or modification of this Article by the shareholders of this corporation shall not adversely affect any right or any individual who is or was a director of the corporation which existed at the time of such repeal or modification.

ARTICLE XI
RIGHT TO AMEND ARTICLES OF INCORPORATION

This corporation reserves the right to emend or repeal any of the provisions contained in its Articles of Incorporation in any manner now or hereafter permitted by law, and the rights of the shareholders of this corporation are granted subject to this reservation.

ARTICLE XII
BYLAWS

The Board of Directors shall have the power to adopt, amend, or repeal the bylaws of this corporation, subject to the power of the shareholders to amend or repeal such bylaws. The shareholders shall also have the power to adopt, amend or repeal the bylaws of this corporation.

ARTICLE XIII
INCORPORATOR

The name and address of the incorporator signing these articles of incorporation was as follows:

Name	Address
Traci Tucker	2419 N. 68th Place Scottsdale, AZ 85257

IN WITNESS WHEREOF, I the undersigned being the sole incorporator hereinbefore named for the purpose of forming a Corporation pursuant to the General Corporation law of the State of Nevada, do make and file these Articles of Incorporation, hereby certifying that the facts herein stated are true, and I have accordingly hereunto set my hand this 6th day of October, 2005.

/s/ Traci Tucker
Traci Tucker

CERTIFICATE OF ACCEPTANCE OF APPOINTMENT
BY RESIDENT AGENT

I, Savoy Financial Group, Inc. hereby accept appointment as Resident Agent of **EXCALIBER ENTERPRISES, LTD.** the previously named Corporation. Paul W. Andre, President, Savoy Financial Group, Inc. hereby signs on behalf of Savoy Financial Group, Inc.

/s/ Paul W. Andre	President	October 6, 2005
Signature	Title	Date

On behalf of **SAVOY FINANCIAL GROUP, INC.**

Exhibit 3.2

CONSENT OF DIRECTORS AND MAJORITY STOCKHOLDERS
OF
EXCALIBER ENTERPRISES, LTD.

The undersigned, being the sole director and majority stockholder of Excaliber Enterprises. Ltd. (the "Company"), hereby votes in favor of and approves the following corporate resolutions:

RESOLVED, that Article II, Section 3 of the Bylaws of the Company, be revised to state, asfollows:

Section 3. NUMBER AND QUALIFICATION OF DIRECTORS.

The authorized number of Directors shall be seven (7) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this by-law adopted by the vote or written consent of holders of a majority of the outstanding shares entitled lo vote.

Dated June 23, 2006

Traci Tucker, Director and Majority Stockholder (100%)

BY-LAWS OF EXCALIBER ENTERPRISES, LTD.

ARTICLE I
OFFICES

Section 1. PRINCIPAL OFFICE.

The principal office for the transaction of business of the corporation shall be fixed or may be changed by approval of a majority of the authorized Directors, and additional offices may be established and maintained at such other place or places as the Board of Directors may from time to time designate.

Section 2. OTHER OFFICES.

Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II
DIRECTORS - MANAGEMENT

Section 1. RESPONSIBILITY OF BOARD OF DIRECTORS.

Subject to the provisions of applicable law and to any limitations in the Articles of Incorporation of the corporation relating to action required to be approved by the Shareholders, or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board may delegate the management of the day-to-day operation of the business of the corporation to an executive committee or others, provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. STANDARD OF CARE.

Each Director shall perform the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

Section 3. NUMBER AND QUALIFICATION OF DIRECTORS.

The authorized number of Directors shall be one (1) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this by-law adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote.

Section 4. ELECTION AND TERM OF OFFICE OF DIRECTORS.

Directors shall be elected at each annual meeting of the Shareholders to hold office until the next annual meeting. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 5. VACANCIES.

Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, except that a vacancy created by the removal of a Director by the vote or written consent of the Shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each Director so elected shall hold office until the next annual meeting of the Shareholders and until a successor has been elected and qualified. A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director, or if the Board of Directors by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of Directors is increased, or if the Shareholders fail, at any meeting of Shareholders at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting. The Shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors, but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote. Any Director may resign effective on giving written notice to the Chairman of the Board, the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Directors' term of office expires.

Section 6. REMOVAL OF DIRECTORS.

Subject to applicable law, the entire Board of Directors or any individual Director may be removed from office. In such case, the remaining Board members may elect a successor Director to fill such vacancy for the remaining unexpired term of the Director so removed.

Section 7. NOTICE, PLACE AND MANNER OF MEETINGS.

Meetings of the Board of Directors may be called by the Chairman of the Board, or the President, or any Vice President, or the Secretary, or any two (2) Directors, or by one (1) Director if only one is provided, and shall be held at the principal executive office of the corporation, unless some other place is designated in the notice of the meeting. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment so long as all members participating in such a meeting can hear one another. Accurate minutes of any meeting of the Board or any committee thereof, shall be maintained by the Secretary or other Officer designated for that purpose.

Section 8. ORGANIZATIONAL MEETINGS.

The organizational meetings of the Board of Directors shall be held immediately following the adjournment of the Annual Meetings of the Shareholders.

Section 9. OTHER REGULAR MEETINGS.

Regular meetings of the Board of Directors shall be held at the corporate offices, or such other place as may be designated by the Board of Directors, as follows: Time of Regular Meeting: 9:00 A.M. Date of Regular Meeting: Last Friday of every month If said day shall fall upon a holiday, such meetings shall be held on the next succeeding business day thereafter. No notice need be given of such regular meetings.

Section 10. SPECIAL MEETINGS - NOTICES - WAIVERS.

Special meetings of the Board may be called at any time by the President or, if he or she isabsent or unable or refuses to act, by any Vice President or the Secretary or by any two (2) Directors, or by one (1) Director if only one is provided. At least forty-eight (48) hours notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate Officer by telephone or telegraph. If the notice is sent to a Director by letter, it shall be addressed to him or her at his or her address as it is shown upon the records of the corporation, or if it is not so shown on such records or if not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place in which the principal executive officer of the corporation is located at least four (4) days prior to the time of the holding of the meeting. Such mailing, telegraphing, telephoning or delivery as above provided shall be due, legal and personal notice to such Director. When all of the Directors are present at any Directors' meeting, however, called or noticed, and either (i) sign a written consent thereto on the records of such meeting, or, (ii) if a majority of the Directors is present and if those not present sign 3.4 a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minute thereof, whether prior to or after the holding of such meeting, which said waiver, consent or approval shall be filed with the Secretary of the corporation, or, (iii) if a Director attends a meeting without notice but without protesting, prior thereto or at its commencement, the lack of notice, then the transactions thereof are as valid as if had at a meeting regularly called and noticed.

Section 11. DIRECTORS' ACTION BY UNANIMOUS WRITTEN CONSENT.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of Directors, if authorized by a writing signed individually or collectively by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

Section 12. QUORUM.

A majority of the number of Directors as fixed by the Articles of Incorporation or By-Laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for such meeting.

Section 13. NOTICE OF ADJOURNMENT.

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned and held within twenty-four (24) hours, but if adjourned more than twenty-four (24) hours, notice shall be given to all Directors not present at the time of the adjournment.

Section 14. COMPENSATION OF DIRECTORS.

Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board a fixed sum and expense of attendance, if any, may be allowed for attendance at each regular and special meeting of the Board; provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

Section 15. COMMITTEES.

Committees of the Board may be appointed by resolution passed by a majority of the whole Board. Committees shall be composed of two (2) or more members of the Board and shall have such powers of the Board as may be expressly delegated to it by resolution of the Board of Directors, except those powers expressly made non-delegable by applicable law.

Section 16. ADVISORY DIRECTORS.

The Board of Directors from time to time may elect one or more persons to be Advisory Directors who shall not by such appointment be members of the Board of Directors. Advisory Directors shall be available from time to 4. 5 time to perform special assignments specified by the President, to attend meetings of the Board of Directors upon invitation and to furnish consultation to the Board. The period during which the title shall be held may be prescribed by the Board of Directors. If no period is prescribed, the title shall be held at the pleasure of the Board.

Section 17. RESIGNATIONS.

Any Director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

ARTICLE III
OFFICERS

Section 1. OFFICERS.

The Officers of the corporation shall be a President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, or one or more Assistant Treasurers, and such other Officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any number of offices may be held by the same person.

Section 2. ELECTION.

The Officers of the corporation, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve or a successor shall be elected and qualified.

Section 3. SUBORDINATE OFFICERS, ETC.

The Board of Directors may appoint such other Officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided by the By-Laws or as the Board of Directors may from time to time determine.

Section 4. REMOVAL AND RESIGNATION OF OFFICERS.

Subject to the rights, if any, of any Officer under any contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or except in case of an Officer chosen by the Board of Directors by any Officer upon whom such power of removal may be conferred by the Board of Directors. Any Officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the Officer is a party.

Section 5. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filed in the manner prescribed in the By-Laws for regular appointment to that office.

Section 6. CHAIRMAN OF THE BOARD.

The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by the By-Laws. If there is no President, the Chairman of the Board shall in addition be the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article.

Section 7. PRESIDENT/CHIEF EXECUTIVE OFFICER.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an Officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and Officers of the corporation. He or she shall preside at all meetings of the Shareholders and in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. The President shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 8. VICE PRESIDENT.

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to, all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

Section 9. SECRETARY.

The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Shareholders, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of shares present or represented at Shareholders' meetings and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register showing the names of the Shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all the meetings of the Shareholders and of the Board of Directors required by the By-Laws or by law to be given. He or she shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

Section 10. CHIEF FINANCIAL OFFICER.

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares. The books of accounts shall at all reasonable times be open to inspection by any Director. This Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his or her transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

ARTICLE IV
SHAREHOLDERS' MEETINGS

Section 1. PLACE OF MEETINGS.

All meetings of the Shareholders shall be held at the principal executive office of the corporation unless some other appropriate and convenient location be designated for that purpose from time to time by the Board of Directors.

Section 2. ANNUAL MEETINGS.

The annual meetings of the Shareholders shall be held, each year, at the time and on the day following: Time of Meeting: 10:00 A.M. Date of Meeting: November 1. If this day shall be a legal holiday, then the meeting shall be held on the next succeeding business day, at the same hour. At the annual meeting, the Shareholders shall elect a Board of Directors, consider reports of the affairs of the corporation and transact such other business as may be properly brought before the meeting.

Section 3. SPECIAL MEETINGS.

Special meetings of the Shareholders may be called at any time by the Board of Directors, the Chairman of the Board, the President, a Vice President, the Secretary, or by one or more Shareholders holding not less than one-tenth (1/10) of the voting power of the corporation. Except as next provided, notice shall be given as for the annual meeting. Upon receipt of a written request addressed to the Chairman, President, Vice President, or Secretary, mailed or delivered personally to such Officer by any person (other than the Board) entitled to call a special meeting of Shareholders, such Officer shall cause notice to be given, to the Shareholders entitled to vote, that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of such request. If such notice is not given within twenty (20) days after receipt of such request, the persons calling the meeting may give notice thereof in the same manner provided by these By-Laws.

Section 4. NOTICE OF MEETINGS - REPORTS.

Notice of meetings, annual or special, shall be given in writing not less than ten (10) nor more than sixty (60) days before the date of the meeting to Shareholders entitled to vote thereat. Such notice shall be given by the Secretary or the Assistant Secretary, or if there be no such Officer, or in the case of his or her neglect or refusal, by any Director or Shareholder. Such notices or any reports shall be given personally or by mail and shall be sent to the Shareholder's address appearing on the books of the corporation, or supplied by him or her to the corporation for the purpose of the notice. Notice of any meeting of Shareholders shall specify the place, the day and the hour of meeting, and (1) in case of a special meeting, the general nature of the business to be transacted and no other business may be transacted, or (2) in the case of an annual meeting, those matters which Board at date of mailing, intends to present for action by the Shareholders. At any meetings where Directors are to be elected notice shall include the names of the nominees, if any, intended at date of notice to be presented by management for election. If a Shareholder supplies no address, notice shall be deemed to have been given if mailed to the place where the principal executive office of the corporation is situated, or published at least once in some newspaper of general circulation in the County of said principal office. Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The Officer giving such notice or report shall prepare and file an affidavit or declaration thereof. When a meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which said adjournment is taken.

Section 5. WAIVER OF NOTICE OR CONSENT BY ABSENT SHAREHOLDERS.

The transactions of any meeting of Shareholders, however called and notice, shall be valid as through had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Shareholders entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting or an approval shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance shall constitute a waiver of notice, unless objection shall be made as provided in applicable law.

Section 6. SHAREHOLDERS ACTING WITHOUT A MEETING - DIRECTORS.

Any action which may be taken at a meeting of the Shareholders, may be taken without a meeting or notice of meeting if authorized by a writing signed by all of the Shareholders entitled to vote at a meeting for such purpose, and filed with the Secretary of the corporation, provided, further, that while ordinarily Directors can be elected by unanimous written consent, if the Directors fail to fill a vacancy, then a Director to fill that vacancy may be elected by the written consent of persons holding a majority of shares entitled to vote for the election of Directors.

Section 7. OTHER ACTIONS WITHOUT A MEETING.

Unless otherwise provided for under applicable law or the Articles of Incorporation, any action which may be taken at any annual or special meeting of Shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize to take such action at a meeting at which all shares entitled to vote thereon were present and voted. Unless the consents of all Shareholders entitled to vote have been solicited in writing, (1) Notice of any Shareholder approval without a meeting by less than unanimous written consent shall be given at least ten (10) days before the consummation of the action authorized by such approval, and (2) Prompt notice shall be given of the taking of any other corporate action approved by Shareholders without a meeting be less than unanimous written consent, to each of those Shareholders entitled to vote who have not consented in writing. Any Shareholder giving a written consent, or the Share-holder's proxyholders, or a transferee of the shares of a personal representative of the Shareholder or their respective proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the corporation, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the corporation.

Section 8. QUORUM.

The holder of a majority of the shares entitled to vote thereat, present in person, or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the Shareholders, the shareholders entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented, any business may be transacted which might have been transacted at a meeting as originally notified. If a quorum be initially present, the Shareholders may continue to transact business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken is approved by a majority of the Shareholders required to initially constitute a quorum.

Section 9. VOTING.

Only persons in whose names shares entitled to vote stand on the stock records of the corporation on the day of any meeting of Shareholders, unless some other day be fixed by the Board of Directors for the determination of Shareholders of record, and then on such other day, shall be entitled to vote at such meeting. Provided the candidate's name has been placed in nomination prior to the voting and one or more Shareholders has given notice at the meeting prior to the voting of the Shareholder's intent to cumulate the Shareholder's votes, every Shareholder entitled to vote at any election for Directors of any corporation for profit may cumulate their votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his or her shares are entitled to, or distribute his or her votes on the same principle among as many candidates as he or she thinks fit. 10. 11 The candidates receiving the highest number of votes up to the number of Directors to be elected are elected. The Board of Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Shareholders or the date fixed for the payment of any dividend or distribution, or for the allotment of rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the Shareholders entitled to notice of and to vote at any such meeting, or entitled to receive any such dividend or distribution, or any allotment of rights or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only Shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, to receive such dividends, distribution or allotment of rights, or to exercise such rights, as the case may be notwithstanding any transfer of any share on the books of the corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the corporation against transfers of shares during the whole or any part of such period.

Section 10. PROXIES.

Every Shareholder entitled to vote, or to execute consents, may do so, either in person or by written proxy, executed in accordance with the provisions of applicable law filed with the Secretary of the corporation.

Section 11. ORGANIZATION.

The President, or in the absence of the President, any Vice President, shall call the meeting of the Shareholders to order, and shall act as Chairman of the meeting. In the absence of the President and all of the Vice Presidents, Shareholders shall appoint a Chairman for such meeting. The Secretary of the corporation shall act as Secretary of all meetings of the Shareholders, but in the absence of the Secretary at any meeting of the Shareholders, the presiding Officer may appoint any person to act as Secretary of the meeting.

Section 12. INSPECTORS OF ELECTION.

In advance of any meeting of Shareholders, the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election be not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairman of any such meeting may, and on the request of any Shareholder or his or her proxy shall, make such appointment at the meeting in which case the number of inspectors shall be either one (1) or three (3) as determined by a majority of the Shareholders represented at the meeting.

ARTICLE V
CERTIFICATES AND TRANSFER OF SHARES

Section 1. CERTIFICATES FOR SHARES.

Certificates for shares shall be of such form and device as the Board of Directors. 12 may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance; the number of shares for which it is issued; a statement of the rights, privileges preferences and restriction, if any; a statement as to the redemption or conversion, if any; a statement of liens or restrictions upon transfer or voting, if any; if the shares be assessable or, if assessments are collectible by personal action, a plain statement of such facts. All certificates shall be signed in the name of the corporation by the Chairman of the Board or Vice Chairman of the Board or the President or Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or any

Assistant Secretary, certifying the number of shares and the class or series of shares owned by the Shareholder. Any or all of the signatures on the certificate may be facsimile. In case any Officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that Officer, transfer agent, or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an Officer, transfer agent, or registrar at the date of issuance.

Section 2. TRANSFER ON THE BOOKS.

Upon surrender to the Secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. LOST OR DESTROYED CERTIFICATES.

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and shall, if the Directors so require, give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the value of the stock represented by said certificate, whereupon a new certificate may be issued in the same tender and for the same number of shares as the one alleged to be lost or destroyed.

Section 4. TRANSFER AGENTS AND REGISTRARS.

The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars which shall be an incorporated bank or trust company, either domestic or foreign, who shall be appointed at such times and places as the requirements of the corporation may necessitate and the Board of Directors may designate.

Section 5. CLOSING STOCK TRANSFER BOOKS - RECORD DATE.

In order that the corporation may determine the Shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect to any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action. If no record date is fixed; the record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given or if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held. The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is given. The record date for determining Shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60^{th}) day prior to the date of such other action, whichever is later.

ARTICLE VI
RECORDS - REPORTS - INSPECTION

Section 1. RECORDS.

The corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal executive office as fixed by the Board of Directors from time to time.

Section 2. INSPECTION OF BOOKS AND RECORDS.

All books and records shall be open to inspection of the Directors and Shareholders from time to time and in the manner provided under applicable law.

Section 3. CERTIFICATION AND INSPECTION OF BY-LAWS.

The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be kept at the corporation's principal executive office and shall be open to inspection by the Shareholders at all reasonable times during office hours.

Section 4. CHECK, DRAFTS, ETC.

All checks, drafts, or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by the Board of Directors. 13.14

Section 5. CONTRACT, ETC.—HOW EXECUTED.

The Board of Directors, except as in the By-Laws otherwise provided, may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no Officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purpose or to any amount except as may be provided under applicable law.

ARTICLE VII ANNUAL REPORTS

Section 1. REPORT TO SHAREHOLDERS, DUE DATE.

The Board of Directors shall cause an annual report to be sent to the Shareholders not later than one hundred twenty (120) days after the close of the fiscal or calendar year adopted by the corporation. This report shall be sent at least fifteen (15) days before the annual meeting of Shareholders to be held during the next fiscal year and in the manner specified in Section 4 of the Article IV of these By-Laws for giving notice to Shareholders of the corporation. The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation. ARTICLE VIII AMENDMENTS TO BY-LAWS Section 1. AMENDMENT BY SHAREHOLDERS. New By-Laws may be adopted or these By-Laws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the corporation set forth the number of authorized Directors of the corporation, the authorized number of Directors may be changed only by an amendment of the Article of Incorporation.

Section 2. POWERS OF DIRECTORS.

Subject to the right of the Shareholders to adopt, amend or repeal By-Laws, as provided in Section 1 of this Article VIII, and the limitations, if any, under law, the Board of Directors may adopt, amend or repeal any of these By-Laws other than a By-Law or amendment thereof changing the authorized number of Directors.

Section 3. RECORD OF AMENDMENTS.

Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws 14. 15 with the original By-Laws, in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

ARTICLE IX CORPORATE SEAL

Section 1. SEAL.

The corporate seal shall be circular in form, and shall have inscribed thereon the name of the corporation, the date and State of incorporation.

ARTICLE X
MISCELLANEOUS

Section 1. REPRESENTATION OF SHARES IN OTHER CORPORATIONS.

Shares of either corporations standing in the name of this corporation may be voted or represented and all incidents thereto may be exercised on behalf of the corporation by the Chairman of the Board, the President or any Vice President and the Secretary or an Assistant Secretary.

Section 2. SUBSIDIARY CORPORATIONS.

Shares of this corporation owned by a subsidiary shall not be entitled to vote on any matter. A subsidiary for these purposes is defined as a corporation, the shares of which possessing more than 25% of the total combined voting power of all classes of shaves entitled to vote, are owned direcdy or indirectly through one (1) or more subsidiaries.

Section 3. INDEMNITY.

Subject to applicable law, the corporation may indemnify any Director, Officer, agent or employee as to those liabilities and on those terms and conditions as appropriate- In any event, the corporation shall have the right to purchase and maintain insurance on behalf of any such persons whether or not the corporation would have the power to indemnify such person against the liability insured against.

Section 4. ACCOUNTING YEAR.

The accounting year of the corporation shall be fixed by resolution of the Board of Directors.

Approve and Adopted this 23nd day of June, 2006.

/s/ Matthew L. Jones
Matthew L. Jones, SECRETARY

CERTIFICATE OF SECRETARY

I hereby certify that I am the Secretary of **EXCALIBER ENTERPRISES, LTD.,** and that the foregoing By-Laws, consisting of 10 pages, constitute the code of By-Laws of **EXCALIBER ENTERPRISES, LTD.,** as duly adopted at a regular meeting of the Board of Directors of the corporation held June 23, 2006.

/s/ Matthew L. Jones
Matthew L. Jones, SECRETARY

VISTAGEN THERAPEUTICS, INC.
FOURTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS FOURTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT (the "Agreement") is made as of August 1, 2005 by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), A. Franklin Rice and H. Ralph Snodgrass (the "Founders"), and the investors listed on Schedule A hereto, each of which is herein referred to as an "Investor."

RECITALS

WHEREAS, certain of the Investors (the "Existing Investors") hold shares of the Company's Series A Preferred Stock and/or Series B Preferred Stock, and/or Series Bl Preferred Stock, and/or Series C Preferred Stock, and/or shares of Common Stock issued upon conversion thereof (collectively, the "Existing Preferred Stock"), and possess registration rights, information rights, and other rights pursuant to a Third Amended and Restated Investors' Rights Agreement dated as of December 28,2004 among the Company, the Founders and such Existing Investors (the "Prior Agreement"); and

WHEREAS, the Existing Investors signatory hereto and the Founders are holders of at least 51% of the "Registrable Securities" of the Company (as defined in the Prior Agreement), and desire to replace and supersede the Prior Agreement with the terms of this Agreement; and

WHEREAS, certain of the Investors are parties to the Series C Preferred Stock Purchase Agreement of even date herewith among the Company and such Investors (the "Purchase Agreement"), which provides that as a condition to the closing of the sale of the Series C Preferred Stock, this Agreement must be executed and delivered by such Investors, Existing Investors and Founders collectively holding at least 51% of the "Registrable Securities" of the Company (as defined in the Prior Agreement) and the Company.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the Existing Investors and the Founders hereby agree that the Prior Agreement shall be superseded and replaced in its entirety by this Agreement, and the parties hereto further agree as follows:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "Act" means the Securities Act of 1933, as amended.

(b) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC which

permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "Founders Shares" means the 14,000,000 shares of Common Stock (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations after the date hereof (collectively, a "Recapitalization")) issued to the Founders in the amounts set forth in Schedule B attached hereto plus additional shares of Common Stock issued pursuant to any Employment Agreements between the Company and the Founders (subject to appropriate adjustment for Recapitalizations).

(d) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.13 hereof.

(e) The term "1934 Act" shall mean the Securities Exchange Actofl934, as amended.

(f) The term "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document by the SEC.

(g) The term "Registrable Securities" means (i) the Common Stock issuable or issued upon conversion of the shares of Series A Preferred Stock, Series B Preferred Stock, Series Bl Preferred Stock and Series C Preferred Stock held by the Holders, (ii) the Founders Shares; provided, however, that such shares of Common Stock shall not be deemed Registrable Securities and the aforementioned individuals shall not be deemed Holders for the purposes of Sections 1.2, 1.12, or 1.14, and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i) and (ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned, and excluding Registrable Securities that have been sold in an offering registered under the Act or in an open market transaction under Rule 144 of the Act.

(h) The number of shares of "Registrable Securities then outstanding" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(i) The term "Qualified Public Offering" shall mean a firmcommitment public offering of the Company's Common Stock resulting in aggregate netproceeds to the Company of at least $15,000,000 and at an ofering price to the public of not lessthan $5.00 per share.

(j) The term "SEC" means the Securities and Exchange Commission.

1.2 Request for Registration.

(a) If the Company shall receive at any time the earlier of (i) five (5) years from the date of this Agreement, or (ii) six (6) months after the effective date of the first registration statement for a public offering of securities of the Company (other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction), a written request from the Holders of at least forty percent (40%) of the Registrable Securities then outstanding that the Company file a registration statement under the Act covering the Registrable Securities, provided that the anticipated aggregate offering price, net of underwriting discounts and commissions, would exceed $ 10,000,000, then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) as soon as practicable, use its best efforts to effect the registration under the Act of all Registrable Securities which the Holders request to be registered, together with all or such portion of the Registrable Securities of any Holder or Holders joining in such request as are specified in a written request received by the Company, within twenty (20) days of the mailing of such notice by the Company in accordance with Section 3.6, subject to the limitations of subsection 1.2(b).

(b) If the Holders initiating the registration request hereunder ("Initiating Holders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to subsection 1.2(a) and the Company shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by a majority in interest of the Initiating Holders, provided that the Company approves of such underwriter (such approval not to be unreasonably withheld). In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating-Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder.

(c) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer taking action with respect to such filing for a period of not more than 90 days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve-month period.

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Company has effected two (2) registrations requested by the Holders of Registrable Securities pursuant to this Section 1.2 and such registrations have been declared or ordered effective;

(ii) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a registration subject to Section 1.3 hereof; provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective; or

(iii) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 1.12 below.

1.3 Company Registration. If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for shareholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.6, the Company shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare, and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or until the distribution contemplated in the Registration Statement has been completed; provided, however, that (i) such 120-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold, provided that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (I) includes any prospectus required by Section 10(a)(3) of the Act or (II) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (I) and (II) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws, of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Act.

(e) In the event of any underwritten.public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) Furnish, at the request of any Holder requesting registration ofRegistrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1,if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securitiesbecomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwritersin an underwritten public offering, addressed to the underwriters, if any, and to the Holders whose Registrable Securities are included in such registration statement and (ii) a letter datedsuch date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters inan underwritten public offering, addressed to the underwriters, if any, and to the Holders whose Registrable Securities are included in such registration statement.

1.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall'be required to effect the registration of such Holder's Registrable Securities.

1.6 Expenses of Demand Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company (including fees and disbursements of counsel for the Company in its capacity as counsel to the selling Holders hereunder; if Company counsel does not make itself available for this purpose, the Company will pay the reasonable fees and disbursements of one counsel for the selling Holders) shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one (1) demand registration pursuant to Section 1.2.

1.7 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section!.3 for each Holder (which right may be assigned as provided in Section 1.13), including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements of counsel for the Company in its capacity as counsel to the selling Holders hereunder; if Company counsel does not make itself available for this purpose, the Company will pay the reasonable fees and disbursements of one counsel for the selling Holders selected by them but excluding underwriting discounts and commissions relating to Registrable Securities.

1.8 Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected in accordance herewith, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata' among the selling shareholders according to the total amount of securities entitled to be included therein owned by each selling shareholder or in such other proportions as shall mutually be agreed to by such selling shareholders; provided that there shall be no reduction in the number of securities of any Holder that is not a Founder unless all securities held by the Founders and their transferees and any other holders of Common Stock (other than the Holders) are first withdrawn from the offering). For purposes of the preceding parenthetical concerning apportionment, for any selling shareholder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and shareholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling shareholder," and any pro-rata reduction with respect to such "selling shareholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling shareholder," as defined in this sentence.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the officers, directors and partners of such Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act, or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein,- or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act, the 1934 Act or any state securities law; and the Company will pay to each such Holder, underwriter or controlling person, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or other federal or state-law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection . with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 1.10(b) exceed the gross proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided,however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party.on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

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

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 Form S-3 Registration. In case the Company shall receive a written request from the Holders of at least twenty percent (20%) of the Registrable Securities then outstanding that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within 15 days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this section 1.12: (1) if Form S-3 is not available for such offering by the Holders; (2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $1,000,000; (3) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 60 days after receipt of the request of the Holder or Holders under this Section 1.12; provided, however, that the Company shall not utilize this right more than once in any twelve (12) month period; (4) if the Company has, within the twelve (12) month period preceding the date of such request, already effected one registration on Form S-3 for the Holders pursuant to this Section 1.12; or (5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. All expenses other than underwriting discounts and commissions incurred in connection with the registrations requested pursuant to Section 1.12, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company (including fees and disbursements of counsel for the Company in its capacity as counsel to the selling Holders hereunder; if Company counsel does not make itself available for this purpose, the Company will pay the reasonable fees and disbursements of one counsel for the selling Holders) shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.12 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses). Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.13 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may, other than to a direct competitor of the Company, as reasonably determined by the Company, be assigned (but only with all related obligations) by a Holder of Registrable Securities (i) to one or more of its affiliated partnerships managed by it, or (ii) to a transferee or assignee of such securities who, after such assignment or transfer, holds at least seventy five thousand (75,000) shares of Registrable Securities (subject to appropriate adjustment for any Recapitalization), provided that upon such transfer to a partner, affiliate, transferee or assignee: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such partner, affiliate, transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such partner, affiliate, transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the partner, affiliate, transferee or assignee is restricted under the Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee pursuant to clause (ii) above, the holdings of transferees and assignees of a partnership who are employees, partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such employees, partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration prior to the date which is one hundred eighty (180) days after the effective date of the Company's initial public offering of any of its securities.

1.15 "Market Stand-Off" Agreement. Each Investor hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) such agreement shall be applicable only to the first two such registration statements of the Company which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(b) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(c) such market stand-off time period shall not exceed one hundredeighty (180) days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 1.15 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

1.16 Termination of Registration Rights.

(a) No Holder shall be entitled to exercise any right provided for in this Section 1 after five (5) years following the consummation of the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with the initial firm commitment underwritten offering of its securities to the general public.

(b) In addition, the right of any Holder to request registration or inclusion in any registration pursuant to Section 1 shall terminate on the closing of the first Company-initiated registered public offering of Common Stock of the Company if all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any 90-day period, or on such date after the closing of the first Company-initiated registered public offering of common Stock of the Company as all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any 90-day period.

2. Covenants of the Company.

2.1 Delivery of Financial Statements. The Company shall deliver to eachInvestor:

(a) as soon as practicable, but in any event within ninety (90) daysafter the end of each fiscal year of the Company, an income statement for such fiscal year, abalance sheet of the Company and statement of shareholder's equity as of the end of such year(collectively, the Company's "Year-End Financial Statements"), and a schedule as to the sourcesand applications of funds for such year, such Year-End Financial Statements to be in reasonabledetail, prepared in accordance with generally accepted accounting principles ("GAAP");

(b) as soon as practicable, but in any event within forty-five (45 days) after the end of each of the first three (3) quarters of each fiscal year of the Company, anunaudited profit or loss statement, schedule as to the sources and application of funds for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter; and

(c) with the fiscal year beginning April 1, 2003, each holder of shares of Series Bl Preferred Stock will be furnished by the Company with an annual budget.

2.2 Termination and Transfer of Information Covenants.

(a) The covenants set forth in Section 2.1 shall terminate and be of no further force or effect when the sale of securities pursuant to a registration statement filed by the Company under the Act in connection with a Qualified Public Offering is consummated or when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur.

(b) The rights to information set forth in Section 2.1 may not be assigned or transferred, except that such rights are assignable, other than to a direct competitor of the Company, as reasonably determined by the Company, (i) by each Holder to any whollyowned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Holder, and (ii) to a transferee or assignee which holds at least 75,000 shares of Registrable Securities (subject to appropriate adjustment for any Recapitalization).

2.3 Confidentiality. Each Investor agrees that it will at all times keep confidential and will not disclose or divulge, or use for any purpose other than to evaluate its investment in the Company, any confidential, proprietary or secret information which such Investor may obtain from the Company pursuant to the Company's obligations to submit financial statements, reports and other materials hereunder unless such information is or becomes known to the Investor from a source other than the Company, is or becomes publicly known other than as a result of a breach by such Investor of this Section 2.3, or unless the Company gives its written consent to the Investor's release of such information, except that no such written consent shall be required (and the Investor shall be free to release such information) if such information is to be provided to such Investor's counsel or accountant, or to an officer, director or partner of an Investor, provided that such Investor shall inform the recipient of the confidential nature of such information, and shall instruct the recipient to treat the information as confidential. The provisions of this Section 2.3 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by the parties hereto.

3. Miscellaneous.

3.1 Additional Series C Investors. In the event of the issuance of any additional shares of Series C Preferred Stock in subsequent closings in accordance with the terms of the Purchase Agreement, or in connection with joint venture, technology licensing or research and development activity, or similar strategic transactions the terms of which are approved by the Board of Directors, including the warrants to purchase shares of Series C Preferred Stock, then upon execution of a signature page counterpart hereto by any such purchaser, and without the need for an amendment hereto, such purchaser shall become a party to this Agreement and shall be deemed an "Investor" for purposes of this Agreement, and shall have the identical rights and obligations hereunder as the other Investors, in each case as of the date of execution of such counterpart signature page.

3.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.6 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified or upon deposit with the United States Post Office or overnight courier, by overnight or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties, or (ii) by electronic facsimile (fax) to such party with receipt confirmed within three (3) days by notice delivered in accordance with Section 3.6(i).

3.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.8 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of (a) the Company and (b) the holders of a majority of the Registrable Securities; provided that any amendment that is adverse to the holders of shares of Series Bl Preferred Stock must also be approved by the holders of a majority of the outstanding shares of Series Bl Preferred Stock held by persons party to this Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and the Company.

3.9 Termination of Prior Agreement. The Prior Agreement is hereby terminated in its entirety and replaced with this Agreement as provided herein. Such termination and replacement is effective upon the execution of this Agreement by the Company and the holders of a sufficient number of shares of Registrable Securities (pursuant to and as provided in Section 3.7 of the Prior Agreement). Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and terminated in their entirety and shall have no further force or effect.

3.10 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.11 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.12 Entire Agreement. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and hereby amends, restates and replaces the Prior Agreement in its entirety.

IN WITNESS WHEREOF, the parties have executed this Fourth Amended and Restated Investors' Rights Agreement as of the date first above written.

THE COMPANY

VISTAGEN THERAPEUTICS, INC
a California corporation
By: _____
H. Ralph Snodgrass, President

Address: 1450 Rollins Road
Burlingame, CA 94010

THE FOUNDERS:

By: _____
H. Ralph Snodgrass, President

Address: 2221 Armada Way
San Mateo, CA

By: _____
A. Franklin Rice
1555 W Hillsdale Blvd
San Mateo CA 94402

Signature Page to the VistaGen Therapeutics, Inc. Fourth Amended and Restated Investors' Rights Agreement

IN WITNESS WHEREOF, the parties have executed this Series C Preferred Stock Purchase Agreement as of the date first above written,

INVESTOR:

EN-BIO TECHNOLOGY CO,, LTD.

Bv: _____

Name: _____

Title _____

Signature Page to the VistaGen Therapeutics, Inc. Series C Preferred Stock Purchase Agreement

IN WITNESS WHEREOF, the parties have executed this Fourth Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

CATO HOLDING COMPANY

By:_____

Name: Shawn K. Singh

Title: COO

Signature Page to the VistaGen Therapeutics, Inc. Fourth Amended and Restated Investors' Rights Agreement

IN WITNESS WHEREOF, the parties have executed this Fourth Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

NATIONAL JEWISH MEDICAL AND RESEARCH CENTER

Bv: _____

Name: Richard B Johnston, Jr.

Title Exec VP for Academic Affairs

Signature Page to the "VistaGen Therapeutics, Inc. Fourth Amended and Restated Investors' Rights Agreement

Signature Page to the "VistaGen Therapeutics, Inc. Fourth Amended and Restated Investors' Rights Agreement

SCHEDULE A

INVESTORS

Name	Number of Shares of Series A Preferred
1990 Feeny Family Trust A	108,617
Robert G. Hunter	108,617
David G. Mohler	108,617
W. Thomas Mitchell and Peggy J. Mitchell	217,234
Anna Snodgrass	222,067
Kathryn R. Stevenson	110,575
George H. Traugh and Nancy A. Hessol	260,681
Edward R. Robinson	108,617
John J. Connor	108,617
James R. Graham 1991 Trust	300,000
Susan C. Hering	108,617
Stephen Williams	118,284
Denise DeMan Williams	48,317
Catherine A. Balin	48,317
John Burr III, Christina L. Burr, Trustees Burr Trust 10-1-90	108,617
George Cortessis	108,617
Search Alliance	108,617
Greg Galanos and Carole L'Abbe, Trustees UTA Dated 11/5/99	150,000
Charles R. Corley and Kristi L. Corley, Trustees of the 1997 Corley Family Trust UAD 12/8/97	108,617
Tracy K. Singh	108,617
Howard Clowes	108,617
Roxanne Blanchard	108,617
Blanchard 1972 Trust as Amended Harry F. Blanchard and Mary E. Blanchard, Trustees	69,617
Mike Phillips	108,617
John H. Blanchard, Trustee of the John H. Blanchard 1999 Trust	39,000
Julia J. Portmore	108,617
JK Investment Partners	108,617
Michael Sinel, MD	108,617

Name	Number of Shares of Series A Preferred
Richard J. LaDuca	108,617
Karl Sanford	108,617
1997 Singh Family Trust	108,617
Alfred Rudolph	108,617
Josh & Emily Bentley, JTWROS	108,617
Prairn S. Singh and Marlene Singh, Trustees of the Singh Family Trust dated April 25, 1997	108,617
Robert M. Kay and Pamela E. Scott-Kay, Trustees of the Scott-Kay Family Trust U/D/T dated November 3, 1989	108,617
Heller Ehrman White McAuliffe	20,000
TOTAL SERIES A INVESTORS	**4,319,517**

SCHEDULE A continued

INVESTORS

Name	Number of Shares of Series B Preferred
MacroGen Corporation	1,803,427
David G. Mohler	90,811
Michael Phillips	181,622
James R. Graham 1991 Trust	272,434
George Traugh	317,839
Robert M. Kay and Pamela E. Scott-Kay, Trustees of the Scott-Kay Family Trust U/D/T dated November 3, 1989	90,431
Greg Galanos and Carole L'Abbe, Trustees UTA Dated 11/5/99	90,690
BD Ventures, a general partnership	90,171
Bernard A. Votteri M.D., Inc. Profit Sharing Trust 08/01/78	342,650
Bench International Consulting, LLC	63,120
ReNeuron Limited	1,082,150
Bernhard and Linda Votteri Family Trust	54,102
Guarantee and Trust Co., Trustee FBO F. Hase Rodenbaugh, MD	90,171
Edward R. Robinson	45,085

Name	Number of Shares of Series B Preferred
Ahn-Gook Pharmaceutical, Ltd. J. S. Kim, Manager #993-75, Daelim-Dong Yong Dongpo-Ku Seoul, 150-072 KOREA (SOUTH)	450,857
Cato Holding Company Allen Cato, CEO 200 Westpark Corp. Center 4364 South Alston Avenue Durham, NC 27713	90,171
TOTAL SERIES B INVESTORS	**5,155,731**

SCHEDULE A continued

INVESTORS

Name	Number of Shares of Series B1 Preferred
Cato Holding Company	10,854,000
University of Maryland	1,356,750
Robert Schwarcz	1,356,750
TOTAL SERIES B1 INVESTORS	**13,567,500**

INVESTORS

Initial Closing: December 28, 2004

Name of Investor	Number of Shares of Series C Preferred	Number of Common Stock Warrants
Allen Cato	53,390	68,362
Cato Holding Company	53,390	68,362
Raymond E. Frye	49,465	58,066
James R. Graham Living Trust 1991	353,432	401,716
Herman F. Greene	41,667	20,834
Waldo R. Griffin, as trustee of the Waldo R. Griffin 2001 Trust dated 8/15/2001	83,333	41,667
Lawrence Charles Gotelli, Jr. and Jamie Leonardini-Gotelli	41,667	20,834
Michael C. Philips	242,090	246,045
Tracy K. Price, as Trustee of Tracy K. Price Descendents Trust u/t/d December 15, 1999	62,733	73,034
Sanwa Kagaku Kenkyusho Co., Ltd.	1,959,360	2,646,347
Silver Family Revocable Trust dated May 4, 2001	50,000	25,000
University Medical Discoveries Inc.	666,667	0
Bernhard A. Vetteri MD, Inc. Profit Sharing Trust 8/01/78	196,095	264,714
David Young	50,000	25,000
Total Initial Closing:	**3,903,289**	**3,959,981**

Second Closing: May 9, 2005

Name of Investor	Number of Shares of Series C Preferred	Number of Common Stock Warrants
En Bio Technology Co. LTD	416,666	N/A
The Epilepsy Project	83,333	N/A
Richard K. Wagner	100,000	N/A
Total Second Closing:	**599,999**	N/A

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TOTAL SERIES B1 INVESTORS **13,567,500**

INVESTORS

First Strategic Closing: August 1,2005

Name of Investor	**Number of Shares of Series C Preferred**
En-Bio Technology Co., Ltd.	833,333
Total First Strategic Closing:	**833,333**

Second Strategic Closing: October 28,2005

Name of Investor	**Number of Shares of Series C Preferred**
Cato Holding Company	300,842
National Jewish Medical and Research Center	*166,666*
Total Second Strategic Closing:	**467,508**

SCHEDULE B

Name	**Number of Shares**
H. Ralph Snodgrass	10,000,000
A. Franklin Rice	4,000,000
TOTALFOUNDERS	**14,000,000**

AMENDMENT NO. 1 TO FOURTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This Amendment No. 1 to the Fourth Amended and Restated Investors' Rights Agreement (this "**Amendment**") is entered into as of July 10, 2010, by and among VistaGen Therapeutics, Inc., a California corporation (the "**Company**"), A. Franklin Rice and H. Ralph Snodgrass (the "**Founders**") and the investors listed on Schedule A (the "**Investors**") to the Agreement (as defined below).

R E C I T A L S

WHEREAS, the Company, the Founders and the Investor have previously entered into that certain Fourth Amended and Restated Investors' Rights Agreement dated as of August 1, 2005 (the "**Agreement**");

WHEREAS, the Company is in the process of undertaking an initial public offering of shares of its Common Stock in Canada and an unregistered private placement of its shares of Common Stock in the United States (collectively, the "**Offerings**"); and

WHEREAS, in order to consummate the Offerings, the Company, the Founders and the Investorsdeem it necessary to amend the Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Company, the Founders and the Investors hereby agree to amend the Agreement as follows:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendments to the Agreement.

a. Sections 1.2, 1.6 and 1.14 of the Agreement are hereby deleted in their entirety and shall be of no further force or effect.

b. Any and all references to Sections 1.2, 1.6 and 1.14 in the Agreement are hereby deleted.

c. Section 1.15 of the Agreement shall be amended and restated in its entirety as follows:

1.15 "Market Stand-Off" Agreement.

(a) In the event the Company files a registration statement under the Act, each Investor hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock registered in such registration statement or final prospectus (whichever is applicable); provided, however, that:

(i) such agreement shall be applicable only to the first two such registration statements of the Company which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(ii) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(iii) such market stand-off period shall not exceed one hundred eighty (180) days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 1.15(a) shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

(b) In the event the Company files a final prospectus with securities regulatory authorities in Canada to effectuate a public offering of its securities (a "Canadian Offering"), each Investor agrees that, without the prior written consent of the Company, such consent not to be unreasonably withheld, from the date that is one-hundred eighty (180) days from the closing date of the Canadian Offering (the "Lock-Up Period"), each Investor will not, directly or indirectly (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any Common Stock of the Company or any securities convertible into, exercisable or exchangeable for or that represent the right to receive Common Stock (including without limitation, Common Stock which may be deemed to be beneficially owned by each Investor in accordance with applicable securities laws and securities which may be issued upon exercise of a stock option or warrant) whether now owned or hereafter acquired (the "Applicable Securities"), or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Applicable Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing restriction is expressly agreed to preclude each Investor from engaging in any hedging or other transaction which is designed to or which could reasonably be expected to lead to or result in a sale or disposition of Applicable Securities even if such securities would be disposed of by someone other than the Investor. Such prohibited hedging or other transactions would include, without limitation, any short sale or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any Applicable Securities or with respect to any security that includes, relates to, or derives any significant part of its value from the Applicable Securities. The foregoing restrictions are subject to the following conditions:

(i) Each Investor agrees to authorize the Company, during the Lock-Up Period, to cause any transfer agent for the Applicable Securities to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, Applicable Securities for which the Investor is the record holder and, in the case of Applicable Securities for which the Investor is the beneficial but not the record holder, agrees during the Lock-Up Period to cause the record holder, as soon as reasonably practicable after the date hereof, to cause the relevant transfer agent to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, such Applicable Securities.

(ii) During the applicable Lock-Up Period, each Investor may, without the consent of the Company's agent in the Canadian Offering or the Company, transfer, sell or tender any or all of the Applicable Securities pursuant to a take-over bid (as defined in the Securities Act (Ontario)) or any other transaction, including, without limitation, a merger, arrangement or amalgamation, involving a change of control of the Company, provided that: (i) all Applicable Securities not transferred, sold or tendered remain subject to this undertaking; and (ii) it shall be a condition of such transfer, sale or tender that if such take-over bid or other transaction is not completed, any Applicable Securities subject to this undertaking shall remain subject to the restrictions herein.

(iii) Subject to Section 1.15(b)(iv) below, the foregoing restrictions in Section 1.15(b) shall only apply to seventy-five percent (75%) of the Applicable Securities held by each Investor.

(iv) All officers, directors and shareholders holding greater than ten percent (10%) of the outstanding shares of Common Stock of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) shall have entered into similar agreements, except that all Applicable Securities held by such officers, directors and shareholders holding greater than ten percent (10%) of the outstanding shares of Common Stock shall be subject to the foregoing restrictions."

3. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Entire Agreement. The Agreement, as amended by the Amendment, constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement, as amended by this Amendment. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

[Remainder of page intentionally left blank]

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

COMPANY

VistaGen Therapeutics, Inc.
a California corporation

By: /s/Shawn K. Singh
Shawn K. Singh Chief Executive Officer

FOUNDERS:

/s/H. Ralph Snodgrass
H. Ralph Snodgrass

/s/A. Franklin Rice
A. Franklin Rice

INVESTORS:

/s/ By Investors Listed on Schedule A to Fourth Amended & Restated Investors'Rights Agreement, dated August 1, 2005

VISTAGEN, INC.

1999 STOCK INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Stock Incentive Plan are to attract and retain the best available personnel, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" means the Board or any of the Cornrnittees appointed to administer the Plan.

(b) "Applicable Laws" means the legal requirements relating to the administration of stock incentive plans, if any, under applicable provisions of federal and state securities laws, the corporate laws of California and, to the extent other than California, the corporate law of the state of the Company's incorporation, the Code, the rules of any applicable stock exchange or national market system, and the rules of any foreign jurisdiction applicable to Awards granted to residents therein.

(c) "Award" means the grant of an Option, Restricted Stock or other right or benefit under the Plan.

(d) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(e) "Board" means the Board of Directors of the Company.

(f) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means any committee appointed by the Board to administerthe Plan.

(i) "Common Stock" means the common stock of the Company,

(j) "Company" means VistaGen, Inc., a California corporation.

(k) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(1) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant, is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract.

(m) "Corporate Transaction" means any of the following transactions to which the Company is a party:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (including the capital stock of the Company's subsidiary corporations) in connection with the complete liquidation or dissolution of the Company;

(iii) any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger; or

(iv) acquisition by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities, but excluding any such transaction that the Administrator determines shall not be a Corporate Transaction.

(n) "Director" means a member of the Board or the board of directors of any Related Entity.

(o) "Disability" means that a Grantee is permanently unable to cany out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(p) "Employee" means any person, including an Officer or Director, who is an employee of the Company or any Related Entity. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(r) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) Where there exists a public market for the Common Stock, the Fair Market Value shall be (A) the closing price for a Share for the last market trading day prior to the time of the determination (or, if no closing price was reported on that date, on the last trading date on which a closing price was reported) on the stock exchange determined by the Administrator to be the primary market for the Common Stock or the Nasdaq National Market, whichever is applicable or (B) if the Common Stock is not traded on any such exchange or national market system, the average of the closing bid and asked prices of a Share on the Nasdaq Small Cap Market for the day prior to the time of the determination (or, if no such prices were reported on that date, on the last date on which such prices were reported), in each case, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(ii) In the absence of an established market for the Common Stock of the type described in (i), above, the Fair Market Value thereof shall be determined by the Administrator in good faith and in a manner consistent with Section 260.140.50 of Title 10 of the California Code of Regulations.

(s) "Good Reason" means the occurrence after a Corporate Transaction of any of the following events or conditions unless consented to by the Grantee:

(i) (A) a change in the Grantee's status, title, position or responsibilities which represents an adverse change from the Grantee's status, title, position or responsibilities as in effect at any time within six (6) months preceding the date of a Corporate Transaction or at any time thereafter or (B) the assignment to the Grantee of any duties or responsibilities which are inconsistent with the Optionee's status, title, position or responsibilities as in effect at any time within six (6) months preceding the date of a Corporate Transaction or at any time thereafter;

(ii) reduction in the Grantee's base salary to a level below that in effect at any time within six (6) months preceding the date of a Corporate Transaction or at any time thereafter; or

(iii) requiring the Grantee to be based at any place outside a 50-mile radius from the Grantee's job location prior to the Corporate Transaction except for reasonably required travel on business which is not materially greater than such travel requirements prior to the Corporate Transaction.

(t) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(u) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(v) "Non-Qualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(w) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(x) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Plan" means this 1999 Stock Incentive Plan.

(aa) "Post-Termination Exercise Period" means the period specified in the Award Agreement of not less than three (3) months commencing on the date of termination (other than termination by the Company or any Related Entity for Cause) of the Grantee's Continuous Service, or such longer period as may be applicable upon death or Disability.

(bb) "Registration Date" means the first to occur of (i) the closing of the first sale to the general public of (A) the Common Stock or (B) the same class of securities of a successor corporation (or its Parent) issued pursuant to a Corporate Transaction in exchange for or in substitution of the Common Stock, pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended; and (ii) in the event of a Corporate Transaction, the date of the consummation of the Corporate Transaction if the same class of securities of the successor corporation (or its Parent) issuable in such Corporate Transaction shall have been sold to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or prior to the date of consummation of such Corporate Transaction.

(cc) "Related Entity" means any Parent, Subsidiary and any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(dd) "Restricted Stock" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(ee) "Share" means a share of the Common Stock.

(ff) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 11(a) below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is six million five hundred thousand (6,500,000) Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited or canceled, expires or is settled in cash, shall be deemed not to have been issued for puiposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited, or repurchased by the Company at their original purchase price, such Shares shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Plan Administrator. With respect to grants of Awards to Employees, Directors, or Consultants, the Plan shall be administered by (A) the Board or (B) a Committee (or a subcommittee of the Committee) designated by the Board, which Committee shall be constituted in such a manner as to satisfy Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(b) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable foreign jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;

(yii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent;

(viii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan; and

(ix.) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company, a Parent or a Subsidiary. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in foreign jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Type of Awards . The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) an Option or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions, or (iii) any other security with the value derived from the value of the Shares. Such awards include, without limitation, Options, or sales or bonuses of Restricted Stock, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option.

(c) Conditions of Award, Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, increase in share price, earnings per share, total shareholder return, return on equity, return on assets, return on investment, net operating income, cash flow, revenue, economic value added, personal management objectives, or other measure of performance selected by the Administrator. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rales and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Award Exchange Programs. The Administrator may establish one or more programs under the Plan to permit selected Grantees to exchange an Award under the Plan for one or more other types of Awards under the Plan on such terms and conditions as determined by the Administrator from time to time.

(g) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(h) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term shall be no more than ten (10) years from the date of grant thereof, However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement.

(j) Transferability of Awards. Non-Qualified Stock Options shall be transferable (i) to the extent provided in the Award Agreement and in a manner consistent with Section 260.140.41 of Title 10 of the California Code of Regulations and (ii) by will, and by the laws of descent and distribution. Incentive Stock Options and other Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee.

(k) Time of Granting Awards. The date of grant of an Award shall for all puiposes be the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator. Notice of the grant determination shall be given to each Employee, Director or Consultant to whom an Award is so granted within a reasonable time after the date of such grant.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option:

(A) granted to a person who, at the time of the grant of such Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any person other than a person described in the preceding paragraph, the per Share exercise price shall be not less than eighty-five percent (85%) of the Fair'Market Value per Share on the date of grant.

(iii) In the case of the sale of Shares:

(A) granted to a person who, at the time of the grant of such Award, or at the time the purchase is consummated, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share purchase price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any person other than a person described in the preceding paragraph, the per Share purchase price shall be not less than eighty-five percent (85%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of other Awards, such price as is determined by the

Administrator.

(v) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d), above, the exercise or purchase price for the Award shall be determined in accordance with the principles of Section 424(a) of the Code.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator determines as appropriate;

(iv) if the exercise or purchase occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Award) which have a.Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised (but only to the extent that such exercise of the Award would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price unless otherwise determined by the Administrator);

(iiv) with respect to Options, if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(vi) any combination of the foregoing methods of payment.

(c) Taxes. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any foreign, federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of an Award the Company shall withhold or collect from Grantee an amount sufficient to satisfy such tax obligations.

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Shareholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement but in the case of an Option, in no case at a rate of less than twenty percent (20%) per year over five (5) years from the date the Option is granted, subject to reasonable conditions such as continued employment. Notwithstanding the foregoing, in the case of an Option granted to an Officer, Director or Consultant, the Award Agreement may provide that the Option may become exercisable, subject to reasonable conditions such as such Officer's, Director's or Consultant's Continuous Service, at any time or during any period established in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(v). Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to Shares subject to an Award, notwithstanding the exercise of an Option or other Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Award Agreement or Section 11(a), below.

(b) Exercise of Award Following Termination of Continuous Service. In the event of termination of a Grantee's Continuous Service for any reason other than Disability or death (but not in the event of a Grantee's change of status from Employee to Consultant or from Consultant to Employee), such Grantee may, but only during the Post-Termination Exercise Period (but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the Award to the extent that the Grantee was entitled to exercise it at the date of such termination or to such other extent as may be determined by the Administrator. The Grantee's Award Agreement may provide that upon the termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Award shall terminate concurrently with the termination of Grantee's Continuous Service. In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Qualified Stock Option on the day three (3) months and one day following such change of status. To the extent that the Grantee is not entitled to exercise the Award at the date of termination, or if the Grantee does not exercise such Award to the extent so entitled within the Post-Termination Exercise Period, the Award shall terminate.

(c) Disability of Grantee. In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, Grantee may, but only within twelve (12) months from the date of such termination (and in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the Award to the extent that the Grantee was otherwise entitled to exercise it at the date of such termination; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Qualified Stock Option on the day three (3) months and one day following such termination. To the extent that the Grantee is not entitled to exercise the Award at the date of termination, or if Grantee does not exercise such Award to the extent so entitled within the time specified herein, the Award shall terminate.

(d) Death of Grantee. In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's Termination of Continuous Service as a result of his or her Disability, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the Award, but only to the extent that the Grantee was entitled to exercise the Award as of the date of termination, within twelve (12) months from the date of death (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee was not entitled to exercise the Award, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise such Award to the extent so entitled within the time specified herein, the Award shall terminate.

9. Conditions Upon Issuance of Shares.

(a) Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

10. Repurchase Rights. If the provisions of an Award Agreement grant to the Company the right to repurchase Shares upon termination of the Grantee's Continuous Service, the Award Agreement shall (or may, with respect to Awards granted or issued to Officers, Directors or Consultants) provide that:

(a) the right to repurchase must be exercised, if at all, within ninety (90) days of the termination of the Grantee's Continuous Service (or in the case of Shares issued upon exercise of Awards after the date of termination of the Grantee's Continuous Service, within ninety (90) days after the date of the Award exercise);

(b) the consideration payable for the Shares upon exercise of such repurchase right shall be made in cash or by cancellation of purchase money indebtedness within the ninety (90) day periods specified in Section 10(a);

(c) the amount of such consideration shall (i) be equal to the original purchase price paid by Grantee for each such Share; provided, that the right to repurchase such Shares at the original purchase price shall lapse at the rate of at least twenty percent (20%) of the Shares subject to the Award per year over five (5) years from the date the Award is granted (without respect to the date the Award was exercised or became exercisable), and (ii) with respect to Shares, other than Shares subject to repurchase at the original purchase price pursuant to clause (i) above, not less than the Fair Market Value of the Shares to be repurchased on the date of termination of Grantee's Continuous Service; and

(d) the right to repurchase Shares, other than the right to repurchase Shares at the original purchase price pursuant to clause (i) of Section 10(c), shall terminate on the Registration Date.

11. Adjustments Upon Changes in Capitalization or Corporate Transaction.

(a) Adjustments upon Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction

affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Common Stock to which Section 424(a) of the Code applies or a similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

(b) Corporate Transaction.

(i) Termination of Award if Not Assumed. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor corporation or Parent thereof in connection with the Corporate Transaction.

(ii) Acceleration of Award Upon Corporate Transaction. Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction each Award which is at the time outstanding under the Plan shall automatically become fully vested and exercisable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately prior to the specified effective date of such Corporate Transaction, for all of the Shares at the time represented by such Award if the Award is not assumed by the successor corporation or the Parent thereof in connection with the Corporate Transaction. For the purposes of accelerating the vesting and the release of restrictions applicable to Awards pursuant to this subsection (but not for purposes of termination of such Awards), the Award shall be considered assumed if, in connection with the Corporate Transaction, the Award is replaced with a comparable Award with respect to shares of capital stock of the successor corporation or Parent thereof or is replaced with a cash incentive program of the successor corporation or Parent thereof which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award. The determination of Award comparability above shall be made by the Administrator and its determination shall be final, binding and conclusive.

Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and to the extent an Award: (A) is in connection with the Corporate Transaction, either assumed by the successor corporation or Parent thereof or replaced with a comparable Award with respect to shares of the capital stock of the successor corporation or Parent thereof or (B) is to be replaced with a cash incentive program of the successor corporation which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award; then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Incentive Stock Options) and repurchase or forfeiture rights, immediately upon termination of the Grantee's Continuous Service (substituting the successor employer corporation for "Company or Related Entity" for the definition of "Continuous Service") if such Continuous Service is terminated by the successor company without Cause or voluntarily by the Grantee with Good Reason within twelve (12) months of the Corporate Transaction. The determination of Award comparability above shall be made by the Administrator, and its determination shall be final, binding and conclusive.

12. Effective Date and Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Section 17, below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. Amendment, Suspension or Termination of the Plan

(a) The Board may at any time amend, suspend or terminate the Plan. To the extent necessary to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) Any amendment, suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall not affect Awards already granted, and such Awards shall remain in full force and effect as if the Plan had not been amended, suspended or terminated, unless mutually agreed otherwise between the Grantee and the Administrator, which agreement must be in writing and signed by the Grantee and the Company.

14. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the Company's right to terminate the Grantee's Continuous Service at any time, with or without cause, and with or without notice. The Company's ability to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Shareholder Approval. Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws. Any Award exercised before shareholder approval is obtained shall be rescinded if shareholder approval is not obtained within the time prescribed, and Shares issued on the exercise of any such Award shall not be counted in determining whether shareholder approval is obtained.

18. Information to Grantees. The Company shall provide to each Grantee, during the period for which such Grantee has one or more Awards outstanding, copies of financial statements at least annually.

Exhibit 10.2

VISTAGEN, THERAPEUTICS, INC.

1999 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address:	**«Name»** «Address»

You have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the VistaGen Therapeutics, Inc. 1999 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	**«GrantNO»**
Date of Award	**«GrantDate»**
Vesting Commencement Date	**«VCD»**
Exercise Price per Share	**«ExercisePrice_»**
Total Number of Shares Subject to the Option (the "Shares")	**«Shares_»**
Total Exercise Price	**«Total_price»**
Type of Option:	**«Type»**
Expiration Date:	**«ExpirationDate»**
Post-Termination Exercise Period:	**Three (3) Months**

Vesting Schedule:

Subject to Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

«Vestingname»

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall cease after the leave of absence exceeds a period of ninety (90) days. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity.

In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service, except as otherwise determined by the Administrator.

In the event of the Grantee's change in status from Employee to Consultant or from an Employee whose customary employment is 20 hours or more per week to an Employee whose customary employment is fewer than 20 hours per week, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

VistaGen Therapeutics, Inc.,

a California corporation

By:

Title:

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE GRANTEE'S EMPLOYER TO TERMINATE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Option Agreement shall be resolved in accordance with Section 18 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____

«Name», Grantee

VISTAGEN, INC. 1999 STOCK INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

(a) Grant of Option. VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 1999 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the date the Option with respect to such Shares is awarded.

(b) Exercise of Option.

(i) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 11(b) of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction. No partial exercise of the Option may be for less than the lesser of five percent (5%) of the total number of Shares subject to the Option or the remaining number of Shares subject to the Option. In no event shall the Company issue fractional Shares.

(ii) Method of Exercise. The Option shall be exercisable only by delivery of an Exercise Notice (attached as Exhibit A) which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The Exercise Notice shall be signed by the Grantee and shall be delivered in person, by certified mail, or by such other method as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c), below.

(iii) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax, employment tax, and social security tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of the Option, the Company or the Grantee's employer may offset or withhold (from any amount owed by the Company or the Grantee's employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax obligations and/or the employer's withholding obligations.

(c) Grantee's Representations. The Grantee understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act of 1933, as amended or any United States securities laws. In the event the Shares purchasable pursuant to the exercise of the Option have not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Grantee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

(d) Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(i) cash;

(ii) check;

(iii) if the exercise occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Option) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised (but only to the extent that such exercise of the Option would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price); or

(iv) if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

(e) Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon suchexercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company.

(f) Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, to the extent otherwise so entitled at the date of such termination (the "Termination Date"), exercise the Option during the Post-Termination Exercise Period. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service. In no event shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect and, except to the extent otherwise determined by the Administrator, continue to vest; provided, however, with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following such change in status. Except as provided in Sections 7 and 8 below, to the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option within the Post-Termination Exercise Period, the Option shall terminate.

(g) Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months from the Termination Date (and in no event later than the Expiration Date), exercise the Option to the extent he or she was otherwise entitled to exercise it on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the Termination Date. To the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option to the extent so entitled within the time specified herein, the Option shall terminate.

(h) Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's Termination of Continuous Service as a result of his or her Disability, the Grantee's estate, or a person who acquired the right to exercise the Option by bequest or inheritance, may exercise the Option, but only to the extent the Grantee could exercise the Option at the date of termination, within twelve (12) months from the date of death (but in no event later than the Expiration Date). To the extent that the Grantee is not entitled to exercise the Option on the date of death, or if the Option is not exercised to the extent so entitled within the time specified herein, the Option shall terminate.

(i) Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option may be transferred by will, by the laws of descent and distribution, and to the extent and in the manner authorized by the Administrator, to members of the Grantee's immediate family (as determined by the Administrator) or pursuant to a domestic relations order. The terms of the Option shall be binding upon the executors, administrators, heirs and successors of the Grantee.

(j) Term of Option. The Option may be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein.

(k) Company's Right of First Refusal.

(i) Transfer Notice. Neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein without first complying with the provisions of this Section 11 or obtaining the prior written consent of the Company. In the event the Holder desires to accept a bona fide third-party offer for any or all of the Shares, the Holder shall provide the Company with written notice (the "Transfer Notice") of:

(A) The Holder's intention to transfer;

(B) The name of the proposed transferee;

(C) The number of Shares to be transferred; and

(D) The proposed transfer price or value and terms thereof.

(ii) First Refusal Exercise Notice. The Company shall have the right to purchase (the "Right of First Refusal") all but not less than all, of the Shares which are described in the Transfer Notice (the "Offered Shares") at any time during the period commencing upon receipt of the Transfer Notice and ending forty-five (45) days after the first date on which the Company determines that the Right of First Refusal may be exercised without incurring an accounting expense with respect to such exercise (the "Option Period") at the per share price or value and in accordance with the terms stated in the Transfer Notice, which Right of First Refusal shall be exercised by written notice (the "First Refusal Exercise Notice") to the Holder. During the Option Period and the 120-day period following the expiration of the Option Period, the Company also may exercise its Repurchase Right in lieu or in addition to its Right of First Refusal if the Repurchase Right is or becomes exercisable during the Option Period or such 120-day period.

(iii) Payment Terms. The Company shall consummate the purchase of the Offered Shares on the terms set forth in the Transfer Notice within 15 days after delivery of the First Refusal Exercise Notice; provided, however, that in the event the Transfer Notice provides for the payment for the Offered Shares other than in cash, the Company and/or its assigns shall have the right to pay for the Offered Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Administrator. Upon payment for the Offered Shares to the Holder or into escrow for the benefit of the Holder, the Company or its assigns shall become the legal and beneficial owner of the Offered Shares and all rights and interest therein or related thereto, and the Company shall have the right to transfer the Offered Shares to its own name or its assigns without further action by the Holder.

(iv) Assignment. Whenever the Company shall have the right to purchase Shares under this Right of First Refusal, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company's Right of First Refusal.

(v) Non-Exercise. If the Company and/or its assigns do not collectively elect to exercise the Right of First Refusal within the Option Period or such earlier time if the Company and/or its assigns notifies the Holder that it will not exercise the Right of First Refusal, then the Holder may transfer the Shares upon the terms and conditions stated in the Transfer Notice, provided that:

(A) The transfer is made within 120 days of the expiration of the Option Period; and

(B) The transferee agrees in writing that such Shares shall be held subject to the provisions of this Option Agreement.

(vi) Expiration of Transfer Period. Following such 120-day period, no transfer of the Offered Shares and no change in the terms of the transfer as stated in the Transfer Notice (including the name of the proposed transferee) shall be permitted without a new written Transfer Notice prepared and submitted in accordance with the requirements of this Right of First Refusal.

(vii) Exception for Certain Family Transfers. Anything to the contrary contained in this section notwithstanding, the transfer of any or all of the Shares during the Grantee's lifetime or on the Grantee's death by will or intestacy to the Grantee's Immediate Family or a trust for the benefit of the Grantee or the Grantee's Immediate Family shall be exempt from the provisions of this Right of First Refusal (a "Permitted Transfer"); provided, however, that (i) the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Option Agreement, and there shall be no further transfer of such Shares except in accordance with the terms of this Option Agreement and (ii) prior to any such transfer, each transferee shall execute an agreement pursuant to which such transferee shall agree to receive and hold such Shares subject to the provisions of this Option Agreement. "Immediate Family" as used herein shall mean spouse, domestic partner (as determined by the Administrator), child, lineal descendant or antecedent, father, mother, brother or sister and the lineal descendants of such individuals.

(viii) Termination of Right of First Refusal. The provisions of this Right of First Refusal shall terminate as to all Shares upon the Registration Date.

(ix) Additional Shares or Substituted Securities. In the event of any transaction described in Section 11 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Right of First Refusal, but only to the extent the Shares are at the time covered by such right.

(x) Corporate Transaction. Immediately prior to the consummation of a Corporate Transaction, the Right of First Refusal shall automatically lapse in its entirety, except to the extent this Option Agreement is assumed by the successor corporation (or its Parent) in connection with such Corporate Transaction, in which case the Right of First Refusal shall apply to the new capital stock or other property received in exchange for the Shares in consummation of the Corporate Transaction, but only to the extent the Shares are at the time covered by such right.

(l) Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Option Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(m) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

(n) Tax Consequences. Set forth below is a brief summary as of the date of this Option Agreement of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(i) Exercise of Incentive Stock Option. If the Option qualifies as an Incentive Stock Option, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as income for purposes of the alternative minimum tax for federal tax purposes and may subject the Grantee to the alternative minimum tax in the year of exercise.

(ii) Exercise of Incentive Stock Option Following Disability. If the Grantee's Continuous Service terminates as a result of Disability that is not total and permanent disability as defined in Section 22(e)(3) of the Code, to the extent permitted on the date of termination, the Grantee must exercise an Incentive Stock Option within three (3) months of such termination for the Incentive Stock Option to be qualified as an Incentive Stock Option.

(iii) Exercise of Non-Qualified Stock Option. On exercise of a Non-Qualified Stock Option, the Grantee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Grantee is an Employee or a former Employee, the Company will be required to withhold from the Grantee's compensation or collect from the Grantee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(iv) Disposition of Shares. In the case of a Non-Qualified Stock Option, if Shares are held for more than one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes and subject to tax at a maximum rate of 20%. In the case of an Incentive Stock Option, if Shares transferred pursuant to the Option are held for more than one year after receipt of the Shares and are disposed more than two years after the Date of Award, any gain realized on disposition of the Shares also will be treated as capital gain for federal income tax purposes and subject to the same tax rates and holding periods that apply to Shares acquired upon exercise of a Non-Qualified Stock Option. If Shares purchased under an Incentive Stock Option are disposed of prior to the expiration of such one-year or two-year periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (i) the Fair Market Value of the Shares on the date of exercise, or (ii) the sale price of the Shares.

(o) Lock-Up Agreement.

(i) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock or other securities of the Company (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the 180-day period thereafter, is an intended beneficiary of this Section 15.

(ii) No Amendment Without Consent of Underwriter. During the period from identification as a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in Section 15(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 15 may not be amended or waived except with the consent of the Lead Underwriter.

(p) Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

(q) Headings. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation.

(r) Dispute Resolution The provisions of this Section 18 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Option Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Option Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

(s) Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown beneath its signature in the Notice, or to such other address as such party may designate in writing from time to time to the other party.

EXHIBIT A

VISTAGEN, INC. 1999 STOCK INCENTIVE PLAN
EXERCISE NOTICE

VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite 8
South San Francisco, CA 94040
Attention: Secretary

1. Effective as of today, _____ the undersigned **«Name»** (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____ shares of the Common Stock (the "Shares") of VistaGen Therapeutics, Inc. (the "Company") under and pursuant to the Company's 1999 Stock Incentive Plan, as amended from time to time (the "Plan") and the **«Type»** Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") number **«GrantNO»** dated **«GrantDate»**. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11(a) of the Plan.

   The Grantee shall enjoy rights as a shareholder until such time as the Grantee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal. Upon such exercise, the Grantee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of the Option Agreement, and the Grantee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two (2) years from the Award Date or within one (1) year from the date the Shares were transferred to the Grantee. If the Company is required to satisfy any federal, state or local income or employment tax withholding obligations as a result of such an early disposition, the Grantee agrees to satisfy the amount of such withholding in a manner that the Administrator prescribes.

7. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS, RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

10. Dispute Resolution. The provisions of Section 18 of the Option Agreement shall be the exclusive means of resolving disputes arising out of or relating to this Exercise Notice.

11. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

13. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

14. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
«NAME»	**VISTAGEN THERAPEUTICS, INC.**
	By:
(Signature)	Title:
Address:	Address:
_____	384 Oyster Point Blvd Suite 8,
_____	South San Francisco, CA 94080-1967

EXHIBIT B

VISTAGEN, INC. 1999 STOCK INCENTIVE PLAN
INVESTMENT REPRESENTATION STATEMENT

GRANTEE: **«NAME»**

COMPANY: **VISTAGEN THERAPEUTICS, INC.**

SECURITY: **COMMON STOCK**

AMOUNT: $_____

SHARES: _____

DATE: _____

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Grantee is acquiring these Securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Grantee's investment intent as expressed herein. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Grantee represents that he is a resident of the State of _____.

Signature of Grantee:

«Name»

Date: _____

Exhibit 10.3

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address:

You have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the VistaGen, Inc. Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	
Date of Award	
Vesting Commencement Date	
Exercise Price per Share	$
Total Number of Shares Subject to the Option (the "Shares")	
Total Exercise Price	$
Type of Option:	Non-Qualified Stock Option
Expiration Date:	
Post-Termination Exercise Period:	Three (3) Months

Vesting Schedule:

Subject to Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

1/48 of the Shares subject to the Option shall vest on each monthly anniversary of the Vesting Commencement Date.

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall cease after the leave of absence exceeds a period of ninety (90) days. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

VistaGen, Inc.,

a California corporation

By:

Title:

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF GRANTEE'S CONTINUOUS SERVICE.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Option Agreement shall be resolved in accordance with Section 18 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed:_____

Grantee

Award Number: _____

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

1. Grant of Option. VistaGen, Inc., a California corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 10(b) of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction. No partial exercise of the Option may be for less than the lesser of five percent (5%) of the total number of Shares subject to the Option or the remaining number of Shares subject to the Option. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable only by delivery of an Exercise Notice (attached as Exhibit A) which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The Exercise Notice shall be signed by the Grantee and shall be delivered in person, by certified mail, or by such other method as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c), below.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax, employment tax, and social security tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares.

3. Grantee's Representations. The Grantee understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act of 1933, as amended or any United States securities laws. In the event the Shares purchasable pursuant to the exercise of the Option have not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Grantee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(a) cash;

(b) check;

(c) if the exercise occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Option) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised (but only to the extent that such exercise of the Option would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price); or

(d) if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon suchexercise would constitute a violation of any Applicable Laws.

6. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, the Grantee may, to the extent otherwise so entitled at the date of such termination (the "Termination Date"), exercise the Option during the Post-Termination Exercise Period. In no event shall the Option be exercised later than the Expiration Date set forth in the Notice. Except as provided in Sections 7 and 8 below, to the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months from the Termination Date (and in no event later than the Expiration Date), exercise the Option to the extent he or she was otherwise entitled to exercise it on the Termination Date. To the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option to the extent so entitled within the time specified herein, the Option shall terminate.

8. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's Termination of Continuous Service as a result of his or her Disability, the Grantee's estate, or a person who acquired the right to exercise the Option by bequest or inheritance, may exercise the Option, but only to the extent the Grantee could exercise the Option at the date of termination, within twelve (12) months from the date of death (but in no event later than the Expiration Date). To the extent that the Grantee is not entitled to exercise the Option on the date of death, or if the Option is not exercised to the extent so entitled within the time specified herein, the Option shall terminate.

9. Transferability of Option. The Option may be transferred by will, by the laws of descent and distribution, and to the extent and in the manner authorized by the Administrator, to members of the Grantee's immediate family (as determined by the Administrator) or pursuant to a domestic relations order. The terms of the Option shall be binding upon the executors, administrators, heirs and successors of the Grantee.

10. Term of Option. The Option may be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein.

11. Company's Right of First Refusal.

(a) Transfer Notice. Neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein without first complying with the provisions of this Section 11 or obtaining the prior written consent of the Company. In the event the Holder desires to accept a bona fide third-party offer for any or all of the Shares, the Holder shall provide the Company with written notice (the "Transfer Notice") of:

(i) The Holder's intention to transfer;

(ii) The name of the proposed transferee;

(iii) The number of Shares to be transferred; and

(iv) The proposed transfer price or value and terms thereof.

(b) First Refusal Exercise Notice. The Company shall have the right to purchase (the "Right of First Refusal") all but not less than all, of the Shares which are described in the Transfer Notice (the "Offered Shares") at any time during the period commencing upon receipt of the Transfer Notice and ending forty-five (45) days after the first date on which the Company determines that the Right of First Refusal may be exercised without incurring an accounting expense with respect to such exercise (the "Option Period") at the per share price or value and in accordance with the terms stated in the Transfer Notice, which Right of First Refusal shall be exercised by written notice (the "First Refusal Exercise Notice") to the Holder. During the Option Period and the 120-day period following the expiration of the Option Period, the Company also may exercise its Repurchase Right in lieu or in addition to its Right of First Refusal if the Repurchase Right is or becomes exercisable during the Option Period or such 120-day period.

(c) Payment Terms. The Company shall consummate the purchase of the Offered Shares on the terms set forth in the Transfer Notice within 15 days after delivery of the First Refusal Exercise Notice; provided, however, that in the event the Transfer Notice provides for the payment for the Offered Shares other than in cash, the Company and/or its assigns shall have the right to pay for the Offered Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Administrator. Upon payment for the Offered Shares to the Holder or into escrow for the benefit of the Holder, the Company or its assigns shall become the legal and beneficial owner of the Offered Shares and all rights and interest therein or related thereto, and the Company shall have the right to transfer the Offered Shares to its own name or its assigns without further action by the Holder.

(d) Assignment. Whenever the Company shall have the right to purchase Shares under this Right of First Refusal, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company's Right of First Refusal.

(e) Non-Exercise. If the Company and/or its assigns do not collectively elect to exercise the Right of First Refusal within the Option Period or such earlier time if the Company and/or its assigns notifies the Holder that it will not exercise the Right of First Refusal, then the Holder may transfer the Shares upon the terms and conditions stated in the Transfer Notice, provided that:

(i) The transfer is made within 120 days of the expiration of the Option Period; and

(ii) The transferee agrees in writing that such Shares shall be held subject to the provisions of this Option Agreement.

(f) Expiration of Transfer Period. Following such 120-day period, no transfer of the Offered Shares and no change in the terms of the transfer as stated in the Transfer Notice (including the name of the proposed transferee) shall be permitted without a new written Transfer Notice prepared and submitted in accordance with the requirements of this Right of First Refusal.

(g) Exception for Certain Family Transfers. Anything to the contrary contained in this section notwithstanding, the transfer of any or all of the Shares during the Grantee's lifetime or on the Grantee's death by will or intestacy to the Grantee's Immediate Family or a trust for the benefit of the Grantee or the Grantee's Immediate Family shall be exempt from the provisions of this Right of First Refusal (a "Permitted Transfer"); provided, however, that (i) the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Option Agreement, and there shall be no further transfer of such Shares except in accordance with the terms of this Option Agreement and (ii) prior to any such transfer, each transferee shall execute an agreement pursuant to which such transferee shall agree to receive and hold such Shares subject to the provisions of this Option Agreement. "Immediate Family" as used herein shall mean spouse, domestic partner (as determined by the Administrator), child, lineal descendant or antecedent, father, mother, brother or sister and the lineal descendants of such individuals.

(h) Termination of Right of First Refusal. The provisions of this Right of First Refusal shall terminate as to all Shares upon the Registration Date.

(i) Additional Shares or Substituted Securities. In the event of any transaction described in Section 10 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Right of First Refusal, but only to the extent the Shares are at the time covered by such right.

(j) Corporate Transaction. Immediately prior to the consummation of a Corporate Transaction, the Right of First Refusal shall automatically lapse in its entirety, except to the extent this Option Agreement is assumed by the successor corporation (or its Parent) in connection with such Corporate Transaction, in which case the Right of First Refusal shall apply to the new capital stock or other property received in exchange for the Shares in consummation of the Corporate Transaction, but only to the extent the Shares are at the time covered by such right.

12. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Option Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

13. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

14. Tax Consequences. Set forth below is a brief summary as of the date of this Option Agreement of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(a) Exercise of Non-Qualified Stock Option. On exercise of a Non-Qualified Stock Option, the Grantee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Disposition of Shares. In the case of a Non-Qualified Stock Option, if Shares are held for more than one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes and subject to tax at a maximum rate of 20%.

15. Lock-Up Agreement.

(a) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock or other securities of the Company (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the 180-day period thereafter, is an intended beneficiary of this Section 15.

(b) No Amendment Without Consent of Underwriter. During the period from identification as a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in Section 15(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 15 may not be amended or waived except with the consent of the Lead Underwriter.

16. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

17. Headings. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation.

18. Dispute Resolution The provisions of this Section 18 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Option Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Option Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown beneath its signature in the Notice, or to such other address as such party may designate in writing from time to time to the other party.

EXHIBIT A

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
EXERCISE NOTICE

VistaGen, Inc.
325 E. Middlefield Road
Mountain View, CA 94043
Attention: Secretary

1. Effective as of today, _____, ___ the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____ shares of the Common Stock (the "Shares") of VistaGen, Inc. (the "Company") under and pursuant to the Company's Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan") and the Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated _____, _____. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10(a) of the Plan.

The Grantee shall enjoy rights as a shareholder until such time as the Grantee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal. Upon such exercise, the Grantee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of the Option Agreement, and the Grantee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations.

7. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS, RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

10. Dispute Resolution. The provisions of Section 18 of the Option Agreement shall be the exclusive means of resolving disputes arising out of or relating to this Exercise Notice.

11. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

13. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

14. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
GRANTEE:	VISTAGEN, INC.
	By:
(Signature)	Title:
Address:	Address:
	325 Middlefield Road
	Mountain View, CA 94043

EXHIBIT B

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
INVESTMENT REPRESENTATION STATEMENT

GRANTEE:

COMPANY: VISTAGEN, INC.

SECURITY: COMMON STOCK

AMOUNT:

DATE:

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Grantee is acquiring these Securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Grantee's investment intent as expressed herein. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Grantee represents that he is a resident of the state of _____.

Signature of Grantee:

Date: ,

Exhibit 10.4

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: **X**
X

You have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the VistaGen, Inc. Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	XXX
Date of Award	XXX
Vesting Commencement Date	XXX
Exercise Price per Share	$XX
Total Number of Shares Subject to the Option (the "Shares")	XXX
Total Exercise Price	$XXX
Type of Option:	Non-Qualified Stock Option
Expiration Date:	XXX
Post-Termination Exercise Period:	Three (3) Months

Vesting Schedule:

Subject to Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

1/48 of the Shares subject to the Option shall vest on each monthly anniversary of the Vesting Commencement Date.

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall cease after the leave of absence exceeds a period of ninety (90) days. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

VistaGen, Inc.,
a California corporation
By:
Title:

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF GRANTEE'S CONTINUOUS SERVICE.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all disputes arising out of or relating to this Notice, the Plan and the Option Agreement shall be resolved in accordance with Section 18 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed:

[grantee]

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

1. Grant of Option. VistaGen, Inc., a California corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 10(b) of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction. No partial exercise of the Option may be for less than the lesser of five percent (5%) of the total number of Shares subject to the Option or the remaining number of Shares subject to the Option. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable only by delivery of an Exercise Notice (attached as Exhibit A) which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The Exercise Notice shall be signed by the Grantee and shall be delivered in person, by certified mail, or by such other method as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c), below.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax, employment tax, and social security tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares.

3. Grantee's Representations. The Grantee understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act of 1933, as amended or any United States securities laws. In the event the Shares purchasable pursuant to the exercise of the Option have not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Grantee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(a) cash;

(b) check;

(c) if the exercise occurs on or after the Registration Date, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require (including withholding of Shares otherwise deliverable upon exercise of the Option) which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised (but only to the extent that such exercise of the Option would not result in an accounting compensation charge with respect to the Shares used to pay the exercise price); or

(d) if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon suchexercise would constitute a violation of any Applicable Laws.

6. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, the Grantee may, to the extent otherwise so entitled at the date of such termination (the "Termination Date"), exercise the Option during the Post-Termination Exercise Period. In no event shall the Option be exercised later than the Expiration Date set forth in the Notice. Except as provided in Sections 7 and 8 below, to the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months from the Termination Date (and in no event later than the Expiration Date), exercise the Option to the extent he or she was otherwise entitled to exercise it on the Termination Date. To the extent that the Grantee is not entitled to exercise the Option on the Termination Date, or if the Grantee does not exercise the Option to the extent so entitled within the time specified herein, the Option shall terminate.

8. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's Termination of Continuous Service as a result of his or her Disability, the Grantee's estate, or a person who acquired the right to exercise the Option by bequest or inheritance, may exercise the Option, but only to the extent the Grantee could exercise the Option at the date of termination, within twelve (12) months from the date of death (but in no event later than the Expiration Date). To the extent that the Grantee is not entitled to exercise the Option on the date of death, or if the Option is not exercised to the extent so entitled within the time specified herein, the Option shall terminate.

9. Transferability of Option. The Option may be transferred by will, by the laws of descent and distribution, and to the extent and in the manner authorized by the Administrator, to members of the Grantee's immediate family (as determined by the Administrator) or pursuant to a domestic relations order. The terms of the Option shall be binding upon the executors, administrators, heirs and successors of the Grantee.

10. Term of Option. The Option may be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein.

11. Company's Right of First Refusal.

(a) Transfer Notice. Neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein without first complying with the provisions of this Section 11 or obtaining the prior written consent of the Company. In the event the Holder desires to accept a bona fide third-party offer for any or all of the Shares, the Holder shall provide the Company with written notice (the "Transfer Notice") of:

(i) The Holder's intention to transfer;
(ii) The name of the proposed transferee;
(iii) The number of Shares to be transferred; and
(iv) The proposed transfer price or value and terms thereof.

(b) First Refusal Exercise Notice. The Company shall have the right to purchase (the "Right of First Refusal") all but not less than all, of the Shares which are described in the Transfer Notice (the "Offered Shares") at any time during the period commencing upon receipt of the Transfer Notice and ending forty-five (45) days after the first date on which the Company determines that the Right of First Refusal may be exercised without incurring an accounting expense with respect to such exercise (the "Option Period") at the per share price or value and in accordance with the terms stated in the Transfer Notice, which Right of First Refusal shall be exercised by written notice (the "First Refusal Exercise Notice") to the Holder. During the Option Period and the 120-day period following the expiration of the Option Period, the Company also may exercise its Repurchase Right in lieu or in addition to its Right of First Refusal if the Repurchase Right is or becomes exercisable during the Option Period or such 120-day period.

(c) Payment Terms. The Company shall consummate the purchase of the Offered Shares on the terms set forth in the Transfer Notice within 15 days after delivery of the First Refusal Exercise Notice; provided, however, that in the event the Transfer Notice provides for the payment for the Offered Shares other than in cash, the Company and/or its assigns shall have the right to pay for the Offered Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Administrator. Upon payment for the Offered Shares to the Holder or into escrow for the benefit of the Holder, the Company or its assigns shall become the legal and beneficial owner of the Offered Shares and all rights and interest therein or related thereto, and the Company shall have the right to transfer the Offered Shares to its own name or its assigns without further action by the Holder.

(d) Assignment. Whenever the Company shall have the right to purchase Shares under this Right of First Refusal, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company's Right of First Refusal.

(e) Non-Exercise. If the Company and/or its assigns do not collectively elect to exercise the Right of First Refusal within the Option Period or such earlier time if the Company and/or its assigns notifies the Holder that it will not exercise the Right of First Refusal, then the Holder may transfer the Shares upon the terms and conditions stated in the Transfer Notice, provided that:

(i) The transfer is made within 120 days of the expiration of the Option Period; and

(ii) The transferee agrees in writing that such Shares shall be held subject to the provisions of this Option Agreement.

(f) Expiration of Transfer Period. Following such 120-day period, no transfer of the Offered Shares and no change in the terms of the transfer as stated in the Transfer Notice (including the name of the proposed transferee) shall be permitted without a new written Transfer Notice prepared and submitted in accordance with the requirements of this Right of First Refusal.

(g) Exception for Certain Family Transfers. Anything to the contrary contained in this section notwithstanding, the transfer of any or all of the Shares during the Grantee's lifetime or on the Grantee's death by will or intestacy to the Grantee's Immediate Family or a trust for the benefit of the Grantee or the Grantee's Immediate Family shall be exempt from the provisions of this Right of First Refusal (a "Permitted Transfer"); provided, however, that (i) the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Option Agreement, and there shall be no further transfer of such Shares except in accordance with the terms of this Option Agreement and (ii) prior to any such transfer, each transferee shall execute an agreement pursuant to which such transferee shall agree to receive and hold such Shares subject to the provisions of this Option Agreement. "Immediate Family" as used herein shall mean spouse, domestic partner (as determined by the Administrator), child, lineal descendant or antecedent, father, mother, brother or sister and the lineal descendants of such individuals.

(h) Termination of Right of First Refusal. The provisions of this Right of First Refusal shall terminate as to all Shares upon the Registration Date.

(i) Additional Shares or Substituted Securities. In the event of any transaction described in Section 10 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Right of First Refusal, but only to the extent the Shares are at the time covered by such right.

(j) Corporate Transaction. Immediately prior to the consummation of a Corporate Transaction, the Right of First Refusal shall automatically lapse in its entirety, except to the extent this Option Agreement is assumed by the successor corporation (or its Parent) in connection with such Corporate Transaction, in which case the Right of First Refusal shall apply to the new capital stock or other property received in exchange for the Shares in consummation of the Corporate Transaction, but only to the extent the Shares are at the time covered by such right.

12. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Option Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

13. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

14. Tax Consequences. Set forth below is a brief summary as of the date of this Option Agreement of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(a) Exercise of Non-Qualified Stock Option. On exercise of a Non-Qualified Stock Option, the Grantee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price.

(b) Disposition of Shares. In the case of a Non-Qualified Stock Option, if Shares are held for more than one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes and subject to tax at a maximum rate of 20%.

15. Lock-Up Agreement.

(a) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock or other securities of the Company (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the 180-day period thereafter, is an intended beneficiary of this Section 15.

(b) No Amendment Without Consent of Underwriter. During the period from identification as a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in Section 15(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 15 may not be amended or waived except with the consent of the Lead Underwriter.

16. Entire Agreement; Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

17. Headings. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation.

18. Dispute Resolution The provisions of this Section 18 shall be the exclusive means of resolving disputes arising out of or relating to the Notice, the Plan and this Option Agreement. The Company, the Grantee, and the Grantee's assignees (the "parties") shall attempt in good faith to resolve any disputes arising out of or relating to the Notice, the Plan and this Option Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party's position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 18 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

19. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown beneath its signature in the Notice, or to such other address as such party may designate in writing from time to time to the other party.

1.

EXHIBIT A
VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN
EXERCISE NOTICE

VistaGen, Inc.
325 E. Middlefield Road
Mountain View, CA 94043
Attention: Secretary

1. Effective as of today, _____, ___ the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____ shares of the Common Stock (the "Shares") of VistaGen, Inc. (the "Company") under and pursuant to the Company's Scientific Advisory Board 1998 Stock Incentive Plan, as amended from time to time (the "Plan") and the Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated _____, _____. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10(a) of the Plan.

The Grantee shall enjoy rights as a shareholder until such time as the Grantee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal. Upon such exercise, the Grantee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of the Option Agreement, and the Grantee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(c) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations.

7. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS, RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

10. Dispute Resolution. The provisions of Section 18 of the Option Agreement shall be the exclusive means of resolving disputes arising out of or relating to this Exercise Notice.

11. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California (as permitted by Section 1646.5 of the California Civil Code, or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail (if the parties are within the United States) or upon deposit for delivery by an internationally recognized express mail courier service (for international delivery of notice), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

13. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

14. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
[grantee]:	VISTAGEN, INC.
	By:
(Signature)	Title:
Address:	Address:
	325 Middlefield Road
	Mountain View, CA 94043

EXHIBIT B

VISTAGEN, INC. SCIENTIFIC ADVISORY BOARD 1998 STOCK INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

GRANTEE: [xxxxxx]
COMPANY: VISTAGEN, INC.
SECURITY: COMMON STOCK
AMOUNT:
DATE:

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Grantee is acquiring these Securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Grantee's investment intent as expressed herein. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Grantee represents that he is a resident of the state of _____.

Signature of Grantee:
Date: ,

VISTAGEN THERAPEUTICS, INC.
2008 STOCK INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "Administrator" means the Board or any of the Committees appointed to administer the Plan.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 promulgated under the Exchange Act.

(c) "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal and state securities laws, the corporate laws of California and, to the extent other than California, the corporate law of the state of the Company's incorporation, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(d) "Assumed" means that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(e) "Award" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit or other right or benefit under the Plan.

(f) "Award Agreement" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(g) "Board" means the Board of Directors of the Company.

(h) "Cause" means, with respect to the termination by the Company or a Related Entity of the Grantee's Continuous Service, that such termination is for "Cause" as such term (or word of like import) is expressly defined in a then-effective written agreement between the Grantee and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Grantee's: (i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; provided, however, that with regard to any agreement that defines "Cause" on the occurrence of or in connection with a Corporate Transaction or a Change in Control, such definition of "Cause" shall not apply until a Corporate Transaction or a Change in Control actually occurs.

(i) "Change in Control" means a change in ownership or control of the Company after the Registration Date effected through either of the following transactions:

(i) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Continuing Directors who are not Affiliates or Associates of the offeror do not recommend such shareholders accept, or

(ii) a change in the composition of the Board over a period of twelve (12) months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who are Continuing Directors.

(j) "Code" means the Internal Revenue Code of 1986, as amended.

(k) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(l) "Common Stock" means the common stock of the Company.

(m) "Company" means VistaGen Therapeutics, Inc., a California corporation, or any successor entity that adopts the Plan in connection with a Corporate Transaction.

(n) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(o) "Continuing Directors" means members of the Board who either (i) have been Board members continuously for a period of at least twelve (12) months or (ii) have been Board members for less than twelve (12) months and were elected or nominated for election as Board members by at least a majority of the Board members described in clause (i) who were still in office at the time such election or nomination was approved by the Board.

(p) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(q) "Corporate Transaction" means any of the following transactions, provided, however, that the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the shares of Common Stock outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than forty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Administrator determines shall not be a Corporate Transaction.

(r) "Covered Employee" means an Employee who is a "covered employee" under Section 162(m)(3) of the Code.

(s) "Director" means a member of the Board or the board of directors of any Related Entity.

(t) "Disability" means as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, "Disability" means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator in its discretion.

(u) "Dividend Equivalent Right" means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(v) "Employee" means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(w) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(x) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith and in a manner consistent with Applicable Laws.

(y) "Grantee" means an Employee, Director or Consultant who receives an Award under the Plan.

(z) "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons (or the Grantee) have more than fifty percent (50%) of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent (50%) of the voting interests.

(aa) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(bb) "Non-Qualified Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(cc) "Officer" means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(dd) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(ee) "Parent" means a "parent corporation", whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ff) "Performance-Based Compensation" means compensation qualifying as "performance-based compensation" under Section 162(m) of the Code.

(gg) "Plan" means this 2008 Stock Incentive Plan.

(hh) "Post-Termination Exercise Period" means the period specified in the Award Agreement of not less than thirty (30) days commencing on the date of termination (other than termination by the Company or any Related Entity for Cause) of the Grantee's Continuous Service, or such longer period as may be applicable upon death or Disability.

(ii) "Registration Date" means the first to occur of (i) the closing of the first sale to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, of (A) the Common Stock or (B) the same class of securities of a successor corporation (or its Parent) issued pursuant to a Corporate Transaction in exchange for or in substitution of the Common Stock; and (ii) in the event of a Corporate Transaction, the date of the consummation of the Corporate Transaction if the same class of securities of the successor corporation (or its Parent) issuable in such Corporate Transaction shall have been sold to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended, on or prior to the date of consummation of such Corporate Transaction.

(jj) "Related Entity" means any Parent or Subsidiary of the Company.

(kk) "Replaced" means that pursuant to a Corporate Transaction the Award is replaced with a comparable stock award or a cash incentive program of the Company, the successor entity (if applicable) or Parent of either of them which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same (or a more favorable) vesting schedule applicable to such Award. The determination of Award comparability shall be made by the Administrator and its determination shall be final, binding and conclusive.

(ll) "Restricted Stock" means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(mm) "Restricted Stock Units" means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(nn) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor thereto.

(oo) "SAR" means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(pp) "Share" means a share of the Common Stock.

(qq) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 10 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is [five million (5,000,000)] Shares. Notwithstanding the foregoing, subject to the provisions of Section 10, below, the maximum aggregate number of Shares available for grant of Incentive Stock Options shall be [five million (5,000,000)] Shares. The Shares to be issued pursuant to Awards may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan. Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, such Shares shall become available for future grant under the Plan. To the extent not prohibited by the listing requirements of The NASDAQ Stock Market LLC (or other established stock exchange or national market system on which the Common Stock is traded) and Applicable Law, any Shares covered by an Award which are surrendered (i) in payment of the Award exercise or purchase price or (ii) in satisfaction of tax withholding obligations incident to the exercise of an Award shall be deemed not to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. Prior to the Registration Date, with respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. On or after the Registration Date, with respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(iii) Administration With Respect to Covered Employees. Notwithstanding the foregoing, as of and after the date that the exemption for the Plan under Section 162(m) of the Code expires, as set forth in Section 18 below, grants of Awards to any Covered Employee intended to qualify as Performance-Based Compensation shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Directors eligible to serve on a committee making Awards qualifying as Performance-Based Compensation. In the case of such Awards granted to Covered Employees, references to the "Administrator" or to a "Committee" shall be deemed to be references to such Committee or subcommittee.

(iv) Officer Authorization to Grant Awards. The Board may authorize one or more Officers to grant Awards subject to such limitations as the Board determines from time to time.

(b) Multiple Administrative Bodies. The Plan may be administered by different bodies with respect to Directors, Officers, Consultants, and Employees who are neither Directors nor Officers.

(c) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder;

(vi) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;

(vii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent, provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Qualified Stock Option shall not be treated as adversely affecting the rights of the Grantee. Notwithstanding the foregoing, (A) the reduction or increase of the exercise price of any Option awarded under the Plan and the base appreciation amount of any SAR awarded under the Plan and (B) canceling an Option or SAR at a time when its exercise price or base appreciation amount (as applicable) exceeds the Fair Market Value of the underlying Shares, in exchange for another Option, SAR, Restricted Stock, or other Award, in each case, shall not be subject to shareholder approval;

(viii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan; and

(ix) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(d) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants. Incentive Stock Options may be granted only to Employees of the Company or a Parent or a Subsidiary of the Company. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units or Dividend Equivalent Rights, and an Award may consist of one such security or benefit, or two (2) or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Qualified Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. In the event that the Code or the regulations promulgated thereunder are amended after the date the Plan becomes effective to provide for a different limit on the Fair Market Value of Shares permitted to be subject to Incentive Stock Options, then such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total shareholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (vii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added and (xvii) market share. The performance criteria may be applicable to the Company, Related Entities and/or any individual business units of the Company or any Related Entity. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement. In addition, the performance criteria shall be calculated in accordance with generally accepted accounting principles, but excluding the effect (whether positive or negative) of any change in accounting standards and any extraordinary, unusual or nonrecurring item, as determined by the Administrator, occurring after the establishment of the performance criteria applicable to the Award intended to be performance-based compensation. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of performance criteria in order to prevent the dilution or enlargement of the Grantee's rights with respect to an Award intended to be performance-based compensation.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(g) Individual Limitations on Awards.

(i) Individual Limit for Options and SARs. Following the date that the exemption from application of Section 162(m) of the Code described in Section 18 (or any exemption having similar effect) ceases to apply to Awards, the maximum number of Shares with respect to which Options and SARs may be granted to any Grantee in any calendar year shall be [two million five hundred thousand (2,500,000)] Shares. In connection with a Grantee's commencement of Continuous Service, a Grantee may be granted Options and SARs for up to an additional [five hundred thousand (500,000)] Shares which shall not count against the limit set forth in the previous sentence. The foregoing limitation[s] shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below. To the extent required by Section 162(m) of the Code or the regulations thereunder, in applying the foregoing limitation[s] with respect to a Grantee, if any Option or SAR is canceled, the canceled Option or SAR shall continue to count against the maximum number of Shares with respect to which Options and SARs may be granted to the Grantee. For this purpose, the repricing of an Option (or in the case of a SAR, the base amount on which the stock appreciation is calculated is reduced to reflect a reduction in the Fair Market Value of the Common Stock) shall be treated as the cancellation of the existing Option or SAR and the grant of a new Option or SAR.

(ii) Individual Limit for Restricted Stock and Restricted Stock Units. Following the date that the exemption from application of Section 162(m) of the Code described in Section 18 (or any exemption having similar effect) ceases to apply to Awards, for awards of Restricted Stock and Restricted Stock Units that are intended to be Performance-Based Compensation, the maximum number of Shares with respect to which such Awards may be granted to any Grantee in any calendar year shall be [two million five hundred thousand (2,500,000)] Shares. The foregoing limitation shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 10, below.

(h) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(i) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(j) Transferability of Awards. Incentive Stock Options may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Other Awards shall be transferable (i) by will and by the laws of descent and distribution and (ii) during the lifetime of the Grantee, to the extent and in the manner authorized by the Administrator by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(k) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other later date as is determined by the Administrator.

7. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows:

(i) In the case of an Incentive Stock Option:

(A) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(B) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Qualified Stock Option, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of SARs, the base appreciation amount shall not be less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iv) In the case of Awards intended to qualify as Performance-Based Compensation, the exercise or purchase price, if any, shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(v) In the case of the sale of Shares, the per Share purchase price, if any, shall be such price as is determined by the Administrator.

(vi) In the case of other Awards, such price as is determined by the Administrator.

(vii) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(d) above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) surrender of Shares held for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes, or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(iv) with respect to Options, if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

(v) with respect to Options, payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); or

(vi) any combination of the foregoing methods of payment.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(c)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

(c) Taxes. No Shares shall be delivered under the Plan to any Grantee or other person until such Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of any non-U.S., federal, state, or local income and employment tax withholding obligations, including, without limitation, obligations incident to the receipt of Shares. Upon exercise or vesting of an Award the Company shall withhold or collect from the Grantee an amount sufficient to satisfy such tax obligations, including, but not limited to, by surrender of the whole number of Shares covered by the Award sufficient to satisfy the minimum applicable tax withholding obligations incident to the exercise or vesting of an Award (reduced to the lowest whole number of Shares if such number of Shares withheld would result in withholding a fractional Share with any remaining tax withholding settled in cash).

8. Exercise of Award.

(a) Procedure for Exercise; Rights as a Shareholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(iv).

(b) Exercise of Award Following Termination of Continuous Service. In the event of termination of a Grantee's Continuous Service for any reason other than Disability or death (but not in the event of a Grantee's change of status from Employee to Consultant or from Consultant to Employee), such Grantee may, but only during the Post-Termination Exercise Period (but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. The Grantee's Award Agreement may provide that upon the termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Award shall terminate concurrently with the termination of Grantee's Continuous Service. In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Qualified Stock Option on the day three (3) months and one day following such change of status. To the extent that the Grantee's Award was unvested at the date of termination, or if the Grantee does not exercise the vested portion of the Grantee's Award within the Post-Termination Exercise Period, the Award shall terminate.

(c) Disability of Grantee. In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Qualified Stock Option on the day three (3) months and one day following such termination. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(d) Death of Grantee. In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the portion of the Grantee's Award that was vested as of the date of termination, within twelve (12) months from the date of death (or such longer period as specified in the Award Agreement but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee's Award was unvested, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(e) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of an Award within the applicable time periods set forth in this Section 8 is prevented by the provisions of Section 9 below, the Award shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Award is exercisable, but in any event no later than the expiration of the term of such Award as set forth in the Award Agreement.

9. Conditions Upon Issuance of Shares.

(a) If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under federal or state laws.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

10. Adjustments Upon Changes in Capitalization. Subject to any required action by the shareholders of the Company and Section 11 hereof, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Grantee in any calendar year, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." In the event of any distribution of cash or other assets to shareholders other than a normal cash dividend, the Administrator shall also make such adjustments as provided in this Section 10 or substitute, exchange or grant Awards to effect such adjustments (collectively "adjustments"). Any such adjustments to outstanding Awards will be effected in a manner that precludes the enlargement of rights and benefits under such Awards. In connection with the foregoing adjustments, the Administrator may, in its discretion, prohibit the exercise of Awards or other issuance of Shares, cash or other consideration pursuant to Awards during certain periods of time. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

11. Corporate Transactions and Changes in Control.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) Acceleration of Award Upon Corporate Transaction or Change in Control The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or Change in Control or at the time of an actual Corporate Transaction or Change in Control and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction or Change in Control, on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction or Change in Control. The Administrator may provide that any Awards so vested or released from such limitations in connection with a Change in Control, shall remain fully exercisable until the expiration or sooner termination of the Award.

(c) Effect of Acceleration on Incentive Stock Options. Any Incentive Stock Option accelerated under this Section 11 in connection with a Corporate Transaction or Change in Control shall remain exercisable as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded.

12. Effective Date and Term of Plan. The Plan shall become effective upon the earlier to occur of its adoption by the Board or its approval by the shareholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated. Subject to Section 17 below, and Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

13. Amendment, Suspension or Termination of the Plan

(a) The Board may at any time amend, suspend or terminate the Plan. To the extent necessary to comply with Applicable Laws, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan (including termination of the Plan under Section 12, above) shall adversely affect any rights under Awards already granted to a Grantee.

14. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

15. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Grantee's Continuous Service at any time, with or without cause, including but not limited to, Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

16. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Pension Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

17. Shareholder Approval. Continuance of the Plan shall be subject to approval by the shareholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws. Any Award exercised before shareholder approval is obtained shall be rescinded if shareholder approval is not obtained within the time prescribed, and Shares issued on the exercise of any such Award shall not be counted in determining whether shareholder approval is obtained.

18. Information to Grantees. To the extent required by Applicable Law, the Company shall provide to each grantee, during the period for which such Grantee has one or more Awards outstanding, copies of financial statements at least annually. The Company shall not be required to provide such information to persons whose duties in connection with the Company assure them access to equivalent information.

19. Effect of Section 162(m) of the Code. Section 162(m) of the Code does not apply to the Plan prior to the Registration Date or such earlier time that the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act. Following the Registration Date or such earlier time that the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act, the Plan, and all Awards (except Awards of Restricted Stock that vest over time) issued thereunder, are intended to be exempt from the application of Section 162(m) of the Code, which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of $1 million per year. The exemption is based on Treasury Regulation Section 1.162-27(f), in the form existing on the effective date of the Plan, with the understanding that such regulation generally exempts from the application of Section 162(m) of the Code compensation paid pursuant to a plan that existed before a company becomes publicly held. Under such Treasury Regulation, this exemption is available to the Plan for the duration of the period that lasts until the earliest of (i) the expiration of the Plan, (ii) the material modification of the Plan, (iii) the exhaustion of the maximum number of shares of Common Stock available for Awards under the Plan, as set forth in Section 3(a), (iv) the first meeting of shareholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act, or (v) such other date required by Section 162(m) of the Code and the rules and regulations promulgated thereunder. To the extent that the Administrator determines as of the date of grant of an Award that (i) the Award is intended to qualify as Performance-Based Compensation and (ii) the exemption described above is no longer available with respect to such Award, such Award shall not be effective until any shareholder approval required under Section 162(m) of the Code has been obtained.

20. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

21. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

22. Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board, the submission of the Plan to the shareholders of the Company for approval, nor any provision of the Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of Awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

Exhibit 10.6

Corporate Copy 5
Optionee Copy 5
Attorney Copy

VISTAGEN THERAPEUTICS, INC.

2008 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: **«Name»**
«Full_Address»

You (the "Grantee") have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the VistaGen Therapeutics, Inc. 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	**«ID_No»**
Date of Award	**«Date_of_Grant»**
Vesting Commencement Date	**«Vesting_Start_Date»**
Exercise Price per Share	**«Exercise_Price»**
Total Number of Shares Subject to the Option (the "Shares")	**«Shares»**
Total Exercise Price	**«Total_price»**
Type of Option:	**«Grant_Type»**
Expiration Date:	**«Date_of_Expiration»**
Post-Termination Exercise Period:	**Three (3) Months**
Vesting Schedule:	

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

«Vesting_Type»

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall be suspended after the leave of absence exceeds a period of three (3) months. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule of the Option shall be extended by the length of the suspension.

In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service, except as otherwise determined by the Administrator.

In the event of the Grantee's change in status from Employee to Consultant or from an Employee whose customary employment is 20 hours or more per week to an Employee whose customary employment is fewer than 20 hours per week, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

VistaGen Therapeutics, Inc.
a California corporation

By:
Title:

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 18 of the Option Agreement. The Grantee further agrees to the venue selection in accordance with Section 19 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed:

«Name», Grantee

VISTAGEN THERAPEUTICS, INC.

2008 STOCK INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

1. Grant of Option. VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 2008 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, the Option will qualify as an Incentive Stock Option under the Code only to the extent the $100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The $100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the shares subject to such options shall be determined as of the grant date of the relevant option.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(d), below.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares. Upon exercise of the Option, the Company or the Grantee's employer may offset or withhold (from any amount owed by the Company or the Grantee's employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax withholding obligations. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Option, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

3. Grantee's Representations. The Grantee understands that neither the Option nor the Shares exercisable pursuant to the Option have been registered under the Securities Act of 1933, as amended or any United States securities laws. In the event the Shares purchasable pursuant to the exercise of the Option have not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Grantee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(a) cash;

(b) check;

(c) if the exercise occurs on or after the Registration Date, surrender of Shares held for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes, or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised; or

(d) if the exercise occurs on or after the Registration Date, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company-designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon suchexercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. If the exercise of the Option within the applicable time periods set forth in Section 6, 7 and 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

6. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, other than for Cause,the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect and the Option shall continue to vest in accordance with the Vesting Schedule set forth in the Notice; provided, however, with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following such change in status. Except as provided in Sections 7 and 8 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within twelve (12) months commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three (3) months and one (1) day following the Termination Date. To the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

8. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the person who acquired the right to exercise the Option pursuant to Section 9 may exercise the portion of the Option that was vested at the date of termination within twelve (12) months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution; provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 8, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

10. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

11. Company's Right of First Refusal.

(a) Transfer Notice. Neither the Grantee nor a transferee (either being sometimes referred to herein as the "Holder") shall sell, hypothecate, encumber or otherwise transfer any Shares or any right or interest therein without first complying with the provisions of this Section 11 or obtaining the prior written consent of the Company and provided further that such Shares are "Mature Shares" (which means that the Shares have been held by the Holder (and any successor Holder) for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes). In the event the Holder desires to accept a bona fide third-party offer for any or all of the Shares, the Holder shall provide the Company with written notice (the "Transfer Notice") of:

(i) The Holder's intention to transfer;

(ii) The name of the proposed transferee;

(iii) The number of Shares to be transferred; and

(iv) The proposed transfer price or value and terms thereof.

If the Holder proposes to transfer any Shares to more than one transferee, the Holder shall provide a separate Transfer Notice for the proposed transfer to each transferee. The Transfer Notice shall be signed by both the Holder and the proposed transferee and must constitute a binding commitment of the Holder and the proposed transferee for the transfer of the Shares to the proposed transferee subject to the terms and conditions of this Option Agreement.

(b) Bona Fide Transfer. If the Company determines that the information provided by the Holder in the Transfer Notice is insufficient to establish the bona fide nature of a proposed voluntary transfer, the Company shall give the Holder written notice of the Holder's failure to comply with the procedure described in this Section 11, and the Holder shall have no right to transfer the Shares without first complying with the procedure described in this Section 11. The Holder shall not be permitted to transfer the Shares if the proposed transfer is not bona fide.

(c) First Refusal Exercise Notice. The Company shall have the right to purchase (the "Right of First Refusal") all but not less than all, of the Shares which are described in the Transfer Notice (the "Offered Shares"). The Offered Shares shall be repurchased at (i) the per share price or value and in accordance with the terms stated in the Transfer Notice (subject to Section 11(d) below) or (ii) the Fair Market Value of the Shares on the date on which the purchase is to be effected if no consideration is paid pursuant to the terms stated in the Transfer Notice, which Right of First Refusal shall be exercised by written notice (the "First Refusal Exercise Notice") to the Holder at any time within thirty (30) days after receipt of the Transfer Notice (the "Option Period").

(d) Payment Terms. The Company shall consummate the purchase of the Offered Shares on the terms set forth in the Transfer Notice within sixty (60) days after delivery of the First Refusal Exercise Notice; provided, however, that in the event the Transfer Notice provides for the payment for the Offered Shares other than in cash, the Company and/or its assigns shall have the right to pay for the Offered Shares by the discounted cash equivalent of the consideration described in the Transfer Notice as reasonably determined by the Administrator. Upon payment for the Offered Shares to the Holder or into escrow for the benefit of the Holder, the Company or its assigns shall become the legal and beneficial owner of the Offered Shares and all rights and interest therein or related thereto, and the Company shall have the right to transfer the Offered Shares to its own name or its assigns without further action by the Holder.

(e) Assignment. Whenever the Company shall have the right to purchase Shares under this Right of First Refusal, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company's Right of First Refusal.

(f) Non-Exercise. If the Company and/or its assigns do not collectively elect to exercise the Right of First Refusal within the Option Period or such earlier time if the Company and/or its assigns notifies the Holder that it will not exercise the Right of First Refusal, then the Holder may transfer the Shares upon the terms and conditions stated in the Transfer Notice, provided that:

(i) The transfer is made within forty-five (45) days of the earlier of (A) the date the Company and/or its assigns notify the Holder that the Right of First Refusal will not be exercised or (B) the expiration of the Option Period; and

(ii) The transferee agrees in writing that such Shares shall be held subject to the provisions of this Option Agreement.

The Company shall have the right to demand further assurances from the Holder and the transferee (in a form satisfactory to the Company) that the transfer of the Offered Shares was actually carried out on the terms and conditions described in the Transfer Notice. No Offered Shares shall be transferred on the books of the Company until the Company has received such assurances, if so demanded, and has approved the proposed transfer as bona fide.

(g) Expiration of Transfer Period. Following such 45-day period, no transfer of the Offered Shares and no change in the terms of the transfer as stated in the Transfer Notice (including the name of the proposed transferee) shall be permitted without a new written Transfer Notice prepared and submitted in accordance with the requirements of this Right of First Refusal.

(h) Termination of Right of First Refusal. The provisions of this Right of First Refusal shall terminate as to all Shares upon the Registration Date.

(i) Additional Shares or Substituted Securities. In the event of any transaction described in Sections 10 or 11 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Right of First Refusal, but only to the extent the Shares are at the time covered by such right.

12. Stop-Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Option Agreement, the Notice or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

13. Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

14. Tax Consequences.

(a) The Grantee may incur tax liability as a result of the Grantee's purchase or disposition of the Shares. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(b) Notwithstanding the Company's good faith determination of the Fair Market Value of the Company's Common Stock for purposes of determining the Exercise Price Per Share of the Option as set forth in the Notice, the taxing authorities may assert that the Fair Market Value of the Common Stock on the Date of Award was greater than the Exercise Price Per Share. If designated in the Notice as an Incentive Stock Option, the Option may fail to qualify as an Incentive Stock Option if the Exercise Price Per Share of the Option is less than the Fair Market Value of the Common Stock on the Date of Award. In addition, under Section 409A of the Code, if the Exercise Price Per Share of the Option is less than the Fair Market Value of the Common Stock on the Date of Award, the Option may be treated as a form of deferred compensation and the Grantee may be subject to an acceleration of income recognition, an additional 20% tax, plus interest and possible penalties. The Company makes no representation that the Option will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Option or to mitigate its effects on any deferrals or payments made in respect of the Option. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

15. Lock-Up Agreement.

(a) Agreement. The Grantee, if requested by the Company and the lead underwriter of any public offering of the Common Stock (the "Lead Underwriter"), hereby irrevocably agrees not to sell, contract to sell, grant any option to purchase, transfer the economic risk of ownership in, make any short sale of, pledge or otherwise transfer or dispose of any interest in any Common Stock or any securities convertible into or exchangeable or exercisable for or any other rights to purchase or acquire Common Stock (except Common Stock included in such public offering or acquired on the public market after such offering) during the 180-day period following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, or such shorter or longer period of time as the Lead Underwriter shall specify. The Grantee further agrees to sign such documents as may be requested by the Lead Underwriter to effect the foregoing and agrees that the Company may impose stop-transfer instructions with respect to such Common Stock subject to the lock-up period until the end of such period. The Company and the Grantee acknowledge that each Lead Underwriter of a public offering of the Company's stock, during the period of such offering and for the lock-up period thereafter, is an intended beneficiary of this Section 15.

(b) No Amendment Without Consent of Underwriter. During the period from identification of a Lead Underwriter in connection with any public offering of the Company's Common Stock until the earlier of (i) the expiration of the lock-up period specified in Section 15(a) in connection with such offering or (ii) the abandonment of such offering by the Company and the Lead Underwriter, the provisions of this Section 15 may not be amended or waived except with the consent of the Lead Underwriter.

16. Entire Agreement; Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

17. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

18. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

19. Venue. The Company, the Grantee, and the Grantee's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Santa Clara) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 19 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

20. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

21. Confidentiality. To the extent required by Applicable Law, the Company shall provide to the Grantee, during the period the Option is outstanding, copies of financial statements of the Company at least annually. The Grantee understands and agrees that such financial statements are confidential and shall not be disclosed by the Grantee, to any entity or person, for any reason, at any time, without the prior written consent of the Company, unless required by law. If disclosure of such financial statements is required by law, whether through subpoena, request for production, deposition, or otherwise, the Grantee promptly shall provide written notice to Company, including copies of the subpoena, request for production, deposition, or otherwise, within five (5) business days of their receipt by the Grantee and prior to any disclosure so as to provide Company an opportunity to move to quash or otherwise to oppose the disclosure. Notwithstanding the foregoing, the Grantee may disclose the terms of such financial statements to his or her spouse or domestic partner, and for legitimate business reasons, to legal, financial, and tax advisors.

END OF AGREEMENT

EXHIBIT A

VISTAGEN THERAPEUTICS, INC.

2008 STOCK INCENTIVE PLAN

EXERCISE NOTICE

VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite 8
South San Francisco, CA 94040
Attention: Secretary

1. Effective as of today, _____, the undersigned «Name» (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____ shares of the Common Stock (the "Shares") of VistaGen Therapeutics, Inc., (the "Company") under and pursuant to the Company's 2008 Stock Incentive Plan, as amended from time to time (the "Plan") and the «Grant_Type» Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award number «ID_No» (the "Notice") dated «Date_of_Grant». Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Shareholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

The Grantee shall enjoy rights as a shareholder until such time as the Grantee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal. Upon such exercise, the Grantee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of the Option Agreement, and the Grantee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 4(d) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two (2) years from the Date of Award or within one (1) year from the date the Shares were transferred to the Grantee.

7. Restrictive Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE OPTION AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND THE RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

9. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

10. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

11. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

13. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

14. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:	Accepted by:
«NAME»	**VISTAGEN THERAPEUTICS, INC.**
	By:
(Signature)	Title:
Address:	Address:
_____	384 Oyster Point Blvd Suite 8,
_____	South San Francisco, CA 94080-1967

EXHIBIT B

VISTAGEN THERAPEUTICS, INC.

2008 STOCK INCENTIVE PLAN

INVESTMENT REPRESENTATION STATEMENT

GRANTEE: **«NAME»**

COMPANY: **VISTAGEN THERAPEUTICS, INC.**

SECURITY: **COMMON STOCK**

AMOUNT: $_____

SHARES: _____

DATE: _____

In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

Grantee is aware of the Company's business affairs and financial condition and has acquired In connection with the purchase of the above-listed Securities, the undersigned Grantee represents to the Company the following:

(a) Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Grantee is acquiring these Securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Grantee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Grantee's investment intent as expressed herein. Grantee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Grantee further acknowledges and understands that the Company is under no obligation to register the Securities. Grantee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

(c) Grantee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Grantee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, except in the case of affiliates, such Securities may be resold subject to the satisfaction of the applicable conditions specified by Rule 144, including: (1) the availability of certain public information about the Company, (2) the amount of Securities being sold during any three month period not exceeding specified limitations, (3) the resale being made in an unsolicited "broker's transaction," in transactions directly with a "market maker" or "riskless principal transactions" (as said terms are defined under the Securities Exchange Act of 1934) and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of the grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which may require: the availability of current public information about the Company; the resale to occur more than a specified period after the purchase and full payment (within the meaning of Rule 144) for the Securities; and, in the case of the sale of Securities by an affiliate, the satisfaction of the conditions set forth in sections (2), (3) and (4) of the paragraph immediately above.

(d) Grantee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Grantee understands that no assurances can be given that any such other registration exemption will be available in such event.

Grantee represents that Grantee is a resident of the State of _____.

Signature of Grantee:

«Name»

Date: _____

Exhibit 10.7

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of October 30, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), and Cato Holding Company, a North Carolina corporation (the "Purchaser").

WITNESSETH:

WHEREAS, the Company is currently indebted to Purchaser in an amount in excess of one million one hundred twenty-five thousand dollars (US$1,125,000) (the "Indebtedness); and

WHEREAS, the Purchaser is willing to purchase certain securities from the Company in exchange for cancellation of the Indebtedness and the Company is willing to issue such securities pursuant to the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

PURCHASE AND SALE OF THE SECURITIES

A. Purchase and Sale. Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser agrees to purchase at the Closing (as defined below) and the Company hereby agrees to sell and issue to the Purchaser at the Closing seven hundred fifty thousand (750,000) shares (the "Shares") of the Company's common stock (the "Securities").

B. Purchase Price; Payment. The purchase price for the Securities shall be one million one hundred twenty-five thousand dollars (US$1,125,000) (or $1.50 per Share) (the "Purchase Price"). The Purchase Price will be paid by cancellation of the Indebtedness. Upon reasonable request of the Company, Purchaser shall surrender to the Company for cancellation at the Closing or anytime thereafter any evidence of such Indebtedness or shall execute an instrument of cancellation in form and substance acceptable to the Company.

C. Debt Outstanding. Notwithstanding the foregoing, the Company and the Purchaser hereby agree that the debts, accounts payable and other obligations owed to the Purchaser listed on Exhibit A attached hereto remain outstanding as of the date hereof and must be repaid or satisfied by the Company in accordance with their respective terms.

SECTION H

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Purchaser, as of the date hereof, that:

A. Organization; Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to conduct the business in which it is now engaged.

B. Authority. The Company has the full corporate power, authority and legal right to execute and deliver this Agreement and to perform all of its obligations and covenants hereunder, and no consent or approval of any other person or governmental authority is required therefore. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations and covenants hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, violates any provision of the Articles of Incorporation, as amended, or By-Laws of the Company or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or results in any breach of any of the terms of or constitutes a default under or results in the termination of or the creation of any lien pursuant to the terms of any contract or agreement to which the Company is a party or by which the Company or any of its assets is bound, except for violations or defaults which would not result in a material adverse change in the assets, condition, or affairs of the Company, financially or otherwise.

D. Non-Assessable Shares. The Securities being issued hereunder will be duly authorized and, when issued to the Purchaser for the consideration herein provided, will be validly issued, fully paid and non-assessable.

SECTION III

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

The Purchaser represents and warrants to, and covenants and agrees with, the Company, as of the date hereof, that:

A. Organization. The Purchaser is, and as of the Closing will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

B. Authorization. The Purchaser has, and as of the Closing will have, all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and constitutes its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. Disclosure of Information. The Purchaser believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities. The Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section II of this Agreement or the right of the Purchaser to rely thereon.

D. Investment Experience. The Purchaser is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

E. Accredited Investor. The Purchaser is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect.

F. Restricted Securities. The Purchaser understands that the Securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act") only in certain limited circumstances. In this connection, the Purchaser represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Purchaser understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Purchaser will not be able to resell or otherwise transfer its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Purchaser has no immediate need for liquidity in connection with this investment, does not anticipate that the Purchaser will be required to sell its Securities in the foreseeable future.

G. Further Limitations on Disposition. Without in any way limiting the representations set forth above, the Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section III, and:

(a) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, the Purchaser shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by the Purchaser, if it is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any such partner, retired partner, member or retired member or the transfer by gift, will or intestate succession by any partner or member to his or her spouse or to the siblings, lineal descendants or ancestors of such partner or member or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were the original Purchaser hereunder.

H. Legends. It is understood that the certificates evidencing the Securities may bear

one or all of the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

(b) Any legend required by the Bylaws of the Company or applicable state securities laws.

I.Reliance by Company. The Purchaser understands that the representations,warranties, covenants and acknowledgements set forth in this Section III constitute a materialinducement to the Company entering into this Agreement.

J. No Reliance on Others. The Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

K. Lock-Up Agreement. The Purchaser hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (whether such shares or any such securities are then owned by the Purchaser or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The foregoing provisions of this Section 3.7 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Purchaser if all officers and directors and greater than one percent (1%) shareholders of the Company enter into similar agreements. The underwriters in connection with the Company's initial public offering are intended third party beneficiaries of this Section H and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Notwithstanding the foregoing, nothing in this Section III.K shall prevent the Purchaser from making a transfer of any common stock that was listed on a national stock exchange, actively traded over-the-counter or traded on the Nasdaq National Market at the time it was acquired by the Purchaser or was acquired by the Purchaser pursuant to Rule 144A of the Act, including any shares acquired in the initial public offering.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of the Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

SECTION IV

THE CLOSING

A. Closing. The consummation of the issuance of the Securities and the Cancellation of the Indebtedness described in Section I and the other transactions contemplated hereby (the "Closing") shall take place simultaneously with the execution of this Agreement at the offices of the Company or at such other date or location as the parties may mutually agree. At the Closing, the Company shall deliver to the Purchasers a Certificate for the Shares.

SECTION V

MISCELLANEOUS

A. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced.

B. Invalidity, Etc. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

C. Headings. The headings of this Agreement are for convenience of reference only and are not part of the substance of this Agreement.

D. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

E. . Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of agreements made and to be performed entirely within such State, without regard to principles of conflicts of law, and the parties hereto hereby submit to the exclusive jurisdiction of the state and federal courts located in the State of California.

F. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: _____
Name: Shawn K. Singh
Title: Chief Executive Officer

PURCHASER:

CATO HOLDING COMPANY

By: _____
Name: Allen Cato
Title: Chief Executive Officer

EXHIBIT A

Outstanding Debts, Accounts Payable, and Other Obligations

(upon the Closing)

Debts:

	Principal	Interest	Amount Outstanding
Loan Agreement February 3, 2004	$ 170,000	$ 30,056	$ 200,056
Convertible Promissory Note (1) February 5, 2007	$ 250,000	$ 67,877	$ 317,877
Convertible Promissory Note (1) December 31, 2007	$ 562,368	$ 101,997	$ 664,365

Accounts Payable: None

Other: None

(1) To be converted in conjunction with the Company's initial public offering

Exhibit 10.8

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of April 27, 2011, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), and Cato Holding Company, a North Carolina corporation (the "Purchaser").

WITNESSETH:

WHEREAS, the Company seeks certain contract research and development services (the from Purchaser's affiliate, Cato Research Ltd. in the amount of two hundred seventy-five thousand dollars and twenty-five cents ($275,000.25) (the "CRO Services"); and

WHEREAS, the Purchaser is willing to purchase certain securities from the Company in exchange for the CRO Services pursuant to the terms of this Agreement;;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

PURCHASE AND SALE OF THE SECURITIES

A. Purchase and Sale. Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser agrees to purchase at the Closing and the Company hereby agrees to sell and issue to the Purchaser at the Closing the following securities: (a) one hundred fifty-seven thousand one hundred forty-three thousand (157,143) shares of the Company's common stock, $0.01 par value per share (the "Securities");

B. Price. The purchase price for the Securities shall be two hundred seventy-five thousand dollars and twenty-five cents ($275,000.25), to be paid solely in services to be provided by Purchaser's affiliate Cato Research Ltd.. Should any refund for such services be required, such refund shall be made only by return of Securities (valued at no less than $1.75 per share) to Company and not in cash.

SECTION II

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Purchaser, as of the date hereof, that:

A. Organization: Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to conduct the business in which it is now engaged.

B. Authority. The Company has the full corporate power, authority and legal right to execute and deliver this Agreement and to perform all of its obligations and covenants hereunder, and no consent or approval of any other person or governmental authority is required therefore. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations and covenants hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, violates any provision of the Articles of Incorporation, as amended, or By-Laws of the Company or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or results in any breach of any of the terms of or constitutes a default under or results in the termination of or the creation of any lien pursuant to the terms of any contract or agreement to which the Company is a party or by which the Company or any of its assets is bound.

D. Non-Assessable Shares. The Securities being issued hereunder will be duly authorized and, when issued to the Purchaser for the consideration herein provided, will be validly issued, fully paid and non-assessable.

SECTION III

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

The Purchaser represents and warrants to, and covenants and agrees with, the Company, as of the date hereof, that:

A. Organization. The Purchaser is, and as of the Closing will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

B. Authorization. The Purchaser has, and as of the Closing will have, all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and constitutes its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation by the Purchaser of the transactions contemplated hereby, violates any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency applicable to the Purchaser, or violates, or conflicts with, any contract, commitment, agreement, understanding or arrangement of any kind to which the Purchaser is a party or by which the Purchaser is bound.

D. Investment Intent. The Purchaser: (i) is an accredited investor within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the "Act"); (ii) is aware of the limits on resale imposed by virtue of the nature of the transactions contemplated by this Agreement, specifically the restrictions imposed by Rule 144 of the Act, and is aware that the certificates representing the Purchaser's respective ownership of the Securities will bear related restrictive legends; and (iii) except as otherwise set forth herein, is acquiring the shares of the Company hereunder without registration under the Act in reliance on the exemption from registration contained in Section 4(2) of the Act and/or Rule 506 promulgated pursuant to Regulation D of the Act, for investment for its own account, and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling such shares. The Purchaser has been given the opportunity to ask questions of, and receive answers from, the officers of the Company regarding the Company, its current and proposed business operations and the Securities, and the officers of the Company have made available to the Purchaser all documents and information that the Purchaser has requested relating to an investment in the Company. The Purchaser has been given the opportunity to retain competent legal counsel in connection with the purchase of the Securities and acknowledges that the Company has relied upon the Purchaser's representations in this Section 3 in offering and selling the Securities to the Purchaser.

E. Economic Risk; Restricted Securities. The Purchaser recognizes that the investment in the Securities involves a number of significant risks. The foregoing, however, does not limit or modify the representations, warranties and agreements of the Company in Section 2 of this Agreement or the right of the Purchaser to rely thereon. The Purchaser is able to bear the economic risks of an investment in the Securities for an indefinite period of time, has no need for liquidity in such investment and, at the present time, can afford a complete loss of such investment.

F. Suitability. The Purchaser has carefully considered, and has, to the extent the Purchaser deems it necessary, discussed with the Purchaser's own professional legal, tax and financial advisers the suitability of an investment in the Securities for the Purchaser's particular tax and financial situation, and the Purchaser has determined that the Securities is a suitable investment.

G. Legend. The Purchaser acknowledges that the certificates evidencing the Securities will bear the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE PLEDGED, HYPOTHECATED, SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER SUCH ACT OR AN OPINION OF COUNSEL TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

The Company acknowledges and agrees that Purchaser may from time to time, after the Closing Date (as defined below), pledge pursuant to a bona fide margin agreement with a registered broker-dealer, or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Act and who agrees in writing to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. In addition, the Company acknowledges and agrees fhat Purchaser may from time to time assign and transfer certain Warrants to members of Purchaser's senior management, provided that each such assignee is an "accredited investor" as defined in Rule 501(a) under the Act and agrees in writing to be bound by the provisions of this Agreement, Warrant A and/or Warrant B, as the case may be. Any such assignment, pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the assignee, pledgee, secured party or pledgor shall be required in connection therewith, provided that any such transfer would comply with applicable federal and state securities laws. Further, no notice shall be required of such pledge. At the appropriate Purchaser's expense, the Company will execute and deliver such reasonable documentation as an assignee, pledgee or secured party of Securities may reasonably request in connection with an assignment, pledge or transfer of the Securities.

Certificates evidencing the Securities shall not be required to contain such legend or any other legend (i) following any sale of such Securities pursuant to Rule 144, (ii) if such Securities are eligible for sale under Rule 144, or (iii) such legend is not required under applicable requirements of the Act (including judicial interpretations and pronouncements issued by the staff of the SEC), in each such case (i) through (iii) to the extent reasonably determined by the Company's legal counsel. At such time and to the extent a legend is no longer required for the Securities, the Company will use its best efforts to no later than five (5) trading days following the delivery by a Purchaser to the Company or the Company's transfer agent of a legended certificate representing such Securities (together with such accompanying documentation or representations as reasonably required by counsel to the Company) (such fifth trading day, the "Legend Removal Date"), deliver or cause to be delivered a certificate representing such Securities that is free from the foregoing legend or any other legend.

In addition to a Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, for each $1,000 of Securities (based on the VWAP of the Common Stock on the date such Securities are submitted to the Company's transfer agent) delivered for removal of the restrictive legend and subject to this section, $10 per trading day (increasing to $20 per trading day five (5) trading days after such damages have begun to accrue) for each trading day after the second trading day following the Legend Removal Date until such certificate is delivered without a legend. Nothing herein shall limit such Purchaser's right to pursue actual damages for the Company's failure to deliver certificates representing any Securities as required, and such Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. Notwithstanding anything herein to the contrary, in no event will the Company be obligated to make payments to any Purchaser under this section in excess of *5%* of the aggregate amount invested by such Purchaser.

The Purchaser agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section is predicated upon the Company's reliance that the Purchaser will sell any Securities pursuant to either the registration requirements of the Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein.

H. Registration of the Securities. The Securities have not been and are not being registered under the Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred. The Company and the Purchaser agree to rely on Rule 144 of the Securities Act, when applicable, in the event a Purchaser desires to undertake any resale of any of the Securities.

SECTION IV THE CLOSING AND CONDITIONS TO CLOSING

A. Time and Place of the Closing. The closing shall be held at the offices of the Company as soon a practicable following the Company's satisfaction of all of the conditions to closing, as set forth below, (the "Closing Date"), or such other time and place as the Company and the Purchaser may mutually agree.

(i) Delivery by the Company. Delivery of the Securities shall be made by the Company, or by its transfer agent, as applicable, to the Purchaser as soon as reasonably practicable after the Closing Date by delivering certificates representing their respective portion of Securities as set forth on the signature pages attached hereto, each such certificate to be accompanied by any requisite documentary or transfer tax stamps.

(ii) Other Conditions to Closing. As of the Closing Date (a) all requisite action by the Company's Board of Directors shall have been taken pursuant to the By-Laws of the Company and (b) the representations and warranties of the Company set forth herein shall be true and correct.

SECTION V

MISCELLANEOUS

A. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced.

B. Invalidity, Etc. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

C. Headings. The headings of this Agreement are for convenience of reference only and are not part of the substance of this Agreement.

D. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

E. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable in the case of agreements made and to be performed entirely within such State, without regard to principles of conflicts of law, and the parties hereto hereby submit to the exclusive jurisdiction of the state and federal courts located in the State of Delaware.

F. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: Shawn K. Singh
Name:Shawn K. Singh
Title: Chief Executive Officer

PURCHASER:

CATO HOLDING COMPANY

By: Lynda Sutton
Name: Lynda Sutton
Title: President

Exhibit 10.9

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of November 5, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), and Platinum Long Term Growth VII, LLC (the "Purchaser").

WITNESSETH:

WHEREAS, the Purchaser has loaned to the Company (a) $2,500,000 pursuant to a senior convertible promissory note dated June 19, 2007 (the "June 2007 Note"), (b) $1,250,000 pursuant to a senior convertible promissory note dated July 2, 2007 (the "July 2007 Note"), and (c) $250,000 pursuant to a senior convertible promissory note dated May 16, 2008 (the "May 2008 Note," and with the June 2007 Note and the July 2007 Note, collectively the "Platinum Notes");

WHEREAS, as of October 31, 2009, the accrued but unpaid interest due under all of the Platinum Notes is approximately $921,438 (the "Outstanding Interest"); and

WHEREAS, the Purchaser is willing to purchase certain securities from the Company in exchange for cancellation of the Outstanding Interest and the Company is willing to issue such securities pursuant to the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

PURCHASE AND SALE OF THE SECURITIES

A. Purchase and Sale. Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser agrees to purchase at the Closing (as defined below) and the Company hereby agrees to sell and issue to the Purchaser at the Closing six hundred fourteen thousand two hundred ninety-two (614,292) shares (the "Shares") of the Company's common stock (the "Securities").

B. Purchase Price; Payment. The purchase price for the Securities shall be nine hundred twenty-one thousand four hundred thirty-eight dollars (US$921,438) (or $1.50 per Share) (the "Purchase Price"). The Purchase Price will be paid by cancellation of the Outstanding Interest. Upon reasonable request of the Company, Purchaser shall surrender to the Company for cancellation at the Closing or anytime thereafter any evidence of such Outstanding Interest or shall execute an instrument of cancellation in form and substance acceptable to the Company.

C. Debt Outstanding. Notwithstanding the foregoing, the Company and the Purchaser hereby agree that all principal and interest accrued after the date hereof or not otherwise converted into Shares in accordance with this Section I pursuant to the Platinum Notes shall remain outstanding and must be repaid or satisfied by the Company in accordance with their respective terms.

SECTION II

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Purchaser, as of the date hereof, that:

A. Organization; Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to conduct the business in which it is now engaged.

B. Authority. The Company has the full corporate power, authority and legal right to execute and deliver this Agreement and to perform all of its obligations and covenants hereunder, and no consent or approval of any other person or governmental authority is required therefore. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations and covenants hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, violates any provision of the Articles of Incorporation, as amended, or By-Laws of the Company or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or results in any breach of any of the terms of or constitutes a default under or results in the termination of or the creation of any lien pursuant to the terms of any contract or agreement to which the Company is a party or by which the Company or any of its assets is bound, except for violations or defaults which would not result in a material adverse change in the assets, condition, or affairs of the Company, financially or otherwise.

D. Non-Assessable Shares. The Securities being issued hereunder will be duly authorized and, when issued to the Purchaser for the consideration herein provided, will be validly issued, fully paid and non-assessable.

SECTION III

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

The Purchaser represents and warrants to, and covenants and agrees with, the Company, as of the date hereof, that:

A. Organization. The Purchaser is, and as of the Closing will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

B. Authorization. The Purchaser has, and as of the Closing will have, all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and constitutes its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. Disclosure of Information. The Purchaser believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities. The Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section II of this Agreement or the right of the Purchaser to rely thereon.

D. Investment Experience. The Purchaser is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

E. Accredited Investor. The Purchaser is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect.

F. Restricted Securities. The Purchaser understands that the Securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act") only in certain limited circumstances. In this connection, the Purchaser represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Purchaser understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Purchaser will not be able to resell or otherwise transfer its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Purchaser has no immediate need for liquidity in connection with this investment, does not anticipate that the Purchaser will be required to sell its Securities in the foreseeable future.

G. Further Limitations on Disposition. Without in any way limiting the representations set forth above, the Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section III, and:

(a) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, the Purchaser shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by the Purchaser, if it is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any such partner, retired partner, member or retired member or the transfer by gift, will or intestate succession by any partner or member to his or her spouse or to the siblings, lineal descendants or ancestors of such partner or member or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were the original Purchaser hereunder.

H. Legends. It is understood that the certificates evidencing the Securities may bearone or all of the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

(b) Any legend required by the Bylaws of the Company or applicable statesecurities laws.

I. Reliance by Company. The Purchaser understands that the representations,warranties, covenants and acknowledgements set forth in this Section III constitute a material inducement to the Company entering into this Agreement.

J. No Reliance on Others. The Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

K. Lock-Up Agreement. The Purchaser hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (whether such shares or any such securities are then owned by the Purchaser or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The foregoing provisions of this Section IILK shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Purchaser if all officers and directors and greater than one percent (1%) shareholders of the Company enter into similar agreements. The underwriters in connection with the Company's initial public offering are intended third party beneficiaries of this Section IILK and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Notwithstanding the foregoing, nothing in this Section IILK shall prevent the Purchaser from making a transfer of any common stock that was listed on a national stock exchange, actively traded over-the-counter or traded on the Nasdaq National Market at the time it was acquired by the Purchaser or was acquired by the Purchaser pursuant to Rule 144A of the Act, including any shares acquired in the initial public offering.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of the Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

SECTION IV THE CLOSING

A. Closing. The consummation of the issuance of the Securities and the cancellation of the Outstanding Interest described in Section I and the other transactions contemplated hereby (the "Closing") shall take place simultaneously with the execution of this Agreement at the offices of the Company or at such other date or location as the parties may mutually agree. At the Closing, the Company shall deliver to the Purchasers a Certificate for the Shares.

SECTION V MISCELLANEOUS

A. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced.

B. Invalidity, Etc. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

C. Headings. The headings of this Agreement are for convenience of reference only and are not part of the substance of this Agreement.

D. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

E. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of agreements made and to be performed entirely within such State, without regard to principles of conflicts of law, and the parties hereto hereby submit to the exclusive jurisdiction of the state and federal courts located in the State of California.

F. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:_
Name: Shawn *IK.* Singh, JD
Title: Chief Executive Officer

PURCHASER:

PLATINUM LONG TERM GROWTH VII, LLC

By:
Name:
Title:

Exhibit 10.10

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of December 2, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), and University Health Network, an Ontario corporation incorporated under the Toronto Hospital Act 1997 (the "Purchaser").

W I T N E S S E T H :

WHEREAS, the Company is currently indebted to Purchaser in the amount of four hundred twenty-three thousand seven hundred fifty dollars (US$423,750) (the "Indebtedness); and

WHEREAS, the Purchaser is willing to purchase certain securities from the Company in exchange for cancellation of the Indebtedness and the Company is willing to issue such securities pursuant to the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

PURCHASE AND SALE OF THE SECURITIES

A. Purchase and Sale. Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser agrees to purchase at the Closing (as defined below) and the Company hereby agrees to sell and issue to the Purchaser at the Closing two hundred eighty-two thousand five hundred (282,500) shares (the "Shares") of the Company's common stock (the "Securities").

B. Purchase Price; Payment. The purchase price for the Securities shall be four hundred twenty-three thousand seven hundred fifty dollars (US$423,750) (or $1.50 per Share) (the "Purchase Price"). The Purchase Price will be paid by cancellation of the Indebtedness. Upon reasonable request of the Company, Purchaser shall surrender to the Company for cancellation at the Closing or anytime thereafter any evidence of such Indebtedness or shall execute an instrument of cancellation in form and substance acceptable to the Company.

SECTION II

REPRESENTATIONS, WARRANTIES, COVENANTSAND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Purchaser, as of the date hereof, that:

A. Organization; Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to conduct the business in which it is now engaged.

B. Authority. The Company has the full corporate power, authority and legal right to execute and deliver this Agreement and to perform all of its obligations and covenants hereunder, and no consent or approval of any other person or governmental authority is required therefore. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations and covenants hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, violates any provision of the Articles of Incorporation, as amended, or By-Laws of the Company or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or results in any breach of any of the terms of or constitutes a default under or results in the termination of or the creation of any lien pursuant to the terms of any contract or agreement to which the Company is a party or by which the Company or any of its assets is bound, except for violations or defaults which would not result in a material adverse change in the assets, condition, or affairs of the Company, financially or otherwise.

D. Non-Assessable Shares. The Securities being issued hereunder will be duly authorized and, when issued to the Purchaser for the consideration herein provided, will be validly issued, fully paid and non-assessable.

SECTION III

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

The Purchaser represents and warrants to, and covenants and agrees with, the Company, as of the date hereof, that:

A. Organization. The Purchaser is, and as of the Closing will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

B. Authorization. The Purchaser has, and as of the Closing will have, all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and constitutes its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. Disclosure of Information. The Purchaser believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities. The Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section II of this Agreement or the right of the Purchaser to rely thereon.

D. Investment Experience. The Purchaser is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

E. Accredited Investor. The Purchaser is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect.

F. Restricted Securities. The Purchaser understands that the Securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act") only in certain limited circumstances. In this connection, the Purchaser represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Purchaser understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Purchaser will not be able to resell or otherwise transfer its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Purchaser has no immediate need for liquidity in connection with this investment, does not anticipate that the Purchaser will be required to sell its Securities in the foreseeable future.

G. Further Limitations on Disposition. Without in any way limiting the representations set forth above, the Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section III, and:

(a) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, the Purchaser shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by the Purchaser, if it is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any such partner, retired partner, member or retired member or the transfer by gift, will or intestate succession by any partner or member to his or her spouse or to the siblings, lineal descendants or ancestors of such partner or member or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were the original Purchaser hereunder.

H. Legends. It is understood that the certificates evidencing the Securities may bear one or all of the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

(b) Any legend required by the Bylaws of the Company or applicable state securities laws.

I. Reliance by Company. The Purchaser understands that the representations, warranties, covenants and acknowledgements set forth in this Section III constitute a material inducement to the Company entering into this Agreement.

J. No Reliance on Others. The Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

K. Lock-Up Agreement. The Purchaser hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (whether such shares or any such securities are then owned by the Purchaser or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The foregoing provisions of this Section 3.7 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Purchaser if all officers and directors and greater than one percent (1%) shareholders of the Company enter into similar agreements. The underwriters in connection with the Company's initial public offering are intended third party beneficiaries of this Section H and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Notwithstanding the foregoing, nothing in this Section III.K shall prevent the Purchaser from making a transfer of any common stock that was listed on a national stock exchange, actively traded over-the-counter or traded on the Nasdaq National Market at the time it was acquired by the Purchaser or was acquired by the Purchaser pursuant to Rule 144A of the Act, including any shares acquired in the initial public offering.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of the Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

SECTION IV

THE CLOSING

A. Closing. The consummation of the issuance of the Securities and the Cancellation of the Indebtedness described in Section I and the other transactions contemplated hereby (the "Closing") shall take place simultaneously with the execution of this Agreement at the offices of the Company or at such other date or location as the parties may mutually agree. At the Closing, the Company shall deliver to the Purchasers a Certificate for the Shares.

SECTION V MISCELLANEOUS

A. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced. '

B. Invalidity, Etc. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

C. Headings. The headings of this Agreement are for convenience of reference only and are not part of the substance of this Agreement.

D. Binding Effect. This Agreement shall be binding upon and inure *to-* the benefit of the parties hereto and their respective successors and assigns.

E. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable in the case of agreements made and to be performed entirely within such State, without regard to principles of conflicts of law, and the parties hereto hereby submit to the exclusive jurisdiction of the state and federal courts located in the State of California.

F. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

COMPANY:

VISTAGEN THERAPEUTICS, INC.
PURCHASER:

UNIVERSITY HEALTH NETWORK

Name: Brian H.Barber,N),a Toronto, Ontario, CinidP

Exhibit 10.11

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated and effective as of April 25, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), and University Health Network, an Ontario corporation incorporated under the Toronto Hospital Act 1997 (the "Purchaser").

W I T N E S S E T H :

WHEREAS, the Company and the Purchaser have entered into that certain Amendment No. 3 to Sponsored Research Collaboration Agreement, dated April 25, 2011 ("Amendment"); and

WHEREAS, the Purchaser is willing to purchase certain securities from the Company as consideration for the Amendment, and the Company is willing to issue such securities pursuant to the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION I

PURCHASE AND SALE OF THE SECURITIES

A. Purchase and Sale. Subject to the terms and conditions of this Agreement and on the basis of the representations, warranties, covenants and agreements herein contained, the Purchaser agrees to purchase at the Closing (as defined below) and the Company hereby agrees to sell and issue to the Purchaser at the Closing one hundred thousand (100,000) shares (the "Shares") of the Company's common stock (the "Securities") as consideration for the Amendment. The parties hereby acknowledge and agree that the aggregate fair market value of the Shares is USD $175,000, based on a purchase price of $1.75 per share.

SECTION II

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Purchaser, as of the date hereof, that:

A. Organization; Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to conduct the business in which it is now engaged.

B. Authority. The Company has the full corporate power, authority and legal right to execute and deliver this Agreement and to perform all of its obligations and covenants hereunder, and no consent or approval of any other person or governmental authority is required therefore. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations and covenants hereunder and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. No Legal Bar; Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, violates any provision of the Articles of Incorporation, as amended, or By-Laws of the Company or any law, statute, ordinance, regulation, order, judgment or decree of any court or governmental agency, or conflicts with or results in any breach of any of the terms of or constitutes a default under or results in the termination of or the creation of any lien pursuant to the terms of any contract or agreement to which the Company is a party or by which the Company or any of its assets is bound, except for violations or defaults which would not result in a material adverse change in the assets, condition, or affairs of the Company, financially or otherwise.

D. Non-Assessable Shares. The Securities being issued hereunder will be duly authorized and, when issued to the Purchaser for the consideration herein provided, will be validly issued, fully paid and non-assessable.

SECTION III

REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PURCHASER

The Purchaser represents and warrants to, and covenants and agrees with, the Company, as of the date hereof, that:

A. Organization. The Purchaser is, and as of the Closing will be, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

B. Authorization. The Purchaser has, and as of the Closing will have, all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and constitutes its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting the enforceability of creditors' rights in general or by general principles of equity.

C. Disclosure of Information. The Purchaser believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Securities. The Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section II of this Agreement or the right of the Purchaser to rely thereon.

D. Investment Experience. The Purchaser is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. The Purchaser acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

E. Accredited Investor. The Purchaser is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect.

F. Restricted Securities. The Purchaser understands that the Securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act") only in certain limited circumstances. In this connection, the Purchaser represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Purchaser understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Purchaser will not be able to resell or otherwise transfer its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Purchaser has no immediate need for liquidity in connection with this investment, does not anticipate that the Purchaser will be required to sell its Securities in the foreseeable future.

G. Further Limitations on Disposition. Without in any way limiting the representations set forth above, the Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section III, and:

(a) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) The Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, the Purchaser shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by the Purchaser, if it is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any such partner, retired partner, member or retired member or the transfer by gift, will or intestate succession by any partner or member to his or her spouse or to the siblings, lineal descendants or ancestors of such partner or member or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were the original Purchaser hereunder.

H. Legends. It is understood that the certificates evidencing the Securities may bear one or all of the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

(b) Any legend required by the Bylaws of the Company or applicable state securities laws.

I. Reliance by Company. The Purchaser understands that the representations, warranties, covenants and acknowledgements set forth in this Section III constitute a material inducement to the Company entering into this Agreement.

J. No Reliance on Others. The Purchaser acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

K. Lock-Up Agreement. The Purchaser hereby agrees that it will not, directly or indirectly, without the prior written consent of the Company and the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock (whether such shares or any such securities are then owned by the Purchaser or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The foregoing provisions of this Section 3.7 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Purchaser if all officers and directors and greater than one percent (1%) shareholders of the Company enter into similar agreements. The underwriters in connection with the Company's initial public offering are intended third party beneficiaries of this Section H and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Notwithstanding the foregoing, nothing in this Section III.K shall prevent the Purchaser from making a transfer of any common stock that was listed on a national stock exchange, actively traded over-the-counter or traded on the Nasdaq National Market at the time it was acquired by the Purchaser or was acquired by the Purchaser pursuant to Rule 144A of the Act, including any shares acquired in the initial public offering.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of the Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

SECTION IV

THE CLOSING

A. Closing. The consummation of the issuance of the Securities and the Cancellation of the Indebtedness described in Section I and the other transactions contemplated hereby (the "Closing") shall take place simultaneously with the execution of this Agreement at the offices of the Company or at such other date or location as the parties may mutually agree. At the Closing, the Company shall deliver to the Purchasers a Certificate for the Shares.

SECTION V

MISCELLANEOUS

A. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and no modification hereof shall be effective unless in writing and signed by the party against which it is sought to be enforced.

B. Invalidity, Etc. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

C. Headings. The headings of this Agreement are for convenience of reference only and are not part of the substance of this Agreement.

D. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

E. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Californiaapplicable in the case of agreements made and to be performed entirely within such State, without regard to principles of conflicts of law, and the parties hereto hereby submit to the exclusive jurisdiction of the state and federal courts located in the State of California.

F. Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

* * * * * *

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:
Name: Shawn K. SinghTitle: Chief Executive Officer

PURCHASER:

UNIVERSITY HEALTH NETWORK

By:
Name:
Title:

Exhibit 10.12

SUBSCRIPTION AGREEMENT UNITS

TO: VistaGen Therapeutics, Inc. (the **"Corporation")**
RE: Purchase of Units of VistaGen Therapeutics, Inc.

Instructions: Complete and sign this Subscription Agreement. Please be sure to initial the appropriate "accredited investor" category in Box C.

A completed and originally executed copy of, and the other documents required to be delivered with, this Subscription Agreement, must be delivered to the following address:

Shawn K. Singh, JD Chief Executive Officer VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., No. 8 South San Francisco, CA 94080 (650) 244-9997 ext. 224 ssingh@vistagen.com

1. The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase from the Corporation the number of units of the Corporation ("**Units**") at the price and for the aggregate consideration set forth in Box A of Section 6 below (the "**Subscription Price**"). The consideration can be paid in cash or by cancellation of indebtedness owed by the Corporation to the Subscriber in an aggregate amount (including interest) equal to the purchase price for the Units being purchased. Each Unit will consist of one share of Common Stock (a "**Share**") and a warrant to purchase 0.25 of one share of Common Stock, provided that no warrant will be exercisable for a fractional share (i.e. warrants must be exercised in multiples of four such that upon exercise one full share is issued) (each warrant to purchase shares of Common Stock, a "Warrant"). Any Warrant to purchase fractional shares to which a purchaser may otherwise be entitled shall be rounded down to the nearest whole share. The Subscriber acknowledges that this subscription agreement is subject to acceptance by the Corporation. The Corporation may also accept this subscription agreement in part. The Subscriber agrees that if this subscription agreement is not accepted in full, any funds related to the portion of this subscription agreement not accepted will be returned to the undersigned, without interest.

2. By executing this Subscription Agreement, the Subscriber represents, warrants and covenants (on its own behalf and, if applicable, on behalf of each beneficial purchaser for whom it is contracting hereunder) to the Corporation (and acknowledges that the Corporation is relying thereon) that:

   (a) it is authorized to consummate the purchase of the Units;

   (b) it understands that the Shares, the Warrants and the Shares issuable upon exercise of the Warrants (collectively, the "**Securities**") have not been and will not be registered under the Securities Act of 1933 (the "**Securities Act**"), or any applicable state securities laws, and that the offer and sale of Shares and Warrants to it is being made in reliance on a private placement exemption available under Section 4(2) of the Securities Act and Rule 506 of Regulation D under the Securities Act ("**Regulation D**") to accredited investors ("**Accredited Investors**"), as defined in Rule 501(a) of Regulation D;

(c) it has received a copy, for its information only, of the Corporation's Confidential Offering Memorandum, dated March 22, 2011 (the**"Offering Memorandum"),** relating to the offering of the Units, it has had access to such additional information, if any, concerning the Corporation as it has considered necessary in connection with its investment decision to acquire the Units, and it acknowledges that it has been offered the opportunity to ask questions and receive answers from management of the Corporation concerning the terms and conditions of the offering of the Units, and to obtain any additional information which the Corporation possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of the information contained in the Offering Memorandum;

(d) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Units and is able to bear the economic risks of, and withstand the complete loss of, such investment;

(e) it is relying on the information contained in the Offering Memorandum in making its investment decision with respect to the Units. It acknowledges that the Corporation has not made any representations or given any information to it with respect to the Corporation or the offer or sale of the Units other than the information contained in the Offering Memorandum;

(f) it is an Accredited Investor acquiring the Units for its own account or, if the Units are to be purchased for one or more accounts ("investor accounts") with respect to whom it is exercising sole investment discretion, each such investor account is an Accredited Investor on a like basis. In each case, the undersigned has completed Box C of Section 6 to indicate under which category of Rule 501(a) the investor qualifies as an Accredited Investor;

(g) it is not acquiring the Units with a view to any resale, distribution or other disposition of the Units in violation of federal or applicable state securities laws, and, in particular, it has no intention to distribute either directly or indirectly any of the Units in the U.S. or to U.S. persons; provided, however, that the holder may sell or otherwise dispose of any of the Units pursuant to registration thereof under the Securities Act and any applicable state securities laws or pursuant to an exemption from such registration requirements;

(h) in the case of the purchase by the Subscriber of the Units as agent or trustee for any other person, the Subscriber has due and proper authority to act as agent or trustee for and on behalf of such beneficial purchaser in connection with the transactions contemplated hereby;

(i) it is not purchasing the Units as a result of any general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(j) it understands that the Securities are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act and agrees that if it decides to offer, sell or otherwise transfer the Securities, such Securities may be offered, sold or otherwise transferred only (A) to the Corporation, (B) outside the U.S. in accordance with Rule 904 of Regulation S under the Securities Act, (C) within the U.S. or to or for the account or benefit of a U.S. Person in accordance with an exemption from the registration requirements of the Securities Act and all applicable state securities laws, (D) in a transaction that does not require registration under the Securities Act or any applicable U.S. state securities laws or (E) pursuant to an effective registration statement under the Securities Act, and in each case in accordance with any applicable state securities laws in the U.S. or securities laws of any other applicable jurisdiction; provided that with respect to sales or transfers under clauses (C) or (D), only if the holder has furnished to the Corporation a written opinion of counsel, reasonably satisfactory to the Corporation, prior to such sale or transfer;

(k) it has been independently advised as to the applicable holding period and resale restrictions with respect to trading imposed in respect of the Securities, by securities legislation in the jurisdiction in which it resides or to which it is otherwise subject, and confirms that no representation has been made respecting the applicable holding periods for the Securities and is aware of the risks and other characteristics of the Securities and of the fact that the undersigned may not be able to resell the Securities except in accordance with applicable securities legislation and regulations;

(l) no person has made to the Subscriber any written or oral representations: (i) that any person will resell or repurchase any of the Securities; (ii) that any person will refund the purchase price of the Securities; or (iii) as to the future price or value of any of the Securities;

(m) it understands and acknowledges that certificates representing the Shares and the Warrants shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BYPURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION, THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE U.S. IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (C) IN COMPLIANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN THE CASE OF (C) AND (D), THE SELLER FURNISHES TO THE CORPORATION A WRITTEN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCESATISFACTORY TO THE CORPORATION TO SUCH EFFECT."

(n) it consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Shares in order to implement the restrictions on transfer set forth and described herein;

(o) the office or other address of the undersigned at which the undersigned received and accepted the offer to purchase the Units is the address listed in Box B of Section 6 below;

(p) if required by applicable securities laws, regulations, rule or order or by any securities commission, stock exchange or other regulatory authority, it will execute, deliver and file, within the approved time periods, all documentation as may be required thereunder, and otherwise assist the Corporation in filing reports, questionnaires, undertakings and other documents with respect to the issuance of the Units;

(q) this subscription agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and

(r) it is not an affiliate (as defined in Rule 144 under the Securities Act) of the Corporation and is not acting on behalf of an affiliate of the Corporation.

3. The Subscriber acknowledges that the representations and warranties and agreements contained herein are made by it with the intention that they may be relied upon by the Corporation and its legal counsel in determining its eligibility or, if applicable, the eligibility of others on whose behalf it is contracting hereunder, to purchase the Units. The Subscriber further agrees that by accepting delivery of the Units or by having its agent accept delivery of the Units on its behalf, it shall be representing and warranting that the representations, warranties, acknowledgements and agreements contained herein are true and correct as at the time of accepting delivery of the Units with the same force and effect as if they had been made by the Subscriber at such time and that the representations and warranties shall survive the purchase by the Subscriber of the Units and shall continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of the Units. The Corporation and its directors, officers, employees, shareholders and its legal counsel shall be entitled to rely on the representations and warranties of the Subscriber contained in this subscription agreement, and the

Subscriber shall indemnify and hold harmless the Corporation, its legal counsel for any loss, costs or damages any of them may suffer as a result of any misrepresentations or any breach or failure to comply with any agreement herein.

4. The contract arising out of the acceptance of this subscription by the Corporation shall be governed by and construed in accordance with the laws of the State of California and represents the entire agreement of the parties hereto relating to the subject matter hereof.

5. The Corporation shall be entitled to rely on delivery of a facsimile copy of this subscription agreement, and acceptance by the Corporation of a facsimile copy of this subscription agreement shall create a legal, valid and binding agreement among the undersigned and the Corporation in accordance with the terms hereof.

6. SUBSCRIPTION PARTICULARS

BOX A

Particulars of Purchase of Units

Number of Units subscribed for:
Subscription Price ($1.75 X number of Units

BOX B
Subscriber Information

Name
Street Address
Street Address (2)
City and State
Zip Code
Contact Name
Alternate Contact
Phone No.
Fax No. / E-mail Address

BOX C

Accredited Investor Status

The Subscriber represents and warrants that it is an "accredited investor", as defined in Rule 501(a) under the Securities Act, by virtue of satisfying one or more of the categories indicated below **(please write your initials on the line next to each applicable category):**

Category 1 A bank, as defined in section 3(a)(2) of the Securities Act.

A savings and loan association or other institution, as defined in section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

A broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934.

An insurance company as defined in section 2(a)(13) of the Securities Act.

An investment company registered under the Investment Corporation Act of 1940 or a business development company as defined in section 2(a)(48) of that Act.

A Small Business Investment Corporation licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958.

A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

Category 2 Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940.

Category 3 An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Shares, with total assets in excess of $5,000,000.

Category 4 A director or executive officer of the Corporation.

Category 5 A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of this purchase exceeds $1,000,000, excluding the net equity value of such individual's primary residence, if any, but including as a liability the amount by which any indebtedness secured by such residence exceeds the value of such residence.

Category 6 A natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

Category 7 A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D under the U.S. Securities Act.

Category 8 An entity in which each of the equity owners is an accredited investor.

7. A certified check or bank draft from the Subscriber, or cancellation of indebtedness owed by Corporation to the Subscriber, in the amount of the Subscription Price as set forth in Box A of Section 6 above, accompanies this Subscription Agreement.

SIGNATURE OF SUBSCRIBER

Signature of Subscriber (on its own behalf and, if applicable, on behalf of each person for whom it is contracting hereunder):

(Full Name of Subscriber) (Authorized Signature)

(Name and Official Capacity - PLEASE PRINT)**ACCEPTANCE BY CORPORATION**

The Corporation hereby accepts the above subscription as of this day of , 2011.

VistaGen Therapeutics, Inc.

(Signature)

Shawn K. Singh, JD, Chief Executive Officer

Exhibit 10.13

VISTAGEN, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of August 27, 2001 between VistaGen, Inc., a California corporation (the "Company"), and Shawn K. Singh;

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide services to the Company as a director, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee's continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) Board: the Board of Directors of the Company.

(b) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director of the Company, or while a director is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

(e) Independent Counsel: the person or body appointed in connection with Section 3.

(f) Proceeding: any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(g) Reviewing Party: the person or body appointed in accordance with Section 3.

(h) Voting Securities: any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Articles of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 5; or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which final unappealed judgment beyond the right of appeal is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Reviewing Party shall be the Independent Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of California having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because he has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its shareholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance, within ten business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise Indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

VistaGen, Inc.
1450 Rollins Road
Burlingame, California 94010
Attention: Chief Executive Officer

and to Indemnitee at:

Shawn K. Singh
1737 Elizabeth Court
San Carlos, CA 94070

Notice of change of address shall be effective only when done in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of delivery or on the third business day after mailing.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

VISTAGEN, INC.
By:
Name: H. Ralph Snodgrass
Title: President and CEO
INDEMNITEE

Name: Shawn K. Singh

Exhibit 10.14

VISTAGEN, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of August 27, 2001 between VistaGen, Inc., a California corporation (the "Company"), and H. Ralph Snodgrass, Ph.D ("Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and executive officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide services to the Company as a director and executive officer, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee's continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) Board: the Board of Directors of the Company.

(b) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director and/or executive officer of the Company, or while a director and executive officer is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

(e) Independent Counsel: the person or body appointed in connection with Section 3.

(f) Proceeding: any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(g) Reviewing Party: the person or body appointed in accordance with Section 3.

(h) Voting Securities: any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Articles of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 5; or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which a final unappealed judgment beyond the right of appeal is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Reviewing Party shall be the Independent Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of California having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because he has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its shareholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance, within ten business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise Indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

VistaGen, Inc.
1450 Rollins Road
Burlingame, California 94010
Attention: Vice President Operations and Finance

and to Indemnitee at:

H. Ralph Snodgrass, Ph.D.
2221 Armada Way
Sam Mateo, CA 94404

Notice of change of address shall be effective only when done in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of delivery or on the third business day after mailing.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

VISTAGEN, INC.
By: _____
Name: A. Franklin Rice
Title: Vice President Operations and Finance
INDEMNITEE

Name: H. Ralph Snodgrass, Ph.D.

Exhibit 10.15

VISTAGEN, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of August 27, 2001 between VistaGen, Inc., a California corporation (the "Company"), and A. Franklin Rice ("Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and executive officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide services to the Company as a director and executive officer, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee's continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) Board: the Board of Directors of the Company.

(b) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the

shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director and/or executive officer of the Company, or while a director and executive officer is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

(e) Independent Counsel: the person or body appointed in connection with Section 3.

(f) Proceeding: any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(g) Reviewing Party: the person or body appointed in accordance with Section 3.

(h) Voting Securities: any securities of the Company that vote generally in the election of directors,

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Articles of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 5; or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in comiection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not,

however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which a final unappealed judgment beyond the right of appeal is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Reviewing Party shall be the Independent Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of California having

subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof, The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification. Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because he has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its shareholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that mere may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance, within ten business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessaiy to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise Indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

VistaGen, Inc. 1450 Rollins Road Burlingame, California 94010 Attention: Chief Executive Officer

and to Indemnitee at:

A. Franklin Rice 2747 St. James Rd. Belmont, CA 94002

Notice of change of address shall be effective only when done in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of delivery or on the third business day after mailing.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.
Title: President and CEO INDEMNITEE

Name: A/Franklin Rice

VISTAGEN, INC

Exhibit 10.16

VISTAGEN, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of August 27, 2001 between VistaGen, Inc., a California corporation (the "Company"), and Jon S. Saxe;

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide services to the Company as a director, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee's continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) Board: the Board of Directors of the Company.

(b) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director of the Company, or while a director is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

(e) Independent Counsel: the person or body appointed in connection with Section 3.

(f) Proceeding: any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(g) Reviewing Party: the person or body appointed in accordance with Section 3.

(h) Voting Securities: any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Articles of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 5; or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which a final unappealed judgment beyond the right of appeal is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Reviewing Party shall be the Independent Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of California having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because he has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its shareholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance, within ten business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise Indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

VistaGen, Inc.
1450 Rollins Road
Burlingame, California 94010
Attention: Chief Executive Officer

and to Indemnitee at:

Jon S. Saxe
435 Old Oak Court
Los Altos, CA 94022

Notice of change of address shall be effective only when done in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of delivery or on the third business day after mailing.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

VISTAGEN, INC.
By:
Name: H. Ralph Snodgrass
Title: President and CEO
INDEMNITEE

Name: Jon S. Saxe

VISTAGEN THERAPEUTICS, INC.

INDEMNIFICATION AGREEMENT

THIS AGREEMENT is entered into, effective as of February 9, 2007, between VistaGen Therapeutics, Inc., a California corporation (the "Company"), and Greg Bonfiglio;

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims currently being asserted against directors and officers of corporations; and

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company, and in order to induce Indemnitee to provide services to the Company as a director, the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the above premises and of Indemnitee's continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions:

(a) Board: the Board of Directors of the Company.

(b) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses: any expense, liability, or loss, including attorneys' fees, judgments, fines, ERISA excise taxes and penalties, amounts paid or to be paid in settlement, any interest, assessments, or other charges imposed thereon, and any federal, state, local, or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement, paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding relating to any Indemnifiable Event.

(d) Indemnifiable Event: any event or occurrence that takes place either prior to or after the execution of this Agreement, related to the fact that Indemnitee is or was a director of the Company, or while a director is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another foreign or domestic corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation, or related to anything done or not done by Indemnitee in any such capacity, whether or not the basis of the Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent of the Company, as described above.

(e) Independent Counsel: the person or body appointed in connection with Section 3.

(f) Proceeding: any threatened, pending, or completed action, suit, or proceeding (including an action by or in the right of the Company), or any inquiry, hearing, or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(g) Reviewing Party: the person or body appointed in accordance with Section 3.

(h) Voting Securities: any securities of the Company that vote generally in the election of directors.

2. Agreement to Indemnify.

(a) General Agreement. In the event Indemnitee was, is, or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Proceeding by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses to the fullest extent permitted by law, as the same exists or may hereafter be amended or interpreted (but in the case of any such amendment or interpretation, only to the extent that such amendment or interpretation permits the Company to provide broader indemnification rights than were permitted prior thereto). The parties hereto intend that this Agreement shall provide for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Company's Articles of Incorporation, its Bylaws, vote of its shareholders or disinterested directors, or applicable law.

(b) Initiation of Proceeding. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Proceeding initiated by Indemnitee against the Company or any director of the Company unless (i) the Company has joined in or the Board has consented to the initiation of such Proceeding; (ii) the Proceeding is one to enforce indemnification rights under Section 5; or (iii) the Proceeding is instituted after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) and Independent Counsel has approved its initiation.

(c) Expense Advances. If so requested by Indemnitee, the Company shall advance (within ten business days of such request) any and all Expenses to Indemnitee (an "Expense Advance"); provided that, if and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid. If Indemnitee has commenced or commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, as provided in Section 4, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or have lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

(d) Mandatory Indemnification. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

(e) Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Prohibited Indemnification. No indemnification pursuant to this Agreement shall be paid by the Company on account of any Proceeding in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state, or local laws.

3. Reviewing Party. Prior to any Change in Control, the Reviewing Party shall be any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who is not a party to the particular Proceeding with respect to which Indemnitee is seeking indemnification; after a Change in Control, the Reviewing Party shall be the Independent Counsel referred to below. With respect to all matters arising after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld), and who has not otherwise performed services for the Company or the Indemnitee (other than in connection with indemnification matters) within the last five years. The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification, unless the Reviewing Party has given a written opinion to the Company that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within thirty days after making a demand in accordance with Section 4(a), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court in the State of California having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any determination by the Reviewing Party or any aspect thereof. The Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged by the Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall be in addition to any other remedies available to Indemnitee in law or equity.

(c) Defense to Indemnification, Burden of Proof, and Presumptions. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proving such a defense or determination shall be on the Company. Neither the failure of the Reviewing Party or the Company (including its Board, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action by Indemnitee that indemnification of the claimant is proper under the circumstances because he has met the standard of conduct set forth in applicable law, nor an actual determination by the Reviewing Party or Company (including its Board, independent legal counsel, or its shareholders) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

5. Indemnification for Expenses Incurred in Enforcing Rights. The Company shall indemnify Indemnitee against any and all Expenses that are incurred by Indemnitee in connection with any action brought by Indemnitee for

(i) indemnification of Expenses by the Company under this Agreement or any other agreement or under applicable law or the Company's Articles of Incorporation or Bylaws now or hereafter in effect relating to indemnification for Indemnifiable Events, and/or

(ii) recovery under directors' and officers' liability insurance policies maintained by the Company, but only in the event that Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be. In addition, the Company shall, if so requested by Indemnitee, advance the foregoing Expenses to Indemnitee, subject to and in accordance with Section 2(c).

6. Notification and Defense of Proceeding.

(a) Notice. Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee, except as provided in Section 6(c).

(b) Defense. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof, the Company will be entitled to participate in the Proceeding at its own expense and except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any Proceeding, the Company will not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently incurred by Indemnitee in connection with the defense of such Proceeding other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ his own counsel in such Proceeding, but all Expenses related thereto incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's expense unless: (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of the Proceeding, (iii) after a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the employment of counsel by Indemnitee has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Proceeding, in each of which case all Expenses of the Proceeding shall be borne by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which Indemnitee shall have made the determination provided for in (ii) above.

(c) Settlement of Claims. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent, provided, however, that if a Change in Control has occurred (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel has approved the settlement. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor the Indemnitee will unreasonably withhold their consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action; the Company's liability hereunder shall not be excused if participation in the Proceeding by the Company was barred by this Agreement.

7. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control) the Company shall, upon written request by Indemnitee, create a Trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, and/or defending any Proceeding relating to an Indemnifiable Event. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (ii) the Trustee shall advance, within ten business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which the Indemnitee would be required to reimburse the Company under Section 2(c) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the Indemnitee. Nothing in this Section 7 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

8. Non-Exclusivity. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Articles of Incorporation, Bylaws, applicable law, or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Articles of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

9. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

10. Period of Limitations. No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by state law under the circumstances. Any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action the shorter period shall govern.

11. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise Indemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation, or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity pertaining to an Indemnifiable Event even though he may have ceased to serve in such capacity at the time of any Proceeding.

15. Severability. If any provision (or portion thereof) of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of this Agreement containing any provision held to be invalid, void, or otherwise unenforceable, that is not itself invalid, void, or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, void, or unenforceable.

16. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in such State without giving effect to the principles of conflicts of laws.

17. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

VistaGen Therapeutics, Inc.
384-8 Oyster Point Blvd.
South San Francisco, CA 94070
Attention: Chief Executive Officer

and to Indemnitee at:

8 Redberry Ridge
Portola Valley, CA
94028

Notice of change of address shall be effective only when done in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of delivery or on the third business day after mailing.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the day specified above.

VISTAGEN THERAPEUTICS, INC.
By:
Name: A. Franklin Rice
Title: Secretary and Chief Financial Officer
INDEMNITEE

Name: _____

Exhibit 10.18

Industrial Lease

Oyster Point Business Park South San Francisco, California

Shelton International Holdings, Inc., a Hawaii corporation,

as Landlord,

and

Vistagen Therapeutics, Inc., a California corporation,

as Tenant

Glossary

The following terms in the Lease are defined in the paragraphs opposite the terms.

Term	Defined in Paragraph
Additional Rent	4.1
Applicable Requirements	6.3
Assign	12.1
Base Rent	1.4
Basic Provisions	1
Building	1.2
Building Operating Expenses	4.2(b)
Code	12.1(a)
Commencement Date	1.3
Commencement Date Certificate	3.3
Common Areas	2.2
Common Area Operating Expenses	4.2(b)
Condemnation	14
Default	13.1
Expiration Date	1.3
HVAC	4.2(a)(x)
Hazardous Substance	6.2
Indemnity	8.5
Industrial Center	1.2
Landlord	1.1
Landlord Entities	6.2(c)
Lease	1.1
Lenders	6.4
Mortgage	16.18
Operating Expenses	4.2
Party/Parties	1.1
Permitted Use	1.8
Premises	1.2
Prevailing Party	16.13
Real Property Taxes	10.2
Rent	4.1
Reportable Use	6.2
Requesting Party	15
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Rules and Regulations	2.4, 16.19
Security Deposit	1.7,5
Taxes	10.2
Tenant	1.1
Tenant Acts	9.2
Tenant's Entity	6.2(c)
Tenant's Share	1.5
Term	1.3
Use	6.1

Oyster Point Business Park Industrial Lease

1. Basic Provisions ("Basic Provisions").

1.1 Parties. This Lease ("Lease") dated March 5, 2007, is made by and between Shelton International Holdings, Inc., a Hawaii corporation, ("Landlord") and Vistagen Therapeutics, Inc., a California corporation ("Tenant") (collectively, the "Parties" or individually, a "Party").

1.2 Premises and Conditions Precedent. Subject to me satisfaction of me Condition Precedent (defined in Section 1.2 (a) below) on or before April 1, 2007, Landlord hereby leases the Premises to Tenant upon the terms and conditions contained herein a portion, outlined on Exhibit A attached hereto ("Premises"), of the building ("Building") located at 384 Oyster Point Boulevard, Suite 8 in the City of South San Francisco, State of California, consisting of approximately 6,901 rentable square feet. The Building is located in the industrial center commonly known as **Oyster Point Business Park** (the "Industrial Center"). Tenant shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.3 below), but shall not have any rights to the roof, exterior walls or utility raceways of the Building or to any other buildings in the Industrial Center. The Premises, the Building, the Common Areas, the land upon which they are located and all other buildings and improvements thereon are herein collectively referred to as the "Industrial Center."

1.2 (a) Conditions Precedent. It shall be a condition precedent (the "Condition Precedent") to the Commencement Date and the effectiveness and enforceability of this Lease that on or before February 28, 2007, Landlord shall have obtained from MJ Bioworks, Inc. a Delaware Corporation, ('MJ Bioworks") a signed amendment to the lease between Landlord and MJ Bioworks, in a form acceptable to Landlord in its sole and absolute discretion, whereby MJ Bioworks and Landlord agree to an early termination of the premises leased by MJ Bioworks. If the Condition Precedent is not satisfied or waived by Landlord by written notice to Tenant delivered on or before February 28, 2007 then (i) this Lease shall automatically terminate and be of no further force and effect, (ii) Landlord shall refund to Tenant all amounts previously paid by Tenant hereunder, and (iii) the parties shall have no further obligations to one another under this Lease, other than the indemnities set forth in Section 13 and Section 33 below incorporated herein by this reference.

1.3 Term. Twenty-four (24) months ("Term") commencing April 1, 2007 ("Commencement Date") and ending March 31, 2009 ("Expiration Date").

1.4 Base Rent. Base Monthly Rent ("Base Rent") shall be payable as follows:

Months	Base Monthly Rent
0-12	$10,351.50
13-24	$10,765.50

1.5 Tenant's Share of Operating Expenses ("Tenant's Share").

(a) Common Area Operating Expenses 1.70%

(b) Building Operating Expenses 9.70%

1.6 Tenant's Estimated Monthly Rent Payment. Following is the estimated monthly Rent payment to Landlord pursuant to the provisions of this Lease. This estimate is made at the inception of the Lease and is subject to adjustment pursuant to the provisions of this Lease. The Estimated Total Monthly Payment, set forth below, shall be paid upon the execution of thisi Lease for the first month of the Lease Term.

(a) Base Rent (Paragraph 4.1) $10,351.50

(b) Operating Expenses (Paragraph 4.2, $ 1,045.00 excluding Real Property Taxes, and Landlord Insurance)

(c) Landlord Insurance (Paragraph 8.3) $ 175.00

(d) Real Property Taxes (Paragraph 10) $ 601.00

Estimated **Total** Monthly Payment $12,172.50

1.7 Security Deposit. $36,516 ("Security Deposit").Tenants Security. Deposit may be reduced by $12,172.50 with satisfactory proof to Landlord that Tenant has secured funding following the PIPE and the registration of new public stock.; additionally, if Tenant is not Default, another $12,172.50 may be reduced after one year of tenancy leaving $12,172.50 as a Security Deposit the term of the Lease.

1.8 Permitted Use ("Permitted Use"). General office, research and development related to a biotech company, but only to the extent permitted by the City in which the Premises are located and all agencies and governmental authorities having jurisdiction of the Premises.

1.9 Guarantor. Not applicable.

1.10 Addenda. Attached hereto are the following Addenda, all of which constitute a part of this Lease: (a) Addendum 1: Not applicable.

1.11 Exhibits. Attached hereto are the following Exhibits, all of which constitute a part of this Lease:

Exhibit A:	Description of Premises.
Exhibit B:	Commencement Date Certificate.
Exhibit C:	Tenant Move-in and Lease Renewal Environmental Questionnaire
Exhibit D:	Move Out Standards
Exhibit E:	Rules and Regulations

1.12 Address for Rent Payments. All amounts payable by Tenant to Landlord shall, until further notice from Landlord, be paid to Landlord at the following address:

Shelton International Holdings, Inc., a Hawaii corporation c/o AMB Property Corporation PO box 6156
Hicksville New York 11802-6156

1.13 Brokers. Tenant represents that it has not dealt with any real estate brokers or agents other than NAI BT Commercial representing Landlord and CB Richard Ellis representing Tenant (collectively the "Brokers"). The Brokers shall receive commissions pursuant to a separate listing agreement with Landlord.

2. Premises and Common Areas.

2.1 Letting. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises upon all of the terms, covenants, and conditions, set forth in this Lease. Any statement of square footage set forth in this Lease or that may have been used in calculating Base Rent and/or Operating Expenses is an approximation which Landlord and Tenant agree is reasonable, and the Base Rent and Tenant's Share based thereon is not subject to revision whether or not the actual square footage is more or less. Tenant accepts the Premises in its present "As-Is" condition, state of repair and operating order. Notwithstanding the foregoing, Landlord shall repair, at its sole cost and expense, after receipt of Tenant's written notice thereof, which notice must be delivered to Landlord within the first sixty (60) days of the Term of this Lease, any defects or deficiencies of the mechanical, HVAC, plumbing, and electrical systems serving the Premises which are not in good working order to the extent Tenant has not caused such systems to not be in good working order. If Tenant fails to timely deliver to Landlord any such written notice of the aforementioned defects or deficiencies within said sixty (60) day period, Landlord shall have no obligation to perform any such work thereafter, except as otherwise specifically provided in this Lease. Prior to the delivery of possession to Tenant, Landlord, at its sole cost and expense shall have the Premises professionally cleaned and obtain from the prior tenant written confirmation that it closed its laboratory in compliance with all laws and regulations of the appropriate governmental regulatory agency.

2.2 Common Areas - Definition. "Common Areas" are all areas and facilities outside the Premises and within the exterior boundary line of the Industrial Center and interior utility raceways within the Premises that are provided and designated by the Landlord from time to time for the general nonexclusive use of Landlord, Tenant, and other tenants of the Industrial Center and their respective employees, suppliers, shippers, tenants, contractors, and invitees.

2.3 Common Areas - Tenant's Rights Landlord hereby grants to Tenant, for the benefit of Tenant and its employees, suppliers, shippers, contractors, customers, and invitees, during the term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Landlord under the terms hereof or under the terms of any rules and regulations or covenants, conditions, and restrictions governing the use of the Industrial Center.

2.4 Common Areas - Rules and Regulations. Landlord shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend, and enforce reasonable Rules and Regulations with respect thereto in accordance with Paragraph 16.19.

2.5 Common Area Changes. Landlord shall have the right, in Landlord's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the locations, size, shape, and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways, and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Industrial Center to be a part of the

Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs, or alterations to the Industrial Center, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to, or with respect to the Common Areas and Industrial Center as Landlord may, in the exercise of sound business judgment, deem to be ' appropriate.

(g) Notwithstanding anything to the contrary in this Paragraph 2.5, Landlord agrees to use reasonable efforts to perform the foregoing in a manner to attempt to minimize unreasonable and material interference with Tenant's use and occupancy of the Premises.

2.6 Parking. Tenant may use Tenant's Share of the undesignated vehicle parking spaces, on an unreserved and unassigned basis, on those portions of the Common Areas designated by Landlord for such parking. Landlord shall exercise reasonable efforts to ensure that such spaces are available to Tenant for its use, but Landlord shall not be required to enforce Tenant's right to use the same. Tenant shall not use more parking spaces than such number. Such parking spaces shall be used only for parking by vehicles no larger than full sized passenger automobiles or pick-up trucks and in no event shall Tenant or any of Tenant's Representatives park or permit any parking of vehicles overnight. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable as additional rent upon demand by Landlord. Landlord may change the number of parking spaces and configuration of the parking areas at any time, and may assign reserved parking spaces to any tenant, in Landlord's sole discretion so long as the same does not reduce Tenant's number of parking stalls set forth above.

3. Term.

3.1 Term. The Commencement Date, Expiration Date, and Term of this Lease are as specified in Paragraph 1.3.

3.2 Delay in Possession. Landlord shall use commercially reasonable efforts to deliver possession of the Premises to Tenant by the Commencement Date. If, despite such efforts, Landlord is unable to deliver possession by such date, Landlord shall not be subject to any liability therefore, nor shall such failure affect the validity of this Lease except that the Commencement Date and Expiration Date shall be extended by the period of such delay. Except as otherwise set forth in any early occupancy agreement (if applicable) Tenant shall not, however, be obligated to pay Rent or perform any other obligation of Tenant under the terms of this Lease until Landlord delivers possession of the Premises to Tenant.

3.3 Commencement Date Certificate. At the request of Landlord, Tenant shall execute and deliver to Landlord a completed certificate ("Commencement Date Certificate") in the form attached hereto as **Exhibit B.**

4. Rent.

4.1 Base Rent. Tenant shall pay to Landlord Base Rent and other monetary obligations of Tenant to Landlord under the terms of this Lease (such other monetary obligations are herein referred to as "Additional Rent") in lawful money of the United States, without offset or deduction, in advance on or before the first day of each month. Base Rent and Additional Rent for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and Additional Rent shall be made to Landlord at its address stated herein or to such other persons or at such other addresses as Landlord may from time to time designate in writing to Tenant. Base Rent and Additional Rent are collectively referred to as "Rent." All monetary obligations of Tenant to Landlord under the terms of this Lease are deemed to be Rent.

4.2 Operating Expenses. Tenant shall pay to Landlord on the first day of each month during the term hereof, in addition to the Base Rent, Tenant's Share of all Operating Expenses in accordance with the following provisions.

(a) "Operating Expenses" are all costs incurred by Landlord relating to the ownership and/or operation of the Industrial Center, Building, and Premises including, but not limited to, the following:

(i) Expenses relating to the ownership, management, maintenance, repair, replacement and/or operation of the Common Areas, including, without limitation, parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, rail spurs, landscaped areas, striping, bumpers, irrigation systems, drainage systems, lighting facilities, fences and gates, exterior signs, and/or tenant directories.

(ii) Water, gas, electricity, and other utilities not paid for directly by tenants of the Industrial Center.

(iii) Trash disposal, snow removal, janitorial, security and the management and administration of any and all portions of the Industrial Center, including, without limitation, a property management fee, accounting, auditing, billing, postage, salaries and benefits for clerical and supervisory employees, whether located at the Industrial Center or off-site, payroll taxes and legal and accounting costs and all fees, licenses and permits related to the ownership, operation and management of the Industrial Center;

(iv) Reserves set aside for maintenance, repair and replacements of improvements within the Industrial Center.

(v) Real Property Taxes.

(vi) Premiums and all applicable deductibles for the insurance policies maintained by Landlord under paragraph 8 below.

(vii) Environmental monitoring and insurance programs.

(viii) Monthly amortization of capital improvements to any portion of the Industrial Center which are not expensed by Landlord. The monthly amortization of any such capital improvement shall be the sum of the (a) quotient obtained by dividing the cost of the capital improvement by Landlord's estimate of the number of months of useful life of such improvement plus (b) an amount equal to the cost of the capital improvement times 1/12 of the lesser of 10% or the maximum annual interest rate permitted by law.

(ix) Maintenance of the Industrial Center, including, but not limited to, painting, caulking, and repair and replacement of Building components, including, but not limited to, roof membrane, elevators, and fire detection and sprinkler systems.

(x) Heating, ventilating, and air conditioning systems ("HVAC") the costs for which are not the sole responsibility of Tenant or another tenant of the Industrial Center.

(b) Tenant's Share of Operating Expenses that are not specifically attributed to the Premises or Building ("Common Area Operating Expenses") shall be that percentage shown in Paragraph 1.5(a). Tenant's Share of Operating Expenses that are attributable to the Building ("Building Operating Expenses") shall be that percentage shown in Paragraph 1.5(b). Landlord, in its reasonable discretion, shall determine which Operating Expenses are Common Area Operating Expenses, Building Operating Expenses, or expenses to be entirely borne by Tenant.

(c) The inclusion of the improvements, facilities, and services set forth in Subparagraph 4.2(a) shall not impose any obligation upon Landlord either to have said improvements or facilities or to provide those services.

(d) Tenant shall pay monthly in advance, on the same day that the Base Rent is due, Tenant's Share of the expenses set forth in Paragraph 1.6. Landlord shall deliver to Tenant within 90 days after the expiration of each calendar year a reasonably detailed statement showing Tenant's Share of the actual expenses incurred during the preceding year. If Tenant's estimated payments under this Paragraph 4(d) during the preceding year exceed Tenant's Share as indicated on said statement, Tenant shall be credited the amount of such overpayment against Tenant's Share of expenses next becoming due. If Tenant's estimated payments under this Paragraph 4.2(d) during said preceding year were less than Tenant's Share as indicated on said statement, Tenant shall pay to Landlord the amount of the deficiency within 10 days after delivery by Landlord to Tenant of said statement. At any time Landlord may adjust the amount of the estimated Tenant's Share of expenses to reflect Landlord's estimate of such expenses for the year.

(e) Notwithstanding anything to the contrary contained herein, for purposes of this Lease, the term "Operating Expenses" shall not include the following: (i) costs (including permit, license, and inspection fees) incurred in renovating, improving, decorating, painting, or redecorating vacant space or space for other tenants within the Industrial Center; (ii) legal and auditing fees (other than those fees reasonably incurred in connection with the ownership and operation of all or any portion the Industrial Center); (iii) leasing commissions, advertising expenses, and other costs incurred in connection with the original leasing of the Industrial Center or future re-leasing of any portion of the Industrial Center; (iv) depreciation of the Building or any other improvements situated within the Industrial Center; (v) any items for which Landlord is actually and directly reimbursed by any other tenant of the Industrial Center; (vi) costs of repairs or other work necessitated by fire, windstorm or other casualty (excluding any deductibles) and/or costs of repair or other work necessitated by the exercise of the right of eminent domain to the extent insurance proceeds or a condemnation award, as applicable, is actually received by Landlord for such purposes; provided, such costs of repairs or other work shall be paid by the parties in accordance with the provisions of Sections 7, 8 and 9 below; (vii) other than any interest charges as expressly provided for in this Lease, any interest or payments on any financing for any portion of the Industrial Center, interest and penalties incurred as a result of Landlord's late payment of any invoice (provided that Tenant pays Tenant's Share of expenses to Landlord when due as set forth herein), and any bad debt loss, rent loss or reserves for same; (viii) any payments under a ground lease or master lease; (ix) legal fees incurred in negotiating tenant leases, and in enforcing tenant leases other than this Lease; (x) interest, principal, depreciation, points, fees, and other lender costs and closing costs on any mortgage or mortgages, or other debt instrument encumbering the Building or the Industrial Center; (xi) insurance premiums to the extent of any refunds of those premiums; (xii) interest or penalties resulting from: (a) late payment of any Operating Expense by Landlord due to Landlord's negligence or willful misconduct (unless Tenant has failed to pay its share of such expenses or Landlord in good faith disputes a charge and subsequently loses or settles that dispute); or (b) any amount payable by Landlord to any tenant resulting solely from Landlord's default in its obligations to that tenant; (xii) costs incurred because the Building, Industrial Center, or Common Areas violate any valid, applicable building code, regulation, or law in effect and as interpreted by government authorities before the date on which this Lease is signed (which shall not include non code conforming improvements which need not be brought up to code at the time the Lease is signed); (xiii) charitable or political contributions made by Landlord; (xiv) fees or dues payable to trade associations, industry associations, or similar associations; (xv) entertainment, dining, or travel expenses for any purpose; and (xvi) and flowers, gifts, balloons, or similar items provided to any entity, including Tenant, other tenants, employees, vendors, contractors, prospective tenants, and agents.

5. Security Deposit. Tenant shall deposit with Landlord upon Tenant's execution hereof the Security Deposit set forth in Paragraph 1.7 as security for Tenant's faithful performance of Tenant's obligations under this Lease. If Tenant fails to pay Base Rent or Additional Rent or otherwise defaults under this Lease (as defined in Paragraph 13.1), Landlord may use the Security Deposit for the payment of any amount due Landlord or to reimburse or compensate Landlord for any liability, cost, expense, loss, or damage (including attorneys' fees) which Landlord may suffer or incur by reason thereof. Tenant shall on demand pay Landlord the amount so used or applied so as to restore the Security Deposit to the amount set forth in Paragraph 1.7. Landlord shall not be required to keep all or any part of the Security Deposit separate from its general accounts. Landlord shall, at the expiration or earlier termination of the Term hereof and after Tenant has vacated the Premises, return to Tenant (within the time required by law) that portion of the Security Deposit not used or applied by Landlord. No part of the Security Deposit shall be considered to be held in trust, to bear interest, or to be prepayment for any monies to be paid by Tenant under this Lease.

6. Use.

6.1 Permitted Use. Tenant shall use and occupy the Premises only for the Permitted Use set forth in Paragraph 1.8. Tenant shall not commit any nuisance, permit the emission of any objectionable noise or odor, suffer any waste, make any use of the Premises which is contrary to any law or ordinance, or which will invalidate or increase the premiums for any of Landlord's insurance. Tenant shall not service, maintain, or repair vehicles on the Premises, Building, or Common Areas. Tenant shall not store foods, pallets, drums, or any other materials outside the Premises. Tenant's use is subject to, and at all times Tenant shall comply with any and all Applicable Requirements, defined below. Landlord reserves to itself the right, from time to time, to grant, without the consent of Tenant, such easements, rights and dedications that Landlord deems reasonably necessary, and to cause the recordation of parcel or subdivision maps and/or restrictions, so long as such easements, rights, dedications, maps and restrictions, as applicable, do not materially and adversely interfere with Tenant's operations in the Premises. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easements, rights, dedications, maps or restrictions. Tenant shall not initiate, submit an application for, or otherwise request, any land use approvals or entitlements with respect to the Premises or any other portion of the Industrial Center, including without limitation, any variance, conditional use permit or rezoning, without first obtaining Landlord's prior written consent thereto, which consent may be given or withheld in Landlord's sole discretion.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term, "Hazardous Substance," as used in this Lease, shall mean any product, substance, chemical, material, or waste whose presence, nature, quantity, and/or intensity of existence, use, manufacture, disposal, transportation, spill, release, or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil, or any products or by-products thereof. Tenant shall not engage in any activity in or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Landlord and compliance in a timely manner (at Tenant's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration, or business plan is required to be filed with, any governmental authority, and (iii) the presence in, on, or about the Premises of a Hazardous Substance with respect to which any Applicable Requirements require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Tenant may, without Landlord's prior consent, but upon notice to Landlord and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Tenant in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage, or expose Landlord to any liability therefore. In addition, Landlord may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Tenant upon Tenant's giving Landlord such additional assurances as Landlord, in its reasonable discretion, deems necessary to protect itself, the public, the Premises, and the environment against damage, contamination, injury, and/or liability therefore, including but not limited to the installation (and, at Landlord's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete encasements) and/or the deposit of an additional Security Deposit.

(b) Duty to Inform Landlord. If Tenant knows, or has reasonable cause to believe, that a Hazardous Substance is located in, under, or about the Premises or the Building, Tenant shall immediately give Landlord written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to such Hazardous Substance. Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

(c) Indemnification. Tenant shall indemnify, protect, defend, and hold Landlord, Landlord's affiliates, Lenders, and the officers, directors, shareholders, partners, employees, managers, independent contractors, attorneys, and agents of the foregoing ("Landlord Entities" or "Landlord Entity") and the Premises harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance on or brought onto the Premises by or for Tenant or by any of Tenant's employees, agents, contractors, servants, visitors, suppliers, or invitees (such employees, agents, contractors, servants, visitors, suppliers, and invitees as herein collectively referred to as "Tenant Entities" or "Tenant Entity"). Tenant's obligations under this Paragraph 6.2(c) shall include, but not be limited to, the effects of any contamination or injury to person, property, or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved. Tenant's obligations under this Paragraph 6.2(c) shall survive the Expiration Date or earlier termination of this Lease.

(i) Tenant's Exculpation. Tenant shall not be liable for nor otherwise obligated to Landlord under any provision of this Lease with respect to any claim, cost, expense or damage resulting from any Hazardous Substance now or hereafter present upon the Industrial Center to the extent not caused nor otherwise permitted, directly or indirectly, by Tenant or by a Tenant Entity; provided, however, Tenant shall be fully liable for and otherwise obligated to Landlord under the provisions of this Lease for all liabilities, costs, damages, penalties, claims, judgments, expenses (including, without limitation, attorneys' and experts' fees and costs) and losses to the extent (a) Tenant or any Tenant Entity contributes to the presence of such Hazardous Substances or Tenant and/or any Tenant Entity exacerbates the conditions caused by such Hazardous Substances, or (b) Tenant and/or any Tenant Entity allows or permits persons over which Tenant or any Tenant Entity has control and/or for which Tenant or any Tenant Entity are legally responsible for, to cause such Hazardous Substances to be present in, on, under, through or about any portion of the Premises, the Building or the Industrial Center, or does not take all reasonably appropriate actions to prevent such persons over which Tenant or any Tenant Entity has control and/or for which Tenant or any Tenant Entity are legally responsible for causing the presence of Hazardous Substances in, on, under, through or about any portion of the Premises, the Building or the Industrial Center.

6.3 Tenant's Compliance with Requirements. Tenant shall, at Tenant's sole cost and expense, fully, diligently, and in a timely manner comply with all "Applicable Requirements," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements, and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineers and/or consultants, relating in any manner to the Premises (including but not limited to matters pertaining to (a) industrial hygiene, (b) environmental conditions on, in, under, or about the Premises, including soil and groundwater conditions, and (c) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Tenant shall, within 5 days after receipt of Landlord's written request, provide Landlord with copies of all documents and information evidencing Tenant's compliance with any Applicable Requirements, and shall immediately upon receipt notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint, or report pertaining to or involving failure by Tenant or the Premises to comply with any Applicable Requirements.

6.4 Inspection; Compliance with Law. In addition to Landlord's environmental monitoring and insurance program, the cost of which is included in Operating Expenses, Landlord and the holders of any mortgages, deeds of trust, or ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times following twenty-four (24) hour advance notice , for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Applicable Requirements. Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The cost and expenses of any such inspections shall be paid by the party requesting same unless a violation of Applicable Requirements exists or is imminent, or the inspection is requested or ordered by a governmental authority. .

6.5 Tenant Move-in Questionnaire. Prior to executing this Lease, Tenant has completed, executed and delivered to Landlord Tenant's Move-in and Lease Renewal Environmental Questionnaire (the "Tenant Move-in Questionnaire"), a copy of which is attached hereto as **Exhibit C** and incorporated herein by this reference. Tenant covenants, represents and warrants to Landlord that the information on the Tenant Move-in Questionnaire is true and correct and accurately describes the use(s) of Hazardous Substances which will be made and/or used on the Premises by Tenant.

7. **Maintenance, Repairs, Trade Fixtures and Alterations.**

7**. 1 Tenant's Obligations.** Subject to the provisions of Paragraph 7.2 (Landlord's Obligations), Paragraph 9 (Damage or Destruction), and Paragraph 14 (Condemnation), Tenant shall, at Tenant's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition, and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of such portion of the Premises) including, without limiting the generality of the foregoing, all equipment or facilities specifically serving the Premises, such as plumbing, heating, ventilating, air conditioning, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connectors if within the Premises, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights, but excluding any items which are the responsibility of Landlord pursuant to Paragraph 7.2 below. Tenant's obligations shall include restorations, replacements, or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition, and state of repair. Tenant shall also be solely responsible for the cost of all repairs and replacements caused by the negligent acts or omissions or intentional misconduct by Tenant or Tenant's employees, contractors, agents, guests or invitees. If Tenant refuses or neglects to perform its obligations under this paragraph to the reasonable satisfaction of Landlord, Landlord may, but without obligation to do so, at any time perform the same without Landlord having any liability to Tenant for any loss or damage that may accrue to Tenant's Property or to Tenant's business by reason thereof. If Landlord performs any such obligations, Tenant shall pay to Landlord, as Additional Rent, Landlord's costs and expenses incurred therefore. Subject to Tenant's indemnification of Landlord as set forth in Paragraph 8.5, and without relieving Tenant of liability resulting from Tenant's failure to exercise and perform good maintenance practices, if the HVAC equipment or other equipment described in this Paragraph 7.1 cannot be repaired other than at a cost which is in excess of fifty percent (50%) of the cost of replacing such item, then such item shall be replaced by Landlord, and the cost thereof shall be prorated between the parties and Tenant shall only be obligated to pay, each month during the remainder of the Term of this Lease, on the date on which Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144.

7.2 Landlord's Obligations. Subject to the provisions of Paragraph 6 (Use), Paragraph 7.1 (Tenant's Obligations), Paragraph 9 (Damage or Destruction), and Paragraph 14 (Condemnation), Landlord, at its expense and not subject to the reimbursement requirements of Paragraph 4.2, shall maintain and repair the roof structure, foundations and the structure of the exterior walls of the Building. Landlord, subject to reimbursement pursuant to Paragraph 4.2, shall maintain and repair the Building roof membrane, Common Areas, and utility systems within the Industrial Center which are outside of the Premises. In addition, Landlord may, in Landlord's sole discretion, and at Tenant's sole cost, elect to contract for all or any portion of the maintenance, repair and/or replacement of the HVAC systems serving the Premises.

7.3 Alterations. Tenant shall not install any signs, fixtures, improvements, nor make or permit any other alterations or additions (individually, an "Alteration", and collectively, the "Alterations") to the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, except for Alterations that cumulatively cost less than Fifteen Thousand Dollars ($15,000.00) and which do not affect the Building systems or the structural integrity or structural components of the Premises or the Building. In all events, Tenant shall deliver at least ten (10) days prior notice to Landlord, from the date Tenant intends to commence construction, sufficient to enable Landlord to post a Notice of Non-Responsibility and Tenant shall obtain all permits or other governmental approvals prior to commencing any of such work and deliver a copy of same to Landlord. All Alterations shall be at Tenant's sole cost and expense in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord, and shall be installed by a licensed, insured, and bonded contractor (reasonably approved by Landlord) in compliance with all applicable Laws (including, but not limited to, the ADA), and all recorded matters and rules and regulations of the Industrial Center. In addition, all work with respect to any Alterations must be done in a good and workmanlike manner. Landlord's approval of any plans, specifications or working drawings for Tenant's Alterations shall not create nor impose any responsibility or liability on the part of Landlord for then-completeness, design sufficiency, or compliance with any laws, ordinances, rules and regulations of governmental agencies or authorities. In performing the work of any such Alterations, Tenant shall have the work performed in such a manner as not to obstruct access to the Industrial Center, or the Common Areas for any other tenant of the Industrial Center, and as not to obstruct the business of Landlord or other tenants in the Industrial Center, or interfere with the labor force working in the Industrial Center. As Additional Rent hereunder, Tenant shall reimburse Landlord, within ten (10) days after demand, for actual and reasonable legal, engineering, architectural, planning and other expenses incurred by Landlord in connection with Tenant's Alterations, plus Tenant shall pay to Landlord a fee equal to Five percent (5%) of the total cost of the Alterations. If Tenant makes any Alterations, Tenant agrees to carry "Builder's All Risk" insurance, in an amount approved by Landlord and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant in accordance with the terms of this Lease immediately upon completion thereof. Tenant shall keep the Premises and the property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. Tenant shall, prior to construction of any and all Alterations, cause its contractor(s) and/or major subcontractor(s) to provide insurance as reasonably required by Landlord, and Tenant shall provide such assurances to Landlord, including without limitation, waivers of lien, surety company performance bonds as Landlord shall require to assure payment of the costs thereof to protect Landlord and the Industrial Center from and against any loss from any mechanic's, materialmen's or other liens.

7.4 Surrender/Restoration. Tenant shall surrender the Premises by the end of the last day of the Lease term or any earlier termination date, clean and free of debris and in good operating order, condition, and state of repair, ordinary wear and tear excepted and in accordance with the Move Out Standards set forth in **Exhibit D** to this Lease. Without limiting the generality of the above, Tenant shall remove all tenant improvements designated by Landlord in Landlord's sole discretion, personal property, trade fixtures, and floor bolts, patch all floors, and cause all lights to be in good operating condition.

8. Insurance; Indemnity.

8.1 Payment of Premiums and Deductibles. The cost of the premiums and all applicable deductibles for the insurance policies maintained by Landlord under this Paragraph 8 shall be a Common Area Operating Expense reimbursable pursuant to Paragraph 4.2 hereof. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date and Expiration Date.

8.2 Tenant's Insurance.

(a) At its sole cost and expense, Tenant shall maintain in full force and effect during the Term of the Lease the following insurance coverages insuring against claims which may arise from or in connection with the Tenant's operation and use of the Premises.

(i) Commercial General Liability insurance with minimum limits of $1,000,000 per occurrence and $3,000,000 general aggregate for bodily injury, personal injury, and property damage. If required by Landlord, liquor liability coverage will be included. Such insurance shall be endorsed to include Landlord and Landlord Entities as additional insureds, shall be primary and noncontributory with any Landlord insurance, and shall provide severability of interests between or among insureds.

(ii) Workers' Compensation insurance with statutory limits and Employers Liability with a $ 1,000,000 per accident limit for bodily injury or disease.

(iii) Automobile Liability insurance covering all owned, nonowned, and hired vehicles with a $ 1,000,000 per accident limit for bodily injury and property damage.

(iv) Property insurance against "all risks" at least as broad as the current ISO Special Form policy, for loss to any tenant improvements or betterments, floor and wall coverings, and business personal property on a full insurable replacement cost basis with no coinsurance clause, and Business Income insurance covering loss of income and continuing expense.

(b) Tenant shall deliver to Landlord certificates of all insurance reflecting evidence of required coverages prior to initial occupancy, and annually thereafter.

(c) If, in the opinion of Landlord's insurance advisor, the amount or scope of such coverage is deemed inadequate at any time during the Term, Tenant shall increase such coverage to such reasonable amounts or scope as Landlord's advisor deems adequate.

(d) All insurance required under Paragraph 8.2 (a) shall be issued by insurers licensed to do business in the state in which the Premises are located and which are rated A:VII or better by Best's Key Rating Guide and (ii) shall be endorsed to provide at least 30-days prior notification of cancellation or material change in coverage to said additional insureds.

8.3 Landlord's Insurance. Landlord may, but shall not be obligated to, maintain risk of direct physical loss property damage insurance coverage, including earthquake and flood, covering the buildings within the Industrial Center, Commercial General Liability insurance, and such other insurance in such amounts and covering such other liability or hazards as deemed appropriate by Landlord. The amount and scope of coverage of Landlord's insurance shall be determined by Landlord from time to time in its sole discretion and shall be subject to such deductible amounts as Landlord may elect. Landlord shall have the right to reduce or terminate any insurance or coverage.

8.4 Waiver of Subrogation. To the extent permitted by law and with permission of their insurance carriers, Landlord and Tenant each waive any right to recover against the other on account of any and all claims Landlord or Tenant may have against the other with respect to property insurance actually carried, or required to be carried hereunder, to the extent of the proceeds realized from such insurance coverage or which could be realized from such insurance coverage.

8.5 Indemnity. Tenant shall protect, defend, indemnify, and hold Landlord and Landlord Entities harmless from and against any and all loss, claims, liability, or costs (including court costs and attorneys' fees) incurred by reason of:

(a) any damage to any property (including but not limited to property of any Landlord Entity) or death, bodily, or personal injury to any person occurring in or about the Premises, the Building, or the Industrial Center to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant, its agents, servants, employees, invitees, contractors, suppliers, subtenants, or visitors;

(b) the conduct or management of any work or anything whatsoever done by the Tenant on or about the Premises or from transactions of the Tenant concerning the Premises;

(c) Tenant's failure to comply with any and all governmental laws, ordinances, and regulations applicable to the condition or use of the Premises or its occupancy; or

(d) any breach or default on the part of Tenant in the performance of any covenant or agreement to be performed pursuant to this Lease.

The provisions of this Paragraph 8.5 shall, with respect to any claims or liability accruing prior to such termination, survive the Expiration Date or earlier termination of this Lease.

8.6 Exemption of Landlord from Liability. Except to the extent caused by the gross active or gross passive negligence or willful misconduct of Landlord, neither Landlord nor Landlord Entities shall be liable for and Tenant waives any claims against Landlord and Landlord Entities for injury or damage to the person or the property of Tenant, Tenant's employees, contractors, invitees, customers or any other person in or about the Premises, Building or Industrial Center from any cause whatsoever, including, but not limited to, damage or injury which is caused by or results from"(i) fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, heating, ventilating, air conditioning or lighting fixtures or (ii) from the condition of the Premises, other portions of the Building or Industrial Center. Landlord shall not be liable for any damages arising from any act or neglect (passive or active) of any other tenants of Landlord or any subtenant or assignee of such other tenants nor from the failure by Landlord to enforce the provisions of any other lease in the Industrial Center. Notwithstanding Landlord's negligence (active or passive), gross negligence (active or passive), or breach of this Lease, Landlord shall under no circumstances be liable for (a) injury to Tenant's business, for any loss of income or profit therefrom or any indirect, consequential or punitive damages or (b) any damage to property or injury to persons arising from any act of God or war, violence or insurrection, including, but not limited to, those caused by earthquakes, hurricanes, storms, drought, floods, acts of terrorism, and/or riots.

9. Damage or Destruction.

9.1 Termination Right. Tenant shall give Landlord immediate written notice of any damage to the Premises. Subject to the provisions of Paragraph 9.2, if the Premises or the Building shall be damaged to such an extent that there is substantial interference for a period exceeding one hundred eighty (180) consecutive days with the conduct by Tenant of its business at the Premises, then either party, at any time prior to commencement of repair of the Premises and following ten (10) days written notice to the other party, may terminate this Lease effective thirty (30) days after delivery of such notice to the other party. Further, if any portion of the Premises is damaged and is not fully covered by the aggregate of insurance proceeds received by Landlord and any applicable deductible or if the holder of any indebtedness secured by the Premises requires that the insurance proceeds be applied to such indebtedness, and Tenant does not voluntarily contribute any shortfall thereof to Landlord, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within thirty (30) days after the date of notice to Tenant of any such event. Such termination shall not excuse the performance by Tenant of those covenants which under the terms hereof survive termination. Rent shall be abated in proportion to the degree of interference during the period that there is such substantial interference with the conduct of Tenant's business at the Premises. Abatement of rent and Tenant's right of termination pursuant to this provision shall be Tenant's sole remedy with respect to any such damage regardless of the cause thereof.

9.2 Damage Caused by Tenant. Tenant's termination rights under Paragraph 9.1 shall not apply if the damage to the Premises or Building is the result of any act or omission of Tenant or of any of Tenant's agents, employees, customers, invitees, or contractors ("Tenant Acts"). Any damage resulting from a Tenant Act shall be promptly repaired by Tenant. Landlord at its option may at Tenant's expense repair any damage caused by Tenant Acts. Tenant shall continue to pay all rent and other sums due hereunder and shall be liable to Landlord for all damages that Landlord may sustain resulting from a Tenant Act.

10. Real Property Taxes.

10.1 Payment of Real Property Taxes. Landlord shall pay the Real Property Taxes due and payable during the term of this Lease and, except as otherwise provided in Paragraph 10.3, such payments shall be a Common Area Operating Expense reimbursable pursuant to Paragraph 4.2.

10.2 Real Property Tax Definition. As used herein, the term "Real Property Taxes" is any form of tax or assessment, general, special, ordinary, or extraordinary, imposed or levied upon (a) the Industrial Center or Building, (b) any interest of Landlord in the Industrial Center or Building, (c) Landlord's right to rent or other income from the Industrial Center or Building, and/or (d) Landlord's business of leasing the Premises. Real Property Taxes include (a) any license fee, commercial rental tax, excise tax, improvement bond or bonds, levy, or tax; (b) any tax or charge which replaces or is in addition to any of such above-described "Real Property Taxes," and (c) any fees, expenses, or costs (including attorneys' fees, expert fees, and the like) incurred by Landlord in protesting or contesting any assessments levied or any tax rate. Real Property Taxes for tax years commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date and Expiration Date.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes attributable to improvements placed upon the Industrial Center by other tenants or by Landlord for the exclusive enjoyment of such other tenants. Tenant shall, however, pay to Landlord at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed by reason of improvements placed upon the Premises by Tenant or at Tenant's request.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed.

10.5 Tenant's Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant's improvements, fixtures, furnishings, equipment, and all personal property of Tenant contained in the Premises or stored within the Industrial Center.

11. Utilities. Tenant shall pay directly for all utilities and services supplied to the Premises, including but not limited to electricity, telephone, security, gas, and cleaning of the Premises, together with any taxes thereon. For any such utility fees or services that are not billed or metered separately to Tenant, including without limitation, water and sewer charges, and garbage and waste disposal (collectively, "Utility Expenses"), Tenant shall pay to Landlord Tenant's Share of Utility Expenses. If Landlord reasonably determines that Tenant's Share of Utility Expenses is not commensurate with Tenant's use of such services, Tenant shall pay to Landlord the amount which is attributable to Tenant's use of the utilities or similar services, as reasonably estimated and determined by Landlord, based upon factors such as size of the Premises and intensity of use of such utilities by Tenant such that Tenant shall pay the portion of such charges reasonably consistent with Tenant's use of such utilities and similar services. If Tenant disputes any such estimate or determination, then Tenant shall either pay the estimated amount or cause the Premises to be separately metered at Tenant's sole expense. Tenant shall also pay Tenant's Share of any assessments, charges, and fees included within any tax bill for the lot on which the Premises are situated, including without limitation, entitlement fees, allocation unit fees, sewer use fees, and any other similar fees or charges.

12. Assignment and Subleasing.

12.1 Prohibition. Tenant shall not, without the prior written consent of Landlord which shall not be unreasonably withheld, conditioned or delayed, assign, mortgage, hypothecate, encumber, grant any license or concession, pledge or otherwise transfer this Lease or any interest herein, permit any assignment or other such transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or permit the use of the Premises by any persons other than Tenant and Tenant's Representatives (all of the foregoing are sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is sometimes referred to as a "Transferee"). No consent to any Transfer shall constitute a waiver of the provisions of this Section, and all subsequent Transfers may be made only with the prior written consent of Landlord, which consent shall not be unreasonably withheld, but which consent shall be subject to the provisions of this Section.

12.2 Request for Consent. If Tenant seeks to make a Transfer, Tenant shall notify Landlord, in writing, and deliver to Landlord at least thirty (30) days (but not more than one hundred eighty (180) days) prior to the proposed commencement date of the Transfer (the "Proposed Effective Date") the following information and documents (the "Tenant's Notice"): (i) a description of the portion of the Premises to be transferred (the "Subject Space"); (ii) all of the terms of the proposed Transfer including without limitation, the Proposed Effective Date, the name and address of the proposed Transferee, and a copy of the existing or proposed assignment, sublease or other agreement governing the proposed Transfer; (iii) current financial statements of the proposed Transferee certified by an officer, member, partner or owner thereof, and any such other information as Landlord may then reasonably require, including without limitation, audited (if available and un-audited if unavailable) financial statements for the previous two (2) most recent consecutive fiscal years; (iv) the Plans and Specifications (defined below), if any; and (v) such other information as Landlord may then reasonably require. Tenant shall give Landlord the Tenant's Notice by registered, certified mail, or FedEx or similar recognized over-night service , addressed to Landlord at Landlord's Address specified in the Basic Lease Information. Within twenty (20) days after Landlord's receipt of the Tenant's Notice (the "Landlord Response Period") Landlord shall notify Tenant, in writing, of its determination with respect to such requested proposed Transfer and the election to recapture as set forth below. If Landlord does not elect to recapture pursuant to the provisions hereof and Landlord does consent to the requested proposed Transfer, Tenant may thereafter assign its interests in and to this Lease or sublease all or a portion of the Premises to the same party and on the same terms as set forth in the Tenant's Notice. If Landlord fails to respond to Tenant's Notice within Landlord's Response Period, then, after Tenant delivers to Landlord twenty (20) days written notice (the "Second Response Period") and Landlord fails to respond thereto prior to the end of the Second Response Period, the proposed Transfer shall then be deemed approved by Landlord.

12.3 Criteria for Consent. Tenant acknowledges and agrees that, among other circumstances for which Landlord could reasonably withhold consent to a proposed Transfer, it shall be reasonable for Landlord to withhold its consent where (a) Tenant is or has been in default of its obligations under this Lease beyond applicable notice and cure periods, (b) the use to be made of the Premises by the proposed Transferee is prohibited under this Lease or differs from the uses permitted under this Lease, (c) the proposed Transferee or its business is subject to compliance with additional requirements of the ADA beyond those requirements which are applicable to Tenant, unless the proposed Transferee shall (1) first deliver plans and specifications for complying with such additional requirements (the "Plans and Specifications") and obtain Landlord's written consent thereto, and (2) comply with all Landlord's conditions contained in such consent, (d) the proposed Transferee does not intend to occupy a substantial portion of the Premises assigned or sublet to it, (e) Landlord reasonably disapproves of the proposed Transferee's business operating ability or history, reputation or creditworthiness or the character of the business to be conducted by the proposed Transferee at the Premises, (f) the proposed Transferee is a governmental agency or unit or an existing tenant in the Industrial Center, (g) the proposed Transfer would violate any "exclusive" rights of any occupants in the Industrial Center or cause Landlord to violate another agreement or obligation to which Landlord is a party or otherwise subject, (h) Landlord or Landlord's agent has shown space in the Industrial Center to the proposed Transferee or responded to any inquiries from the proposed Transferee or the proposed Transferee's agent concerning availability of space in the Industrial Center, at any time within the preceding six (6) months, (i) Landlord otherwise determines that the proposed Transfer would have the effect of decreasing the value of the Building or the Industrial Center, or increasing the expenses associated with operating, maintaining and repairing the Industrial Center, (j) either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee: (i) occupies space in the Building at the time of the request for consent, (ii) is negotiating with Landlord to lease space in the Building at such time, or (iii) has negotiated with Landlord during the six (6) month period immediately preceding the Tenant's Notice, (k), or (1) the proposed Transferee will use, store or handle Hazardous Materials (defined below) in or about the Premises of a type, nature or quantity not then acceptable to Landlord.

12.4 Effectiveness of Transfer and Continuing Obligations. Prior to the date on which any permitted Transfer becomes effective, Tenant shall deliver to Landlord (i) a counterpart of the fully executed Transfer document, (ii) an executed Hazardous Materials Disclosure Certificate substantially in the form of **Exhibit C** hereto (the "Transferee HazMat Certificate"), and (iii) Landlord's form of Consent to Assignment or Consent to Sublease, as applicable, executed by Tenant and the Transferee in which each of Tenant and the Transferee confirms its obligations pursuant to this Lease. Failure or refusal of a Transferee to execute any such consent instrument shall not release or discharge the Transferee from its obligation to do so or from any liability as provided herein. The voluntary, involuntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger, and any such surrender or cancellation shall, at the option of Landlord, either terminate all or any existing subleases or operate as an assignment to Landlord of any or all of such subleases. Each permitted Transferee shall assume and be deemed to assume this Lease and shall be and remain liable jointly and severally with Tenant for payment of Rent and for the due performance of, and compliance with all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed or complied with, for the Term of this Lease. No Transfer shall affect the continuing primary liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease. An assignee of Tenant shall become directly liable to Landlord for all obligations of Tenant hereunder, but no Transfer by Tenant shall relieve Tenant of any obligations or liability under this Lease whether occurring before or after such consent, assignment, subletting or other Transfer. The acceptance of any or all of the Rent by Landlord from any other person (whether or not such person is an occupant of the Premises) shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer. If Tenant is a business entity, the direct or indirect transfer of more than fifty percent (50%) of the ownership interest of the entity (whether in a single transaction or in the aggregate through more than one transaction) shall be deemed a Transfer and shall be subject to all the provisions hereof and in such event, it shall be a condition to Landlord's consent to such ownership change that such entities or persons acquiring such ownership interest assume, as a primary obligor, all rights and obligations of Tenant under this Lease (and such entities and persons shall execute all documents reasonably required to effectuate such assumption). Any and all options, first rights of refusal, tenant improvement allowances and other similar rights granted to Tenant in this Lease, if any, (other than to a Permitted Transfer as hereinafter defined) shall not be assignable by Tenant unless expressly authorized in writing by Landlord (which shall be in Landlord's sole discretion). Any transfer made without Landlord's prior written consent, shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a material default by Tenant of this Lease. As Additional Rent hereunder, Tenant shall pay to Landlord each time it requests a Transfer, an administrative fee in the amount of one thousand dollars ($1,000.00) and, in addition, Tenant shall promptly reimburse Landlord for actual reasonable legal and other expenses incurred by Landlord in connection with any actual or proposed Transfer.

A. Permitted Transfers. The assignment or subletting by Tenant of this Lease or the Premises to (i) a parent wholly owning Tenant or subsidiary wholly owned by Tenant, or (ii) any entity into which Tenant is merged or consolidated (all such persons or entities being sometimes herein referred to as **"Permitted Transferees")** shall not be deemed a Transfer under this Section (hence, the aforesaid events shall not be subject to obtaining Landlord's prior consent; Landlord shall not have any right to receive any transfer premium in connection therewith; and Landlord shall not have any recapture rights), provided in all instances that:

(i) any such Affiliate was not formed as a subterfuge to avoid the obligations of this Section or Lease;

(ii) Tenant give Landlord prior written notice of any such assignment or sublease;

(iii) any such assignment or sublease shall be subject to all of the terms and provisions of this Lease, and such assignee or sublessee, shall assume, in a written document reasonably satisfactory to Landlord and delivered to Landlord upon or prior to the effective date of such assignment or sublease, all the obligations of Tenant under this Lease;

(iv) Tenant shall remain fully liable for all obligations to be performed by Tenant under this Lease;

(v) The net worth of Permitted Transferee after the transfer is equal to or greater than that of the Tenant both at the time this Lease is signed and immediately prior to the transfer and Tenant shall provide evidence of the same to Landlord prior to the transfer; and

(vi) The parent (and all upstream parents) of any entity to which the Lease is assigned, the Premises is sublet, into which Tenant is merged, or of the company merged into Tenant, shall guaranty in writing all obligations of Tenant under this Lease pursuant to Landlords then standard form of guaranty it is then using.

12.5 Rent Adjustment/Recapture. Landlord may, as a condition to its consent: (a) require that the amount of the Rent payable under this Lease be adjusted to what is then the market value for property similar to the Premises as then constituted, as determined by Landlord; or (b) recapture the Subject Space described in the Tenant's Notice. If such recapture notice is given, it shall serve to terminate this Lease with respect to the proposed Subject Space, or, if the proposed Subject Space covers all the Premises, it shall serve to terminate the entire Term of this Lease, in either case, as of the Proposed Effective Date. However, no termination of this Lease with respect to part or all of the Premises shall become effective without the prior written consent, where necessary, of the holder of each deed of trust encumbering the Premises or any other portion of the Industrial Center. If this Lease is terminated pursuant to the foregoing provisions with respect to less than the entire Premises, the Rent shall be adjusted on the basis of the proportion of rentable square feet retained by Tenant to the rentable square feet originally demised and this Lease as so amended shall continue thereafter in full force and effect.

12.6 Transfer Premium. If Landlord consents to a Transfer, as a condition thereto, Tenant shall pay to Landlord monthly, as Additional Rent, at the same time as the monthly installments of Rent are payable hereunder, seventy-five percent (75%) of any Transfer Premium. The term "Transfer Premium" shall mean all rent, additional rent and other consideration actually received from such Transferee which either initially or over the term of the Transfer exceeds the Rent or pro rata portion of the Rent, after the payment of (a) reasonable and customary real estate commissions, (b) reasonable and customary legal fees to negotiate such transaction, and (c) costs of altering the Premises for such assignee or subtenant, with all such expenses to be amortized (on a straight line basis) and deducted from the profits over the term of the sublease in the event of a sublease.

12.7 Waiver. Notwithstanding any Transfer, or any indulgences, waivers or extensions of time granted by Landlord to any Transferee, or failure by Landlord to take action against any Transferee, Tenant agrees that Landlord may, at its option, proceed against Tenant without having taken action against or joined such Transferee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such Transferee.

12.8 Special Transfer Prohibitions. Notwithstanding anything set forth above to the contrary, Tenant may not (a) sublet the Premises or assign this Lease to any person or entity in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Internal Revenue Code (the "Code"); or (b) sublet the Premises or assign this Lease in any other manner which could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or which could cause any other income received by Landlord to fail to qualify as income described in Section 856(c)(2) of the Code.

13. Default; Remedies.

13.1 Default. The occurrence of any one of the following events shall constitute an event of default on the part of Tenant ("Default"):

(a) The abandonment of the Premises by Tenant;

(b) Failure to pay any installment of Base Rent, Additional Rent, or any other monies due and payable hereunder, said failure continues for a period of 3 business days following written notice to Tenant.;

(c) A general assignment by Tenant or any guarantor for the benefit of creditors;

(d) The filing of a voluntary petition of bankruptcy by Tenant or any guarantor; the filing of a voluntary petition for an arrangement; the filing of a petition, voluntary or involuntary, for reorganization; or the filing of an involuntary petition by Tenant's creditors or guarantors;

(e) Receivership, attachment, or other judicial seizure of the Premises or all or substantially all of Tenant's assets on the Premises;

(f) Failure of Tenant to maintain insurance as required by Paragraph 8.2;

(g) Any breach by Tenant of its covenants under Paragraph 6.2;

(h) Failure in the performance of any of Tenant's covenants, agreements, or obligations hereunder (except those failures specified as events of Default in other Paragraphs of this Paragraph 13.1 which shall be governed by such other Paragraphs), which failure continues for 10 days after written notice thereof from Landlord to Tenant; provided that, if Tenant has exercised reasonable diligence to cure such failure and such failure cannot be cured within such 10-day period despite reasonable diligence, Tenant shall not be in default under this subparagraph unless Tenant fails thereafter diligently and continuously to prosecute the cure to completion;

(i) Any transfer of a substantial portion of the assets of Tenant, or any incurrence of a material obligation by Tenant, unless such transfer or obligation is undertaken or incurred in the ordinary course of Tenant's business, or in good faith for equivalent consideration, or with Landlord's consent; and

(j) The default of any guarantors of Tenant's obligations hereunder under any guaranty of this Lease, or the attempted repudiation or revocation of any such guaranty.

13.2 Remedies. In the event of any Default by Tenant, Landlord shall have any or all of the following remedies:

(a) Termination. In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

(1) the worth at the time of award of any unpaid Rent and any other sums due and payable which have been earned at the time of such termination; plus

(2) the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(3) the worth at the time of award of the amount by which the unpaid Rent and any other sums due and payable for the balance of the term of this Lease after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would be likely to result therefrom, including, without limitation, any costs or expenses incurred by Landlord (i) in retaking possession of the Premises; (ii) in maintaining, repairing, preserving, restoring, replacing, cleaning, the Premises or any portion thereof, including such acts for reletting to a new lessee or lessees; (iii) for leasing commissions; or (iv) for any other costs necessary or appropriate to relet the Premises; plus

(5) such reasonable attorneys' fees incurred by Landlord as a result of a Default, and costs in the event suit is filed by Landlord to enforce such remedy; and plus

(6) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in subparagraphs (1) and (2) above, the "worth at the time of award" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in subparagraph (3) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1 %). Tenant waives redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other present or future law, in the event Tenant is evicted or Landlord takes possession of the Premises by reason of any Default of Tenant hereunder.

(b) Continuation of Lease. In the event of any Default by Tenant, then in addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided tenant has the right to sublet or assign, subject only to reasonable limitations).

(c) Re-entry. In the event of any Default by Tenant, Landlord shall also have the right, with or without terminating this Lease, in compliance with applicable law, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

(d) Reletting. In the event of the abandonment of the Premises by Tenant or in the event that Landlord shall elect to re-enter or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then if Landlord does not elect to terminate this Lease as provided in Paragraph a, Landlord may from time to time, without terminating this Lease, relet the Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises. In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied in the following order: (1) to reasonable attorneys' fees incurred by Landlord as a result of a Default and costs in the event suit is filed by Landlord to enforce such remedies; (2) to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; (3) to the payment of any costs of such reletting; (4) to the payment of the costs of any alterations and repairs to the Premises; (5) to the payment of Rent due and unpaid hereunder; and (6) the residue, if any, shall be held by Landlord and applied in payment of future Rent and other sums payable by Tenant hereunder as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of Rent hereunder, be less than the Rent payable during the month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

(e) Termination. No re-entry or taking of possession of the Premises by Landlord pursuant to Subparagraphs (c) and (d) above, shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any Default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such Default.

(f) Cumulative Remedies. The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity.

(g) No Surrender. No act or conduct of Landlord, whether consisting of the acceptance of the keys to the Premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the Premises by Tenant prior to the expiration of the Term, and such acceptance by Landlord of surrender by Tenant shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender signed by Landlord. The surrender of this Lease by Tenant, voluntarily or otherwise, shall not work a merger unless Landlord elects in writing that such merger take place, but shall operate as an assignment to Landlord of any and all existing subleases, or Landlord may, at its option, elect in writing to treat such surrender as a merger terminating Tenant's estate under this Lease, and thereupon Landlord may terminate any or all such subleases by notifying the sublessee of its election so to do within five (5) days after such surrender.

(h) Notice Provisions Tenant agrees that any notice given by Landlord pursuant to Paragraph 13.1 of the Lease shall satisfy the requirements for notice under California Code of Civil Procedure Section 1161, and Landlord shall not be required to give any additional notice in order to be entitled to commence an unlawful detainer proceeding. Should Landlord prepare any notice to Tenant for failure to pay rent, additional rent or perform any other obligation under the Lease, Tenant shall pay to Landlord, without any further notice from Landlord, the additional sum of $75.00 which the parties hereby agree represents a fair and reasonable estimate of the costs Landlord will incur by reason of preparing such notice.

13.3 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of Rent or other sum due from Tenant shall not be received by Landlord or Landlord's designee within six (6) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to 5% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's Default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In addition, should Landlord be unable to negotiate any payment made by Tenant on the first attempt by Landlord and without any notice to Tenant, Tenant shall pay to Landlord a fee of $50.00 per item which the parties hereby agree represents a fair and reasonable estimate of the costs Landlord will incur by reason of Landlord's inability to negotiate such item(s).

13.4. **Breach by Landlord.** Landlord shall not be deemed in breach of this Lease unless Landlord fails within a reasonable time to perform an obligation required to be performed by Landlord. For purposes of this Section 13.4, a reasonable time shall in no event be less than thirty (30) days after receipt by Landlord, and any Lender whose name and address shall have been furnished to Tenant in writing for such purpose, of written notice specifying wherein such obligation of Landlord has not been performed; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease if performance is commenced within such thirty (30) day period following Tenant's notice and thereafter diligently pursued to completion.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Premises, or more than 25% of the portion of the Common Areas designated for Tenant's parking, is taken by condemnation, Tenant may, at Tenant's option, to be exercised in writing within 10 days after Landlord shall have given Tenant written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession), terminate this Lease as of the date the condernning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of erninent domain or any payment made under threat of the exercise of such power shall be the property of Landlord; provided, however, that Tenant shall be entitled to any compensation, separately awarded to Tenant, for Tenant's relocation expenses and/or loss of Tenant's trade fixtures. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of its net severance damages in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Tenant shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair.

15. Estoppel Certificate and Financial Statements.

15.1 Estoppel Certificate. Each party (herein referred to as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge, and deliver to the Requesting Party, to the extent it can truthfully do so, an estoppel certificate in a form reasonably acceptable to Landlord, or any of Landlord's lenders or any prospective purchasers of the Premises or the Industrial Center as the case may be, plus such additional information, confirmation, and statements as be reasonably requested by the Requesting Party. Should Tenant fail to deliver an executed and acknowledged estoppel certificate to Landlord as prescribed herein, Tenant hereby authorizes Landlord to act as Tenant's attorney-in-fact in executing such estoppel certificate or, at Landlord's option, Tenant shall pay a fee of $100.00 per day ("Estoppel Delay Fee") for each day after the 10 days' written notice in which Tenant fails to comply with this requirement.

15.2 Financial Statement. If Landlord desires to finance, refinance, or sell the Building, Industrial Center, or any part thereof, Tenant and all Guarantors shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant and such Guarantors as may be reasonably required by such lender or purchaser, including but not limited to Tenant's financial statements for the past 2 years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

16. Additional Covenants and Provisions.

16.1 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall not affect the validity of any other provision hereof.

16.2 Interest on Past-Due Obligations. Any monetary payment due Landlord hereunder not received by Landlord within 10 days following the date on which it was due shall bear interest from the date due at 12% per annum, but not exceeding the maximum rate allowed by law in addition to the late charge provided for in Paragraph 13.3.

16.3 Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

16.4 Landlord Liability. Tenant, its successors, and assigns shall not assert nor seek to enforce any claim for breach of this Lease against any of Landlord's assets other than Landlord's interest in the Industrial Center. Tenant agrees to look solely to such interest for the satisfaction of any liability or claim against Landlord under this Lease. In no event whatsoever shall Landlord (which term shall include, without limitation, any general or limited partner, trustees, beneficiaries, officers, directors, or stockholders of Landlord) ever be personally liable for any such liability.

16.5 Entire Agreement. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease and any side letter or separate agreement executed by Landlord and Tenant in connection with this Lease and dated of even date herewith contain all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Premises, shall be considered to be the only agreement between the parties hereto and their representatives and agents, and none of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Lease. The parties acknowledge that (i) each party and/or its counsel have reviewed and revised this Lease, and (ii) no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation or enforcement of this Lease or any amendments or exhibits to this Lease or any document executed and delivered by either party in connection with this Lease.

16.6 Notice Requirements. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand, messenger, or courier service) or may be sent by regular, certified, or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission during normal business hours, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 16.6. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may by written notice to the other specify a different address for notice purposes, except that upon Tenant's taking possessing of the Premises, the Premises shall constitute Tenant's address for the purpose of mailing or delivering notices to Tenant. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by written notice to Tenant.

16.7 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given 48 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or an overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the United States Postal Service or courier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone or facsimile confirmation of receipt of the transmission thereof, provided a copy is also delivered via hand or overnight delivery or certified mail. If notice is received on a Saturday, Sunday, or legal holiday, it shall be deemed received on the next business day.

16.8 Waivers. No waiver by either party of a Default by the other party shall be deemed a waiver of any other term, covenant, or condition hereof, or of any subsequent Default by such party of the same or any other term, covenant, or condition hereof. In addition the acceptance by Landlord of any rent or other payment after it is due, whether or not a notice of default has been served or any action (including, without limitation, an unlawful detainer action) has been filed by Landlord thereon, shall not be deemed a waiver of Landlord's rights to proceed on any notice of default or action which has been filed against Tenant based upon Tenant's breach of the Lease.

16.9 Holdover. Tenant has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. If Tenant holds over with the consent of Landlord: (a) the Base Rent payable shall be increased to 150% of the Base Rent applicable during the month immediately preceding such expiration or earlier termination; (b) Tenant's right to possession shall terminate on 30 days notice from Landlord; and (c) all other terms and conditions of this Lease shall continue to apply. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant. Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all claims, demands, actions, losses, damages, obligations, costs, and expenses, including, without limitation, attorneys' fees incurred or suffered by Landlord by reason of Tenant's failure to surrender the Premises on the expiration or earlier termination of this Lease in accordance with the provisions of this Lease.

16.10 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies in law or in equity.

16.11 Binding Effect: Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors, and assigns, and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

16.12 Landlord. The covenants and obligations contained in this Lease on the part of Landlord are binding on Landlord, its successors, and assigns only during their respective period of ownership of an interest in the Building. In the event of any transfer or transfers of such title to the Building, Landlord (and, in the case of any subsequent transfers or conveyances, the then grantor) shall be concurrently freed and relieved from and after the date of such transfer or conveyance, without any further instrument or agreement, of all liability with respect to the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed.

16.13 Attorneys' Fees and Other Costs. If any Party brings an action or proceeding to enforce the **terms** hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding shall be entitled to reasonable attorneys' fees. The term "Prevailing Party" shall include, without limitation, a Party who substantially obtains or defeats the relief sought. Landlord shall be entitled to attorneys' fees, costs, and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting breach. Tenant shall reimburse Landlord on demand for all reasonable legal, engineering, and other professional services expenses incurred by Landlord in connection with all requests by Tenant or any lender of Tenant for consent, waiver or approval of any kind.

16.14 Landlord's Access; Showing Premises; Repairs. Landlord and Landlord's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times upon reasonable notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements, or additions to the Premises or to the Building, as Landlord may reasonably deem necessary. Landlord may at any time place on or about the Premises or Building any ordinary "For Sale" signs, and Landlord may at any time during the last 180 days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All such activities of Landlord shall be without abatement of rent or liability to Tenant.

16.15 Signs. Tenant shall not place any signs at or upon the exterior of the Premises or the Building, except that Tenant may, with Landlord's prior written consent, install (but not on the roof) such signs as are reasonably required to advertise Tenant's own business so long as such signs are in a location designated by Landlord and comply with sign ordinances and the signage criteria established for the Industrial Center by Landlord.

16.16 Termination; Merger. Unless specifically stated otherwise in writing by Landlord, the voluntary or other surrender of this Lease by Tenant, the mutual termination or cancellation hereof, or a termination hereof by Landlord for Default by Tenant, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Landlord shall, in the event of any such surrender, termination, or cancellation, have the option to continue any one or all of any existing subtenancies. Landlord's failure within 10 days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest shall constitute Landlord's election to have such event constitute the termination of such interest.

16.17 Quiet Possession. Upon payment by Tenant of the Base Rent and Additional Rent for the Premises and the performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession of the Premises for the entire term hereof, subject to all of the provisions of this Lease.

16.18 Subordination; Attornment; Non-Disturbance.

(a) Subordination. This Lease shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or mortgage (collectively, "Mortgage") now or hereafter placed by Landlord upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof. Tenant agrees that any person holding any Mortgage shall have no duty, liability, or obligation to perform any of the obligations of Landlord under this Lease. In the event of Landlord's default with respect to any such obligation, Tenant will give any Lender, whose name and address have previously been furnished in writing to Tenant, notice of a default by Landlord. Tenant may not exercise any remedies for default by Landlord unless and until Landlord and the Lender shall have received written notice of such default and a reasonable time (not less than 90 days) shall thereafter have elapsed without the default having been cured. If any Lender shall elect to have this Lease superior to the lien of its Mortgage and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such Mortgage. The provisions of a Mortgage relating to the disposition of condemnation and insurance proceeds shall prevail over any contrary provisions contained in this Lease.

(b) Attornment. Subject to the nondisturbance provisions of subparagraph (c) of this Paragraph 16.18, Tenant agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Mortgage. In the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior landlord or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Tenant might have against any prior Landlord, or (iii) be liable for security deposits or be bound by prepayment of more than one month's rent.

(c) Non-Disturbance. With respect to a Mortgage entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving assurance (a "nondisturbance agreement") from the Mortgage holder that Tenant's possession and this Lease will not be disturbed so long as Tenant is not in default and attorns to the record owner of the Premises.

(d) Self-Executing. The agreements contained in this Paragraph 16.18 shall be effective without the execution of any further documents; provided, however, that upon written request from Landlord or a Lender in connection with a sale, financing, or refinancing of Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any such subordination or nonsubordination, attornment, and/or nondisturbance agreement, as is provided for herein. Landlord is hereby irrevocably vested with full power to subordinate this Lease to a Mortgage.

16.19 Rules and Regulations. Tenant agrees that it will abide by, and to cause its employees, suppliers, shippers, customers, tenants, contractors, and invitees to abide by, all reasonable rules and regulations ("Rules and Regulations") which Landlord may make from time to time for the management, safety, care, and cleanliness of the Common Areas, the parking and unloading of vehicles, and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Industrial Center and their invitees. The current Rules and Regulations are attached hereto as **Exhibit E.** Landlord shall not be responsible to Tenant for the noncompliance with said Rules and Regulations by other tenants of the Industrial Center.

16.20 Security Measures. Tenant acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures. Landlord has no obligations to provide same. Tenant assumes all responsibility for the protection of the Premises, Tenant, its agents, and invitees and their property from the acts of third parties.

16.21 Reservations. Landlord reserves the right to grant such easements that Landlord deems necessary and to cause the recordation of parcel maps, so long as such easements and maps do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign any documents reasonably requested by Landlord to effectuate any such easements or maps.

16.22 Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

16.23 Offer. Preparation of this Lease by either Landlord or Tenant or Landlord's agent or Tenant's agent and submission of same to Tenant or Landlord shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

16.24 Amendments. This Lease may be modified only in writing, signed by the parties in interest at the time of the modification.

16.25 Multiple Parties. Except as otherwise expressly provided herein, if more than one person or entity is named herein as Tenant, the obligations of such persons shall be the joint and several responsibility of all persons or entities named herein as such Tenant.

16.26 Authority. Each person signing on behalf of Landlord or Tenant warrants and represents that she or he is authorized to execute and deliver this Lease and to make it a binding obligation of Landlord or Tenant.

16.27 Recordation. Tenant shall not record this Lease or a short form memorandum hereof.

16.28 Confidentiality. Tenant acknowledges that the content of this Lease and any related documents are confidential information. Tenant shall keep and maintain such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal and space planning consultants.

16.29 Landlord Renovations. Tenant acknowledges that Landlord may from time to time, at Landlord's sole option, renovate, improve, develop, alter, or modify (collectively, the "Renovations") portions of the Building, Premises, Common Areas and the Industrial Center, including without limitation, systems and equipment, roof, and structural portions of the same. In connection with such Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Industrial Center, including portions of the Common Areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility, or for any reason be liable to Tenant, for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's Property, Alterations or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions in connection with such Renovations.

16.30 WAIVER OF JURY TRIAL. THE PARTIES HERETO SHALL AND THEY HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, THE BUILDING OR THE PARK, AND/OR ANY CLAIM OF INJURY, LOSS OR DAMAGE.

16.31 PATRIOT ACT. In compliance with Executive Order 13224 and the USA Patriot Act of 2001, Tenant affirmatively represents and warrants that (a) neither Tenant nor any officer, director, or principal of Tenant has committed or supported terrorist acts; or (b) neither Tenant nor any officer, director, or principal of Tenant is identified on the list of Specially Designated Nations and Blocked Persons generated by the Office of Foreign Assets Control.

The parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.

LANDLORD TENANT

Shelton International Holdings, Inc.,
Tenant's Address:
a Hawaii corporation
Vistagen Therapeutics, Inc.,
a California corporation Its: _ Date:
The Premises Address

Landlord's Address:

Shelton International Holdings, Inc., a Hawaii corporation c/o AMB Property Corporation Pier 1, Bay 1
San Francisco, California 94111
With a copy to:

Shelton International Holdings, Inc., a Hawaii corporation c/o AMB Property Corporation 1360 Willow Road,
Suite 100 Menlo Park, CA 94025

If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The Lease must be executed by the president or vice-president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this Lease.

Exhibit A

Description of Premises

This exhibit, entitled "Premises", is and shall constitute **Exhibit** A to that certain Lease Agreement dated March 5, 2007 (the "Lease"), by and between Shelton International Holdings, Inc., a Hawaii corporation ("Landlord") and Vistagen Therapeutics, Inc., a California corporation ("Tenant") for the leasing of certain premises commonly known as 384 Oyster Point Boulevard, Unit 8, South San Francisco, California (the "Premises").

The Premises consist of the rentable square footage of space specified in the Basic Lease Information and has the address specified in the Basic Lease Information. The Premises are a part of and are contained in the Building specified in the Basic Lease Information. If set forth below (or attached), the cross-hatched area depicts the Premises within the Industrial Center:

Exhibit B Commencement Date Certificate

Landlord: Tenant: Lease Date: Premises:

Shelton International Holdings, Inc., a Hawaii corporation Vistagen Therapeutics, Inc., a California corporation March 5, 2007
384 Oyster Point Boulevard, Unit 8, South San Francisco, California

Tenant hereby accepts the Premises as being in the condition required under the Lease.
The Commencement Date of the Lease is April 1, 2007
The Expiration Date of the Lease is March 31, 2009

LANDLORD

Shelton International Holdings, Inc., a Hawaii corporation

By: AMB Capital Partners, LLC,
a Delaware limited liability company
Its: Authorized Agent

By:
John L. Rossi
Its: Senior Vice President
Date:
TENANT

Vistagen Therapeutics, Inc., a California corporation

By:
Its:
Date: 3/20/07

By: _ Its: _ Date:
Tenant's Address:
The Premises Address

Landlord's Address:

Shelton International Holdings, Inc., a Hawaii corporation c/o AMB Property Corporation Pier 1, Bay 1
San Francisco, California 94111

With a copy to:

Shelton International Holdings, Inc., a Hawaii corporation c/o AMB Property Corporation 1360 Willow
Road, Suite 100 Menlo Park, CA 94025

If Tenant is a CORPORATION, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The document must be executed by the president or vice-president and the secretary or assistant secretary, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this document.

Exhibit C
Tenant Move-in and Lease Renewal Environmental Questionnaire for Oyster Point Business Park

Property Name: Oyster Point Business Park
Premises Address: 384 Oyster Point Boulevard, Unit 8, South San Francisco, California

Exhibit C **to the Lease Dated** March 5, 2007
Between

Shelton International Holdings, Inc., a Hawaii corporation, **("Landlord") and**

Vistagen Therapeutics, Inc., a California corporation, **("Tenant")**

Instructions: The following questionnaire is to be completed by the Tenant Representative with knowledge of the planned/existing operations for the specified building/location. A copy of the completed form must be attached to all new leases and renewals, and forwarded to the Owner's Risk Management Department. Please print clearly and attach additional sheets as necessary.

1.0 Process Information

Describe planned use (new Lease) or existing operations (lease renewal), and include brief description of Manufacturing process employed.

Stem cell and biotech R/D

2.0 Hazardous Materials
Are hazardous materials used or stored? If so, continue with the next question. If not, go to Section 3.0.
2.1 Are any of the following materials handled on the property? Ye
□ Explosives S. Solvents S Acids ET Gases
pother (please specify)

If any of the groups of materials checked in Section 2.1, please list the specific material(s), use(s), and quantity of each chemical used or stored on the site in the Table below. If convenient, you may substitute a chemical inventory and list the uses of each of the chemicals in each category separately.
(A material is handled if it is used, generated, processed, produced, packaged, treated, stored, emitted, discharged, or disposed.) If so, complete this section. If this question is not applicable, skip this section and go on to Section 5.0. ***^Jj r0^K <jjtfcP& rYC*** , O^PfV ***k***

□ Fuels □ Oils
□ Oxidizers □ Organics/Inorganics
□ Bases □ Pesticides -
□ PCBs ^Radioactive Materials *^LhXjj.^o*

2.2

*1^*

Material

liquid Kf.

Physical State (Solid, Liquid, or Gas)

f

Usage

***2-cyf h\o* I**

Container Size

Number of Containers

Total Quantity

tft'fc **y**

2.3

Describe the planned storage area location(s) for these materials. Please include site maps and drawings as appropriate.

3.0 Hazardous Wastes
Are hazardous wastes generated? Yes
If yes, continue with the next question. If not, skip this section and go to Section 4.0.

3.1 Are any of the following wastes generated, handled, or disposed of (where applicable) on the property?

□ Hazardous wastes
□ Waste oils

□ Air emissions
□ Industrial Wastewater
□ PCBs
□ Sludges
□

□ Regulated Wastes

CSyOther (please specify)

3.2

List and quantify the materials identified in Question **3-1** of this section. Attach separate pages as necessary.

Waste Generated	RCRA listed Waste?	Source	Approximate Monthly Quantity	Waste Characterization	Disposition

3.3 Please include name, location, and permit number (e.g. EPA ID No.) for transporter and disposal facility, if applicable). Attach separate pages as necessary.

Transporter/Disposal Facility Name	Facility Location	Transporter (T) or Disposal (D) Facility	Permit Number
1 1			

ilease of 'No

3.4

Are pollution controls or monitoring employed in the process to prevent or minimize the**c6** wastes into the environment?Yes **vxmSTc**

If so, please describe. *t* */ I) . A / J /*

4.0

USTS/ASTS 4.1
Are underground storage tanks (USTs), aboveground storage tanks (ASTs), or associated pipelines used for the storage of petroleum products, chemicals, or liquid wastes present on site (lease renewals) or required for planned operations (new tenants)?
YesNo

If not, continue with section **5.0.** If yes, please describe capacity, contents, age, type of the USTs or ASTs, as well any associated leak detection / spill prevention measures. Please attach additional pages if necessary.

Integrity testing Overfill spill protection

Inventory reconciliation Secondary containment

Leak detection system Cathodic protection

4.2

Please provide copies of written tank integrity test results and/or monitoring documentation, if available.

4.4

If this Questionnaire is being completed for a lease renewal, and if any of the USTs/ASTs have leaked, please state the substance released, the media(s) impacted (e.g., soil, water, asphalt, etc.), the actions taken, and all remedial responses to the incident.

4.5

If this Questionnaire is being completed for a lease renewal, have USTs/ASTs been removed from the property?YesNo

If yes, please provide any official closure letters or reports and supporting documentation (e.g., analytical test results, remediation report results, etc.).

4.6 For Lease renewals, are there any above or below ground pipelines on site used to transfer chemicals or

Yes No

For new tenants, are installations of this type required for the planned operations?
Yes No
If yes to either question, please describe.

5.0 Asbestos Containing Building Materials

Please be advised that this property participates in an Asbestos Operations and Maintenance Program, and that an asbestos survey may have been performed at the Property. If provided, please review the information that identifies the locations of known asbestos containing material or presumed asbestos containing material. All personnel and appropriate subcontractors should be notified of the presence of these materials, and informed not to disturb these materials. Any activity that involves the disturbance or removal of these materials must be done by an appropriately trained individual/contractor.

6.0 Regulatory

6.1 For Lease Renewals, are there any past, current, or pending regulatory actions by federal, state, or local environmental agencies alleging noncompliance with regulations?
Yes No
If so, please describe.

6.2 For lease renewals, are there any past, current, or pending lawsuits or administrative proceedings for alleged environmental damages involving the property, you, or any owner or tenant of the property?
Yes No_
If so, please describe.

6.3 Does the operation have or require a National Pollutant Discharge Elimination System (NPDE

Yes No

If so, please attach a copy of this permit.

6.4 For Lease renewals, have there been any complaints from the surrounding community regarding facility

Yes No

Have there been any worker complaints or regulatory investigations regarding hazardous material

exposure at the facility? Yes No

If so, please describe status and any corrective actions taken. Please attach additional pages as necessary.

6.5

Has a Hazardous Materials Business Plan been developed for the site? If so, please attach a copy.

Yes

No
6.6

Are any environmental documentation, chemical inventory, or management plan required by the local Fire Department or Health Department? If so, please attach a copy.

Yes No
Certification

I am familiar with the real property described in this questionnaire. By signing below, I represent and warrant that the answers to the above questions are complete and accurate to the best of my knowledge. I also understand that the Owner will rely on the completeness and accuracy of my answers in assessing any environmental liability risks associated with
the property.

Signature: /s/ Franklin Rice
Name: Franklin Rice
Title: SVP Finance & Admin
Date:3/20/07
Telephone: 650-558-9512
Please forward the completed questionnaire to:
Mr. Steve Campbell AMB Property Corporation Pier 1, Bay 1
San Francisco, CA 94111

Exhibit D Move Out Standards

This "Move Out Standards" **(Exhibit D)** is dated March 5, 2007, for the reference purposes only and is made between Shelton International Holdings, Inc., a Hawaii corporation ("Landlord"), and Vistagen Therapeutics, Inc., a California corporation ("Tenant"), to be a part of that certain Standard Industrial Lease (the "Lease") concerning a portion of the Property more commonly known as 384 Oyster Point Boulevard, Unit 8, South San Francisco, California, (the "Premises"). Landlord and Tenant agree that the Lease is hereby modified and supplemented as follows:

At the expiration or earlier termination of this Lease, and in addition to any other provisions of the Lease regarding surrender of the Premises, Tenant shall surrender the Premises in the same condition as they were upon delivery of possession thereto under the Lease, reasonable wear and tear excepted, and shall deliver all keys to Landlord. Before surrendering the Premises, Tenant shall remove all of its personal property and trade fixtures and such alterations or additions to the Premises made by Tenant as may be specified for removal by Landlord. If Tenant fails to remove its personal property, fixtures or alterations or additions upon the expiration or earlier termination of the Lease, the same shall be deemed abandoned and shall become the property of Landlord. Tenant shall be liable to Landlord for all costs and damages incurred by Landlord in removing, storing or selling such property, fixtures, alterations or additions and in restoring the Premises to the condition required pursuant to the Lease.

Notwithstanding anything to the contrary in the Lease, Tenant shall surrender the Premises, at the time of the expiration or earlier termination of the Lease, in a condition that shall includes, but is not limited to, the following:

1. Lights:

2. Dock Levelers & Roll-Up Doors:
3. Dock Seals:
4. Warehouse Floor:

5. Tenant-Installed Equipment & Wiring:

6. Walls:

Office and warehouse lights will be fully operational with all bulbs fimctioning.
Should be in good working condition.
Free of tears and broken backboards repaired.
Free of stains and swept with no racking bolts and other protrusions left in the floor. Cracks should be repaired with an epoxy or polymer.
Removed and space returned to original condition when originally leased. (Remove air lines, junction boxes, conduit, etc.)
Sheetrock (drywall) damage should be patched and fire-taped so that there are no holes in either office or warehouse.

7. Roof:

Any tenant-installed equipment must be removed and roof penetrations properly repaired by licensed roofing contractor. Active leaks must be fixed and latest landlord maintenance and repairs recommendation must have been followed.

8. Signs:

All exterior signs must be removed and holes patched and paint touched up as necessary. All window signs should likewise be removed.

9. Heating & Air Conditioning System:

10. Overall Cleanliness:

A written report from a licensed HVAC contractor within the last three months stating that all evaporative coolers and HVAC systems are operational and in good and safe operating condition.

Clean windows, sanitize bathroom(s), vacuum carpet and remove any and all debris from office and warehouse. Remove all pallets and debris from exterior of Premises.
11. Upon Completion:

Contact Landlord's property manager to coordinate date of toning off power, taming in keys, and obtain final Landlord inspection of Premises which, in turn, will facilitate refund of security deposit.

FIRST AMENDMENT TO LEASE(Extension of Lease Term)

THIS FIRST AMENDMENT TO LEASE ("Amendment") is executed as of the 24th day of April, 2009, between OYSTER POINT LLC, a Delaware limited liability company ("Landlord") and VISTAGEN THERAPEUTICS, INC., a California corporation ("Tenant").

RECITALS

A. Landlord (as successor to Shelton International Holdings, Inc., a Hawaii corporation) and Tenant are parties to that certain Industrial Lease, dated March 5, 2007 (the "Lease"), pursuant to which Tenant leases from Landlord approximately 6,901 rentable square feet of space (the "Premises"), which Premises are known as Suite 8 and located in the building located at 384 Oyster Point Blvd., South San Francisco, California 94080 (the "Building"), which Building is a part of Oyster Point Business Park. All capitalized terms not otherwise defined herein shall have the meaning given them in the Lease. The term of the Lease expired on March 31,2009, and Tenant remains in possession of the Premises on a holdover basis.

B. As of March 31, 2009, Tenant owed to Landlord a total of Fifty One Thousand Five Hundred Forty Two and 50/100 Dollars ($51,542.50) in past due Base Rent and Operating Expenses (including Real Property Taxes) under Paragraphs 4.1 and 4.2 of the Lease (the "Past Due Rent").

C. Landlord and Tenant presently desire to amend the Lease to (i) extend the term of the Lease for an additional period of one (1) year and nine (9) months, commencing, retroactively, on April 1,2009, and ending on December 31,2010, (ii) provide for a portion of Tenant's monthly Base Rent to be deferred during the six (6) month period from April 1,2009, through September 30,2009, (iii) provide for the repayment by Tenant to Landlord of the Past Due Rent and deferred monthly Base Rent by amortizing such sums, with interest, over the fifteen (15) month period commencing on October 1, 2009, and ending on December 31, 2010, (iv) provide for the application of a portion of the existing Security Deposit to Tenant's rental obligations under the Lease, and (v) document certain other modifications to the Lease agreed upon by Landlord and Tenant, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing, Landlord and Tenant hereby agree as follows:

1. Extension of Lease Term. Effective as of me date hereof, the term of the Lease, as set forth in Paragraphs 1.3 and 3.1 of the Lease, is extended for an additional period (the "Extension Period") of one (1) year and nine (9) months, commencing, retroactively, on April 1, 2009, and ending on December 31,2010. All of the existing terms of the Lease shall apply during the Extension Term, except to the extent otherwise expressly provided herein.

2. Condition of Premises. Tenant shall accept the Premises in their "as-is" condition for the Extension Period and Landlord shall have no obligation to make or pay for any improvements or perform any renovation in the Premises as a result of the extension of the Lease term.

3. Monthly Base Rent.

a. Monthly Base Rent. During the Extension Period, Tenant shall pay as monthly Base Rent for the Premises under Paragraph 4.1 of the Lease the following sums for the respective periods:

Period	Monthly Base Rent**
April 1, 2009, thru May 31, 2009	$4,306.20
June 1, 2009, thru July 31, 2009	$6,459.30
August 1, 2009, thru September 30, 2009	$8,612.40
October 1,2009, thru December 31, 2010	$15,761.45

**The parties acknowledge and agree that:

(x) The monthly Base Rent payments set forth above for April 1,2009, through May 31, 2009, are at 40% of actual rent, thereby reflecting a 60% deferral, the monthly Base Rent payments set forth above for June 1, 2009, through July 31, 2009, are at 60% of actual rent, thereby reflecting a 40% deferral, and the monthly Base Rent payments set forth above for August 1, 2009, through September 30, 2009, are at 80% of actual rent, thereby reflecting a 20% deferral.

(y) The monthly Base Rent payment of $15,761.45 set forth above for the fifteen (15) month period from October 1, 2009, through December 31, 2010, is comprised of (i) $10,000.00 per month of regularly scheduled monthly Base Rent payments and (ii) $5,761.45 per month, which constitutes the monthly payment required to repay the Past Due Rent and the deferred rent referenced in (x) above, in equal monthly payments over the fifteen (15) month period from October 1, 2009, through December 31, 2010, at an interest rate often percent (10%) per annum. In the event of a Default (as defined in Paragraph 3.1 of the Lease) Landlord may, by written notice to Tenant, call the then unpaid Past Due Rent and deferred rent, plus accrued and unpaid interest thereon, immediately due and payable. Upon Tenant's repayment of the unpaid Past Due Rent and deferred rent in its entirety, the subsequent monthly Base Rent payments shall be reduced to $10,000.00 to reflect the fact that the Past Due Rent and deferred rent is no longer a part of the Base Rent payments.

b. Application of Security Deposit to Monthly Base Rent Subject to the provisions of this

Paragraph 3.b., Landlord shall apply to each of the fifteen (15) monthly Base Rent payments due under Paragraph 4.1 of the Lease (as amended by Paragraph 3.a. above) during the period from October 1, 2009, through December 31,2010, the sum of Five Hundred Dollars ($500.00), which applied sums shall be taken from the Security Deposit presently held by Landlord under Paragraph 5 of the Lease. Upon each application of the Security Deposit pursuant to the immediately preceding sentence, the Security Deposit required under Paragraph 5 of the Lease shall be reduced by the applied amount. The aforementioned application of the Security Deposit to Base Rent on a particular month shall be made only if, as of the date the monthly Base Rent payment is due, there is no uncured Default. Further, upon a Default, Landlord may require that the Security Deposit be restored to Thirty Six Thousand Five Hundred Sixteen Dollars ($36,516.00) and, if Landlord notifies Tenant in writing that Landlord is so increasing the Security Deposit, Tenant shall, not later than fifteen (15) days following Landlord's written notice to Tenant, deposit with Landlord the sums required to fully restore the Security Deposit to Thirty Six Thousand Five Hundred Sixteen Dollars ($36,516.00).

4. Operating Expenses. During the Extension Period, the provisions of Paragraph 4.2 of the Lease shall continue to apply in full, with "Tenant's Share" continuing to be as stated in Paragraph 1.5 of the Lease. Notwithstanding the foregoing, in the second sentence of Paragraph 4.2(d) of the Lease, the words "150 days" are substituted for the words "90 days."

5. Security Deposit. Except to the extent provided in Paragraph 3.b. above, the provisions of Paragraph 5 of the Lease shall continue to apply in full. The second sentence of Paragraph 1.7 of the Lease is hereby deleted in its entirety.

6. Lease Modifications. Effective as of the date hereof, the following additional modifications are made to the Lease.

a. Waiver of Subrogation. The words "and with permission of their insurance carriers" are deleted from Paragraph 8.6 of the Lease.

b. Holding Over. The following sentence is added before the final sentence of Paragraph 16.9 of

the Lease:

"If Tenant holds over without the consent of Landlord, in addition to Landlord's other remedies under this Lease, the 150% holdover rent provided for above shall apply."

c. No Consequential Damages. Effective as of the date hereof, the following language is added

to the Lease as Paragraph 16.32:

"16.32. No Consequential Damages. Notwithstanding anything to the contrary in this Lease, in no event shall either party be liable to the other party for consequential damages or interruption or loss of business, income Or profits."

7. Tenant's Move-In and Renewal Environmental Questionnaire. Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall complete and deliver to Landlord the Questionnaire in the form attached hereto as Exhibit A.

8. Real Estate Brokers. Tenant represents and warrants that it has negotiated this Amendment directly with NAI BT Commercial Real Estate Services ("Landlord's Broker") and CBRE ("Tenant's Broker") and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker or salesman to act for Tenant in connection with this Amendment. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims by Tenant's Broker or any other real estate broker or salesman other than Landlord's Broker for a commission, finder's fee or other compensation as a result of Tenant's entering into this Amendment. Landlord shall pay the commission or other fees due to Landlord's Broker in connection with this Amendment and Tenant shall have no responsibility therefor.

9. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to extend the lease or to amend the Lease, or a reservation of or option to extend the lease or to amend the Lease, and is not effective as a lease amendment or otherwise until execution and delivery by both Landlord and Tenant.

10. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.
Tenant:

IN WITNESS WHEREOF, the parties have executed this document as of the date and year first above written.

Landlord:

OYSTER POINT LLC, a Delaware limited liability company

By:

Paul W. Grafft

Name: Paul W. Grafft
Title: Vice President

Name: Franklin Rice
Title: CFO

Tenant Move-in and Lease Renewal Environmental Questionnaire for Oyster Point Business Park

Property Name: Oyster Point Business Park

Premises Address: Suite 8, 384 Oyster Point Blvd.

VistaGen Therapeutics, Inc., a California corporation **("Tenant")**

Instructions: The following questionnaire is to be completed by the Tenant Representative with knowledge of the planned/existing operations for the specified building/location. A copy of the completed form must be attached to all new leases and renewals, and forwarded to the Owner's Risk Management Department. Please print clearly and attach additional sheets as necessary.

1.0 Process Information

Describe planned use (new Lease) or existing operations (lease renewal), and include brief description of manufacturing processes employed.

Biotech research and development and related offices

2.0 Hazardous Materials

Are hazardous materials used or stored? If so, continue with the next question. If not, go to Section 3.0.

2.1 Are any of the following materials handled on the property?

Yes^No

□ Explosives
□ Solvents
□ Acids
X Gases
X Other (please specify). Liquid nitrogen

(A material is handled if it is used, generated, processed, produced, packaged, treated, stored, emitted, discharged, or disposed.) If so, complete this section. If this question is not applicable, skip this section and go on to Section 5.0.

□ Oils
□ Organics/Inorganics
□ Pesticides
□ Radioactive Materials
□ Fuels
□ Oxidizers
□ Bases
□ PCBs

2.2 If any of the groups of materials checked in Section 2.1, please list the specific material(s), use(s), and quantity of each chemical used or stored on the site in the Table below. If convenient, you may substitute a chemical inventory and list the uses of each of the chemicals in each category separately.

2.3 Describe the planned storage area location(s) for these materials. Please include site maps and drawings as appropriate.

Warehouse

Are hazardous wastes generated?

Yes_ No_

3.0 Hazardous Wastes

Are hazardous wastes generated?

If yes, continue with the next question. If not, skip this section and go to Section 4.0. ' ^

3.1 Are any of the following wastes generated, handled, or disposed of (where applicable) on the property?

□ Hazardous wastes
□ Waste oils
□ Air emissions
□ Regulated Wastes
□ Industrial Wastewater
□ PCBs
□ sludges
□ Other (please specify) '

3.2 List and quantify the materials identified in Question 3-1 of this section. Attach separate pages as necessary.

Waste Generated	RCRA listed Waste?	Source	Approximate Monthly Quantity	Waste Characterization	Disposition

3.3 Please include name, location, and permit number (e.g. EPA ID No.) for transporter and disposal facility, if applicable). Attach separate pages as necessary.

Transporter/Disposal Facility Name	Facility Location	Transporter (T) or Disposal (D) Facility	Permit Number

3.4 Are pollution controls or monitoring employed in the process to prevent or minimize the release of wastes into the environment?
Yes __ No ___

If so, please describe.

4.0 USTS/ASTS

4.1 Are underground storage tanks (USTs), aboveground storage tanks (ASTs), or associated pipelines used for the storage of petroleum products, chemicals, or liquid wastes present on site (lease renewals) or required for planned operations (new tenants)?

Yes No **X**

If not, continue with section 5.0. If yes, please describe capacity, contents, age, type of the USTs or ASTs, as well any associated leak detection / spill prevention measures. Please attach additional pages if necessary.

Capacity	Contents	Year Installed	Type (Steel, Fiberglass, etc)	Associated Leak Detection / Spill Prevention Measures*

*Note: The following are examples of leak detection / spill prevention measures:

Integrity testing Inventory reconciliation Leak detection system
Overfill spill protection Secondary containment Cathodic protection

4.2 Please provide copies of written tank integrity test results and/or monitoring documentation, if available.

4.3 Is the UST/AST registered and permitted with the appropriate regulatory agencies?

Yes No

If so, please attach a copy of the required permits.

4.4 If this Questionnaire is being completed for a lease renewal, and if any of the USTs/ASTs have leaked, please state the substance released, the media(s) impacted (e.g., soil, water, asphalt, etc.), the actions taken, and all remedial responses to the incident.

4.5 If this Questionnaire is being completed for a lease renewal, have USTs/ASTs been removed from the property?

Yes __ No ___ *none associated with tenant VistaGen*

If yes, please provide any official closure letters or reports and supporting documentation (e.g., analytical test results, remediation report results, etc.).

4.6 For Lease renewals, are there any above or below ground pipelines on site used to transfer chemicals or wastes?*l*
Yes ___ No ___ *none for VistaGen – unknown for others*
For new tenants, are installations of this type required for the planned operations?
Yes No
If yes to either question, please describe.

5.0 Asbestos Containing Building Materials

Please be advised that this property participates in an Asbestos Operations and Maintenance Program, and that an asbestos survey may have been performed at the Property. If provided, please review the information that identifies the locations of known asbestos containing material or presumed asbestos containing material. All personnel and appropriate subcontractors should be notified of the presence of these materials, and informed not to disturb these materials. Any activity that involves the disturbance or removal of these materials must be done by an appropriately trained individual/contractor.

6.0 Regulatory

6.1 For Lease Renewals, are there any past, current, or pending regulatory actions by federal, state, or local environmental agencies alleging noncompliance with regulations?

Yes No: X

If so, please describe.

6.2 For lease renewals, are there any past, current, or pending lawsuits or administrative

proceedings for alleged environmental damages involving the property, you, or any owner or tenant

of the property? ***a***

Yes __ No: X

If so, please describe.

6.3 Does the operation have or require a National Pollutant Discharge Elimination System

(NPDES) or equivalent permit?

Yes No: X

If so, please attach a copy of this permit.

6.4 For Lease renewals, have there been any complaints from the surrounding community

regarding facility operations?
Yes__ No___ *None that we know of*

Have there been any worker complaints or regulatory investigations regarding hazardous material exposure at the facility?

Yes No

If so, please describe status and any corrective actions taken. Please attach additional pages as necessary.

6.5 Has a Hazardous Materials Business Plan been developed for the site?

Yes No X *none required as far as we know*

If so, please attach a copy.

6.6 Are any environmental documentation, chemical inventory, or management plan required by the local Fire Department or Health-Department?
Yes ___ No_X *as far as we know*
If so, please attach a copy.

Certification

I am familiar with the real property described in this questionnaire. By signing below, I represent and warrant that the answers to the above questions are complete and accurate to the best of my knowledge. I also understand that the Owner will rely on the completeness and accuracy of my answers in assessing any environmental liability risks associated with the property.

Signature:,

Name: Franklin Rice
Title: CFO
Date: 4-30-09
Telephone: 650-244-9990 x 223

SECOND AMENDMENT TO LEASE

(Extension of Lease Term)

THIS SECOND AMENDMENT TO LEASE ("Amendment") is executed as of the 19th day of October, 2010, between OYSTER POINT LLC, a Delaware limited liability company ("Landlord") and VISTAGEN THERAPEUTICS, INC., a California corporation ("Tenant").

RECITALS

A. Landlord (as successor to Shelton International Holdings, Inc., a Hawaii corporation) and Tenant are parties to that certain Industrial Lease, dated March 5, 2007, pursuant to which Tenant leases from Landlord approximately 6,901 rentable square feet of space (the "Premises"), which Premises are known as Suite 8 and located in the building located at 384 Oyster Point Blvd., South San Francisco, California 94080 (the "Building"), which Building is a part of Oyster Point Business Park. The lease was amended by a First Amendment to Lease, dated as of April 24, 2009 (the "First Amendment"), pursuant to which the term of the lease was extended through December 31, 2010, and Tenant's rental obligations were adjusted in order to repay certain past due rent amounts and to defer certain other rent obligations. All capitalized terms not otherwise defined herein shall have the meaning given them in the Lease.

B. Landlord and Tenant presently desire to amend the Lease to extend the term of the Lease for an additional period of six (6) months, as more fully provided below.

NOW, THEREFORE, in consideration of the foregoing, Landlord and Tenant hereby agree as follows:

1. Extension of Lease Term. Effective as of the date hereof, the term of the Lease, as set forth in Paragraphs 1.3 and 3.1 of the Lease (as previously amended), is extended for an additional period (the "Extension Period") of six (6) months, commencing on January 1, 2011, and ending on June 30, 2011. All of the existing terms of the Lease shall apply during the Extension term, except to the extent otherwise expressly provided herein.

2. Condition of Premises. Tenant shall accept the Premises in their "as-is" condition for the Extension Period and Landlord shall have no obligation to make of pay for any improvements or perform any renovation in the Premises as a result of the extension of the Lease term.

3. Monthly Base Rent. During the Extension Period, Tenant shall pay as monthly Base Rent for the Premises under Paragraph 4.1 of the Lease the sum of Ten Thousand Three Hundred Fifty One and 50/100 Dollars ($10,351.50). For the period prior to January 1, 2011, the provisions of Paragraphs 3.a. and 3.b of the First Amendment (which set forth the rent for the Lease extension under the First Amendment) shall continue to apply without modification.

4. Operating Expenses. During the Extension Period, the provisions of Paragraph 4.2 of the Lease (as amended by Paragraph 4 of the First Amendment) shall continue to apply in full, with "Tenant's Share" continuing to be as stated in Paragraph 1.5 of the Lease.

5. Security Deposit. The provisions of Paragraph 5 of the Lease shall continue to apply in full, with the Security Deposit being Twenty Nine Thousand Sixteen Dollars ($29,016.00), which is the amount of the Security Deposit after the full application of the deductions required pursuant to Paragraph 3.b. of the First Amendment.

6. Tenant's Move-In and Renewal Environmental Questionnaire. Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall complete and deliver to Landlord the Questionnaire in the form attached hereto as Exhibit A.

7. Real Estate Brokers. Tenant represents and warrants that it has negotiated this Amendment directly with NAIBT Commercial Real Estate Services ("Landlord's Broker") and CB Richard Ellis, Inc. ("Tenant's Broker") and has not authorized or employed, or acted by implication to authorize or to employ, any other real estate broker or salesman to act for Tenant in connection with this Amendment. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims by any real estate broker or salesman other than Landlord's Broker or Tenant's Broker for a commission, finder's fee or other compensation as a result of Tenant's entering into this Amendment. Landlord shall pay the commission or other fees due to Landlord's Broker and Tenant's Broker in connection with this Amendment and Tenant shall have no responsibility therefor.

8. Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Amendment on behalf of Tenant hereby covenants and warrants that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state of California, (c) Tenant has foil corporate, partnership, trust, association or other appropriate power and authority to enter into this Amendment and to perform all Tenant's obligations under the Lease, as amended by this Amendment, and (d) each person (and all of the persons if more than one signs) signing this Amendment on behalf of Tenant is duly and validly authorized to do so.

9. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to extend the lease or to amend the Lease, or a reservation of or option to extend the lease or to amend the Lease, and is not effective as a lease amendment or otherwise until execution and delivery by both Landlord and Tenant.

10. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this document as of the date and year

first above written.

Landlord:

Tenant:

THRID AMENDMENT TO LEASE(Extension of Lease Term)

THIS THIRD AMENDMENT TO LEASE ("Amendment") is executed as of the 1st day of April, 2011, between OYSTER POINT LLC, a Delaware limited liability company ("Landlord") and VISTAGEN THERAPEUTICS, INC., a California corporation ("Tenant").

RECITALS

A. Landlord (as successor to Shelton. International Holdings, Inc., a Hawaii corporation) and Tenant are parties to that certain Industrial Lease, dated March 5, 2007, pursuant to which Tenant leases from Landlord approximately 6,901 rentable square feet of space (the "Premises"), which Premises are known as Suite 8 and located in the building located at 384 Oyster Point Blvd., South San Francisco, California 94080 (the "Building"), which Building is a part of Oyster Point Business Park. The lease was amended by (i) a First Amendment to Lease, dated as of April 24, 2009, pursuant to which the term of the lease was extended through December 31, 2010, and Tenant's rental obligations were adjusted in order to repay certain past due rent amounts and to defer certain other rent obligations, and (ii) a Second Amendment to Lease, dated as of October 19, 2010, pursuant to which term of the lease was further extended through June 30, 2011. The aforementioned lease, as so amended, is referred to hereinafter as the "Lease." **Air** capitalized terms not otherwise defined herein shall have the meaning given them in the

Lease.

B. Landlord and Tenant presently desire to amend the Lease to extend the term of the Lease

for an additional period of two (2) years, as more fully provided below.

NOW, THEREFORE, in consideration of the foregoing, Landlord and Tenant hereby agree

as follows:

1: Extension of Lease Term. Effective as of the date hereof, the term of the Lease, as set forth in Paragraphs 1.3 and 3.1 of the Lease (as previously amended), is extended for an additional period (the "Extension Period") Of two (2) years, commencing oh July .1, 2011, and ending on June 30, 2013. All of the' existing terms of the Lease shall apply during the Extension Term, except to the extent otherwise . expressly provided herein.

2. Condition of Premises. Tenant shall accept the Premises in their "as-is" condition for the Extension Period and Landlord shall have no obligation to make or pay for any improvements or perform any renovation in the Premises as a result of the extension of the Lease term.

3 . Monthly Base Rent. During the Extension Term, the Monthly Rent provided for in Paragraphs 2.c. and 5 of the Lease shall be the following amounts for the respective periods:

Period	Monthly Rent
7/01/11 through 6/30/12	$12,076.75
7/01/12 through 6/30/13	$12,439.05

4. Operating Expenses. During the Extension Period, the provisions of Paragraph 4.2 of the Lease (as amended by Paragraph 4 of the First Amendment) shall continue to apply in full, with "Tenant's Share" continuing to be as stated in Paragraph 1.5 of the Lease.

5. Security Deposit. The provisions of Paragraph 5 of the Lease shall continue to apply in full, with the Security Deposit.being Twenty Nine Thousand Sixteen Dollars ($29,016.00).

6. Tenant's Move-In and Renewal Environmental Questionnaire. • Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall complete and deliver to Landlord the Questionnaire in the form attached hereto as Exhibit A.

7. Real Estate Brokers. Tenant represents and warrants that it has negotiated this Amendment directly with NAI BT Commercial Real Estate Services ("Landlord's Broker") and CB Richard Ellis, Inc.

("Tenant's Broker") and has not authorized, or employed, or acted by implication to authorize or: to

employ, any other real estate broker or salesman to act for Tenant in connection with this Amendment.

Tenant shall indemnify, defend and hold Landlord, harmless from and against-any and all claims by any real estate broker or salesman other than Landlord’s Broker or Tenant’s Broker for a commission, finder’s fee or other compensation as a result of Tenant's entering into this Amendment. Landlord shall pay the commission of other fees due to Landlord's Broker and Tenant's Broker in connection with this Amendment and Tenant shall have no responsibility therefor.

8. Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Amendment on behalf of Tenant hereby covenants and warrants that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state of California, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Amendment and to perform all Tenant's obligations under the Lease, as amended by this Amendment, and (d) each person (and all of the persons if more than one signs) signing this Amendment on behalf of Tenant is duly and validly authorized to do so.

9. No Offer. Submission of this instrument for examination and signature by Tenant does not constitute an offer to extend the lease or to amend the Lease, or a reservation of or option to extend the lease: or- to amend the Lease, and is not effective as a lease amendment or otherwise until execution and delivery by both Landlord and Tenants .

10. Lease in Full Force and Effect. Except as provided above, the Lease is unmodified hereby and remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this document as of the date and year first above written.

Landlord:

Tenant:
Title

Tenant Movc-in and Lease Renewal Environmental Questionnaire for Oyster Point Business Park

Property Name: Oyster Point Business Park

Premises Address: Suite 8, 384 Oyster Point Blvd.

VistaGen Therapeutics, Inc., a California corporation **. ("Tenant")**

Instructions: The following questionnaire is to be completed by the Tenant Representative with .knowledge of the planned/existing operations for the specified building/location. A copy of the completed form must be attached to all new leases and renewals, and forwarded to the Owner's Risk Management Department. Please print clearly and attach additional sheets as necessaiy.

1.0 Process Information

Describe planned use (new Lease) or existing operations (lease renewal), and include brief description of manufacturing processes employed.

2.0

Hazardous Materials

Are hazardous materials used or stored? If so, continue with the next question. If not, go to Section 3.0.

2.1 Are any of the following materials handled on the property?

Yes V^No

(A material is handled if it is used, generated, processed, produced, packaged, treated, stored, emitted, discharged, or disposed.) If so, complete this section. If this question is not applicable, skip this section and go on to Section 5.0.

□ Explosives XSolvents
X Acids
X Gases
X Other (please specify)

□ Fuels
□ Oxidizers
□ Bases
□ PCBs

□ Oils
□ Organics/Inorganics
□ Pesticides
□ Radioactive Materials
□

2.2 If any of the groups of materials checked in Section 2.1, please list the specific material(s), use(s), and quantity of each chemical used or stored on the site in the Table below. If convenient, you may substitute a chemical inventory and list the uses of each of the chemicals in each. category separately.

3.0 Hazardous Wastes

Are hazardous wastes generated? Yes X No ___
If yes, continue with the next question. If not, skip this section and go to Section 4.0.
□ Hazardous wastes • □ Waste oils
□ Air emissions
□ Regulated Wastes

3.1 Are any of the following wastes generated, handled, or disposed of (where applicable) on the property?

□ Industrial Wastewater
□ PCBs
□ Sludges
X Other (please specify)

3.2 List and quantify the materials identified in Question 3-1 of this section. Attach separate pages as necessary.

Waste Generated	RCRA listed Waste?	Source	Approximate Monthly Quantity	Waste Characterization	Disposition
TBD					

3.3 Please include name, location, and permit number (e.g. EPA ID No.) for transporter and disposal facility, if applicable). Attach separate pages as necessary.

Transporter/Disposal Facility Name	Facility Location	Transporter (T) or Disposal (D) Facility	Permit Number
Stiri cycle	**TBD**		

3.4 Are pollution controls or monitoring employed in the process to prevent or minimize the release of wastes into the environment?
Yes No ___

If so, please describe:

Standard good industrial practice by experienced responsible personel

4.0 USTS/ASTS

4.1 Are underground storage tanks (USTs), above ground storage tanks (ASTs), or associated pipelines used for the storage of petroleum products, chemicals, or liquid wastes present on site (lease renewals) or required for planned operations (new tenants)? .

Yes ___

No X

If not, continue with section 5.0.,: If yes, please describe capacity, contents, age, type of the USTs or ASTs, as well any associated leak detection/spill prevention measures.. Please attach additional pages if necessary.

Capacity	Contents	Year Installed	Type (Steel, Fiberglass, etc)	Associated Leak . Detection / Spill Prevention-Measures*
			.. .	
				,. ... - .

*Note: The following are examples of leak detection / spill prevention measures:

Integrity testing Overfill spill protection
Inventory reconciliation Secondary containment

Leak detection system Cathodic protection

4.2 Please provide copies of written tank integrity test results and/or monitoring documentation, if available.

4.3 Is the UST/AST registered and permitted with the appropriate regulatory agencies?

Yes No
If so, please attach a copy of the required permits.

4.4 If this Questionnaire is being completed for a lease renewal, and if any of the USTs/ASTs have leaked, please state the substance released, the media(s) impacted (e.g., soil, water, asphalt,

etc.), the actions taken, and all remedial responses to the incident.

4.5 If this Questionnaire is being completed for a lease renewal, have USTs/ASTs been removed from the property?
Yes No

If yes, please provide any official closure letters or reports and supporting documentation (e.g., analytical test results, remediation report results, etc.).

4.6 . For Lease renewals, are there any above or below ground pipelines on site used to transfer chemicals or wastes?

Yes No ___
For new tenants, are installations of this type required for the planned operations? Yes No
If yes to either question, please describe.

5.0 Asbestos Containing Building Materials

Please be advised that this property participates in an Asbestos Operations and Maintenance Program, and that an asbestos survey may have been performed at the Property. If provided, please review the information that identifies the locations of known asbestos containing material or presumed asbestos containing material. All personnel and appropriate subcontractors should be notified of the presence of these materials, and informed not to disturb these materials, and informed not to disturb these materials. Any activity that involves the disturbance or removal of these materials must be done by an appropriately trained individual/contractor.

6.0 Regulatory .

6.1 For Lease Renewals, are there any past, current, or pending regulatory actions by federal state, or local environmental agencies alleging noncompliance with regulations?

If so, please describe.

6.2 For lease renewals, are there any past, current, or pending lawsuits or administrative proceedings for alleged environmental damages involving the property, you, or any owner or tenant of the property?
Yes No X

If so, please describe.

6.3 Does the operation have or require a National Pollutant Discharge Elimination System (NPDES) or equivalent permit?

Yes No X

If so, please attach a copy of this permit.

6.4 For Lease renewals, have there been any complaints from the surrounding community regarding facility operations?

Yes No X

Have there been any worker complaints or regulatory investigations regarding hazardous maternal exposure at the facility?

Yes No **X**

If so, please describe status and any corrective actions taken. Please attach additional pages as necessary.

6.5 Has a Hazardous Materials Business Plan been developed for the site?
Yes No X
If so, please attach a copy.

6.6 Are any environmental documentation, chemical inventory, or management plan required by the local Fire Department or/Health Department?

Yes No **X**
If so, please attach a copy.
Certification

I am familiar with the real property described in this questionnaire. By signing below, I represent and warrant that the answers to the above questions are complete and accurate to the best of my knowledge. I also understand that the Owner will rely on the completeness and accuracy of my answers in assessing any environmental liability risks associated with the property.

Signature: /s/ Franklin Rice
Name: A. Franklin Rice
Title: CFO

Date: yr#7-11
Telephone: 650-244-9990

Exhibit 10.19

CLINICAL STUDY AGREEMENT

IND 75,807
AV-101

A Phase 1, Randomized, Double-Blind, Placebo-Controlled Study to Evaluate the Safety and Pharmacokinetics of Single Doses of AV-101 in Healthy Volunteers

Protocol Number VSG-CL-001

Sponsor:
VistaGen Therapeutics, Inc.
384 Oyster Point Boulevard #8 South San Francisco, CA 94080

Institution:
Progressive Medical Concepts, LLC
dba, Progressive Medical Research 5111 Ridgewood Avenue Suite 301
Port Orange, FL 32127

CLINICAL STUDY AGREEMENT

THIS CLINICAL STUDY AGREEMENT ("AGREEMENT"), made and entered into as of April 15, 2010, with an effective date of April 14, 2010 (the "**EFFECTIVE DATE**") between Progressive Medical Concepts, LLC, a Florida limited liability corporation doing business as Progressive Medical Research, located at 5111 Ridgewood Avenue, Suite 301, Port Orange, FL 32127 ("**INSTITUTION**"), and VistaGen Therapeutics, Inc., a California corporation, ("SPONSOR"), shall govern the conduct of a clinical investigation (as described in Section 1 hereof, the "STUDY") of SPONSOR'S proprietary product, AV-101 ("**PRODUCT**").

WHEREAS, SPONSOR and AvivoCHn Clinical Services, LLC ("AVIVOCLIN"), previously collaborated on a portion of the STUDY pursuant to that certain Clinical Study Agreement, dated October 16, 2009, between SPONSOR and AVIVOCLIN (the "**AVIVOCLIN AGREEMENT**"); and

WHEREAS, AVIVOCLIN ceased operations and SPONOSR terminated the AVIVOCLIN AGREEMENT for cause on April 14, 2010; and

WHEREAS, SPONSOR and INSTITUTION wish to collaborate to complete the STUDY such that INSTITUTION shall perform services related to the STUDY in the manner contemplated to be performed by AVIVOCLIN pursuant to the AVIVOCLIN AGREEMENT; and

WHEREAS, Alexander White, MD, with appropriate privileges at AVIVOCLIN and INSTITUTION to conduct the STUDY, was the sole investigator for the STUDY pursuant to the AVIVOCLIN AGREEMENT and has agreed to continue to , serve as sole investigator ("**INVESTIGATOR**") for the STUDY pursuant to this AGREEMENT.

NOW, THEREFORE, in consideration of the mutual promises, benefits, rights, and obligations set forth below, the parties agree as follows:

1. SCOPE OF INVESTIGATION. INSTITUTION, under the primary control, supervision, and oversight of INVESTIGATOR, shall perform the STUDY entitled "A Phase 1, Randomized, Double-Blind, Placebo-Controlled Study to Evaluate the Safety and Pharmacokinetics of Single Doses of AV-101 in Healthy Volunteers," as described in the protocol attached as Exhibit A ("**PROTOCOL**") and incorporated into this Agreement by reference. Should there be any inconsistency between the PROTOCOL and the other terms of this Agreement, the terms of the Agreement shall prevail to the extent of such inconsistency.

INSTITUTION and INVESTIGATOR shall conduct the STUDY in accordance with:

(i) industry standards;
(ii) the conditions and timelines specified in the PROTOCOL and in the Institutional Review Board/Independent Ethics Committee ("**IRB/IEC**") approval;

(iii) all applicable federal, state and local laws, regulations and guidelines, including any requirement of the United State Food and Drug Administration ("**FDA**") (or any successor or replacement entities thereof) and any other governmental department, agency or commission and, to the extent applicable, the Good Clinical Practices ("**APPLICABLE LAW**");

(iv) the STUDY procedures manual supplied by SPONSOR, as updated from time to time;

(v) any additional STUDY instructions that may be provided by SPONSOR from time to time, and

(vi) all terms and conditions contained with Notice of Grant Award 2R44DA08515-02.

2. STUDY MONITOR; DOCUMENTATION. SPONSOR shall provide clinical monitoring for the STUDY. INSTITUTION and INVESTIGATOR shall cooperate with SPONSOR in the performance of its duties as the STUDY monitor. SPONSOR shall make available to INVESTIGATOR copies of the documentation referred to in sub-paragraphs (iv), (v) and (vi) of Article 1 above and INVESTIGATOR shall include such documents in the MASTER FILE. INVESTIGATOR shall be responsible for ensuring that INSTITUTION employees participating in the STUDY are properly informed as to the procedures in the PROTOCOL, and for the safe handling, storage, transportation, and disposal of the PRODUCT.

INSTITUTION and/or INVESTIGATOR shall also supply, if not already provided, the following to SPONSOR within five (5) business days of the Effective Date:

(a) INVESTIGATOR**'S** *curriculum vitae* showing education, training and experience, as well as current staff position and appointment privileges listed therein;

(b) a statement informing SPONSOR if IN VESTIGATOR and/or any employee involved in the STUDY has a financial interest in the outcome of the STUDY, a proprietary interest in the PRODUCT or an equity interest in SPONSOR; and a commitment to promptly update SPONSOR if any relevant change in status of any financial interest that may occur during the course of the STUDY and for one (1) year following the completion of the STUDY;

(c) a letter issued by a duly authorized representative of INVESTIGATOR**'S** medical liability insurance company confirming that INVESTIGATOR shall be covered in respect of his/her potential liability under this Agreement. A certificate confirming the existence of such insurance, as wellas any amendments and revisions thereto, shall also be provided;

(d) any reports from any investigation, audit and explanation of the circumstances that led to any research termination, if INVESTIGATOR or INSTITUTION**S** IRB/IEC has been involved in any such investigation, audit, or such research has been terminated for cause; and

(e) assurances from INVESTIGATOR or INSTITUTION**'S** IRB/IEC indicating that INVESTIGATOR or INSTITUTION**'S** IRB/IEC have not been debarred from receipt of federal monies.

Any withdrawal of INVESTIGATOR**'S** privileges, sanctions against INSTITUTION or INVESTIGATOR or the like shall be reported by INVESTIGATOR in writing immediately to SPONSOR.

3. INSTITUTION AND INVESTIGATOR QUALIFICATIONS. INSTITUTION and INVESTIGATOR represent to SPONSOR that (i) INVESTIGATOR has the appropriate privileges at INSTITUTION to conduct the STUDY; and (ii) INVESTIGATOR and each of INSTITUTION**'S** employees participating in the conduct of the STUDY is qualified by training and experience to conduct the STUDY.

4. FDA REVIEW AND IRB/IEC APPROVAL. SPONSOR has provided to the FDA, INVESTIGATOR and the applicable local IRB/IEC, adequate information (e.g., Investigator's brochure and the PROTOCOL) to obtain approval to begin the STUDY, and the STUDY is ongoing as of the Effective Date. INVESTIGATOR shall be responsible for maintaining all approvals from the local IRB/IEC and INVESTIGATOR shall keep SPONSOR fully appraised of the progress of submissions and shall, upon request, provide SPONSOR with all correspondence relating to any submissions; provided that INVESTIGATOR shall not consent to any change in the PROTOCOL requested by the IRB/IEC without the prior written consent of SPONSOR. INSTITUTION and INVESTIGATOR hereby acknowledge and represent that they have been provided with a copy of the IRB/IEC approval to conduct the STUDY. Said approval, amongst other things, indicates the date it was given, contains the name and signature of the Chairperson or Secretary of the IRB/IEC, states the names, qualifications and professions of the members, and confirms that only those IRB/IEC members who are independent of INVESTIGATOR and SPONSOR voted or provided their opinion on the STUDY. INVESTIGATOR shall confirm that an Informed Consent Form ("**ICF**") has been created by INVESTIGATOR and approved by SPONSOR. Any withdrawal of IRB/IEC approval shall be reported immediately by INVESTIGATOR to SPONSOR.

5. RECRUITMENT AND INFORMED CONSENT. INVESTIGATOR shall recruit subjects for the STUDY and shall use reasonable endeavors to do so in accordance with the timelines set forth in the PROTOCOL. INVESTIGATOR shall use his reasonable best efforts to recruit only subjects likely to be eligible and sufficiently reliable to complete the entire STUDY. INSTITUTION and INVESTIGATOR shall obtain from those subjects recruited to participate in the STUDY or their legal representatives a signed ICF that has been approved in writing by SPONSOR and the IRB/IEC. Each subject shall be provided a photocopy of the ICF explaining that the PRODUCT is being used for clinical investigation and describing all known risks associated with participation in the STUDY, including all elements of consent as required by APPLICABLE LAW. INVESTIGATOR shall also be responsible for ensuring that such known risks are assumed in an informed, voluntary fashion. The ICF shall be signed and dated by each subject or their legal representative and INVESTIGATOR, and the original ICF shall be placed in the MASTER FILE and the recruited subject provided a copy.

6. STUDY INITIATION. SPONSOR shall, free of charge, provide INSTITUTION with sufficient quantities of PRODUCT to enable INSTITUTION to undertake the STUDY; provided that neither INSTITUTION nor INVESTIGATOR shall initiate the STUDY until SPONSOR confirms in writing that it has received:

(a) a fully executed and completed copy of this AGREEMENT;

(b) certification of the extent, if any, of any INVESTIGATOR financial interest in the PRODUCT or SPONSOR; and

(c) laboratory certification and laboratory normal values for each off-site laboratory used to perform analyses, if any.

INSTITUTION and each of its employees participating in the STUDY shall conduct this STUDY in accordance with industry standards, the conditions specified the PROTOCOL, the conditions specified in the IRB/IEC approval, the current market authorization for the PRODUCT, all APPLICABLE LAWS, the STUDY procedure manual supplied by SPONSOR, as updated from time to time, and any additional STUDY instructions that may be provided by SPONSOR from time to time.

7. SUPERVISING USE. INVESTIGATOR shall permit the PRODUCT to be used only by recruited subjects under INVESTIGATOR**S** supervision and his appropriate designee, such as the study site coordinator. The PRODUCT shall not be supplied to any person other than those authorized under this AGREEMENT. No investigational procedures other than those set forth in. the PROTOCOL shall be undertaken with the PRODUCT on the recruited subjects or otherwise without the prior written approval of SPONSOR and the IRB/IEC and/or the FDA (when necessary). INSTITUTION and INVESTIGATOR certify that the PRODUCT shall not (i) be supplied to any unauthorized third party or laboratory, or any clinic for use in humans or for *in vitro* or *in vivo* laboratory research without the prior written permission of SPONSOR; and (ii) be used for any purpose other than the conduct of the STUDY.

Use of off-site laboratories not listed in the PROTOCOL to perform analyses shall be pre-approved in writing by SPONSOR. INVESTIGATOR and INSTITUTION shall be responsible for ensuring that all data obtained from off-site laboratories shall be provided to INSTITUTION to be made part of the recruited subject medical records.

The STUDY is to be conducted as a blind trial. SPONSOR shall, free of charge, provide INSTITUTION with sufficient quantities of investigational or marketed product, or placebo, used as a reference in the STUDY, to enable INSTITUTION to undertake the STUDY, the use of which by INSTITUTION and INVESTIGATOR shall be subject, *mutatis mutandis,* to the terms and conditions applicable to the PRODUCT. INSTITUTION shall not perform any independent assays for the purpose of unblinding treatment assignment. INSTITUTION and INVESTIGATOR shall (i) use all methods possible to ensure that the blind is preserved and promptly document and explain to SPONSOR any premature unblinding (e.g., accidental unblinding, unblinding due to a severe adverse event or serious adverse event) of the PRODUCT; (ii) follow the STUDY**'S** randomization procedures, if any; and (iii) ensure that the code is broken only in accordance with the PROTOCOL. Upon conclusion or ten-nination of the STUDY, INSTITUTION or INVESTIGATOR shall provide SPONSOR with the randomized codes that are related to the STUDY.

All specimens collected by or on behalf of INSTITUTION shall be delivered to SPONSOR or its designee by INSTITUTION in a timely manner throughout the performance of the STUDY in accordance with the PROTOCOL, or as otherwise provided by SPONSOR, or when SPONSOR otherwise requests delivery of the specimens. INSTITUTION shall not collect specimens for use in any research without prior written permission from SPONSOR.

8. DISPOSING OF CLINICAL SUPPLIES. Upon completion or termination of the STUDY, or at SPONSOR**'S** request, INSTITUTION and/or INVESTIGATOR shall return to SPONSOR any remaining PRODUCT, or, if so instructed by SPONSOR, destroy any such remaining PRODUCT in accordance with the instructions provided by SPONSOR and consistent with APPLICABLE LAW and provide to SPONSOR satisfactory proof of destruction.

9. STUDY RECORDS; MASTER FILE. INSTITUTION and INVESTIGATOR hereby acknowledge and affirm that they have received the master file produced by AVIVOCLIN at the beginning of the STUDY, which shall be updated during the STUDY to contain at least the documentation which individually and collectively permit evaluation of the conduct of the STUDY and the quality of the data produced, the whole as specified in section **8** of the Good Clinical Practice: Consolidated Guideline (edition published by authority of the Minister of Health, **1997)** (the **"MASTER FILE").** Without limiting the generality of the foregoing, INSTITUTION and/or INVESTIGATOR shall maintain the following accurate, complete and current records, which shall be made available to SPONSOR and SPONSOR**'S** designee promptly upon request:

(a) any and all correspondence with SPONSOR or its representatives, the IRB/IEC, and the FDA;

(b) records of receipt, use or disposition of the PRODUCT including:

(i) the date of receipt, type, quantity, lot number and other identifying marks of the PRODUCT;
(ii) the names of all persons who received, used or disposed of each unit of the PRODUCT; and

(iii) an explanation of the reasons why any PRODUCT was returned to SPONSOR;

(c) source records of each subject's case history and exposure to the PRODUCT;

(d) the PROTOCOL with documents showing the dates of and reasons for each deviation from the PROTOCOL; and

(e) INVESTIGATOR'S brochure.

The MASTER FILE shall:

(i) include copies of signed IRB/IEC-approved ICFs for STUDY inclusion;

(ii) be transcribed onto SPONSOR-supplied Case Report Forms ("**CRF**") and be completed at times indicated by SPONSOR; and

(iii) include all observation, and other data pertinent to the STUDY, and records concerning adverse events.

The foregoing source documents and records shall be made available for inspection and copying at routine clinical monitoring visits. INSTITUTION and INVESTIGATOR shall cooperate with SPONSOR or SPONSOR**'S** designee during monitoring visits or for the resolution of questions regarding records or clinical data generated throughout the performance of this AGREEMENT.

INSTITUTION and INVESTIGATOR shall retain records in accordance with APPLICABLE LAW and, at a minimum, for a period of two (2) years after the latter of the following: the date on which all investigational studies using the PRODUCT are terminated or completed or the date SPONSOR receives notice from the FDA of the approval of the PRODUCT for commercialization.

Names of subjects shall not be divulged unless the record requires more detailed study or if a reason exists to believe the record does not contain actual results. INSTITUTION and/or INVESTIGATOR shall maintain detailed lists identifying recruited subjects.

10. SUBJECT CARE. INVESTIGATOR must see and evaluate the subject at each visit, sign or initial and date the appropriate CRFs. INVESTIGATOR may deem it necessary to perform special tests, to hospitalize the subject or to prescribe additional drugs for the management of the subject's care. SPONSOR personnel or SPONSOR**'S** designee (e.g. Cato Research Ltd.) shall be available to consult with INVESTIGATOR about subject problems and care. (Refer to the Study Procedures Manual given out by Cato Research Ltd. to SPONSOR and INSTITUTION for names and contact information of such personnel.). INVESTIGATOR agrees to report immediately to SPONSOR and SPONSOR designee (e.g. assigned Medical Monitor from Cato Research Ltd.) allunanticipated problems involving risks to human subjects or others.

11. REPORTING. INSTITUTION and INVESTIGATOR shall prepare and submit the following completed, accurate and timely reports:

(a) CRFs: Completed, adequate and accurate CRFs shall be provided to Cato Research Ltd., SPONSOR designee and contract research organizations required in the PROTOCOL and otherwise as reasonably requested by SPONSOR or its designee. In the event that subject follow-up is not possible for any reason, this fact and the circumstances thereof shall be documented in the CRF.

(b) Adverse Events: All serious adverse events (SAEs) or adverse drug events (ADEs) must be reported immediately to the Medical Monitor of the STUDY and/or the SPONSOR and its designee Cato Research Ltd. by INVESTIGATOR except for those SAEs or ADEs that the protocol or other document *(e.g.,* Investigator's Brochure) identifies as not needing immediate reporting. The immediate reports should be followed promptly by detailed, written reports. The immediate and follow-up reports should identify subjects by unique code numbers assigned to the STUDY subjects rather than by the subjects' names, personal identification numbers, and/or addresses. INVESTIGATOR should also comply with the APPLICABLE LAW related to the reporting of serious adverse drug reactions to the regulatory authorities and the IRB/IEC.

Adverse events and/or laboratory abnormalities identified in the PROTOCOL as critical to the safety evaluations should be reported by INVESTIGATOR to the Medical Monitor of the STUDY and/or SPONSOR and its designee Cato Research Ltd. according to the reporting requirements and within the time periods specified by SPONSOR in the PROTOCOL.

For reported deaths, INVESTIGATOR should supply the Medical Monitor of the STUDY, the SPONSOR, the SPONSOR designee Cato Research Ltd., and the IRB/IEC with any additional requested information *(e.g.,* autopsy reports and terminal medical reports).

(c) Withdrawal of IRB/IEC Approval. The withdrawal of approval of INSTITUTION**'S** or INVESTIGATOR**'S** participation in the investigation by the IRB/IEC shall be reported in writing to SPONSOR designee Cato Research Ltd, and/or the SPONSOR by INVESTIGATOR immediately following receipt of notice from the IRB/IEC.

(d) Informed Consent. Any failure to obtain informed consent from a subject prior to use of the PRODUCT shall be reported to SPONSOR designee Cato Research Ltd, and/or the SPONSOR and the IRB/IEC in writing immediately after discovery of such occurrence.

In addition, at the request of SPONSOR and/or SPONSOR designee Cato Research Ltd, INSTITUTION and INVESTIGATOR shall provide to the Medical Monitor of the STUDY, SPONSOR designee Cato Research Ltd, and/or the SPONSOR in writing:

(a) periodic progress reports,

(b) safety reports on any adverse effect that may reasonably be regarded as caused by or probably caused by the PRODUCT,

(c) a final report relating to the all work, including the initial work performed by AVIVOCLIN on the PRODUCT, performed under this AGREEMENT within 60 days of completion, and

(d) updated information on INVESTIGATOR**'S** financial interest in the PRODUCT or SPONSOR or INSTITUTION employee's participating in the STUDY**'S** financial interest in same.

SPONSOR and/or SPONSOR designee shall prepare all reports required for submission to FDA. INSTITUTION and/or INVESTIGATOR agree, upon request by SPONSOR and/or SPONSOR designee Cato Research Ltd, to conduct a complete, accurate and timely review and provide comments on any such report before its submission by SPONSOR to-the FDA.

12. INSPECTIONS. Upon request from any properly authorized personnel of the FDA, INSTITUTION and INVESTIGATOR shall permit the FDA representative to have access to, copy and verify any records or reports related to the STUDY. If, during the course of the STUDY, authorized personnel from FDA request access to STUDY records, INSTITUTION and INVESTIGATOR shall notify the Medical Monitor of the STUDY or SPONSOR designee Cato Research Ltd, and SPONSOR by telephone within three (3) business days and SPONSOR or SPONSOR'S designee shall be permitted, upon request, to be present during each such visit from FDA. INSTITUTION and INVESTIGATOR shall immediately send SPONSOR designee Cato Research Ltd, and SPONSOR copies of all communications among INSTITUTION, INVESTIGATOR, and FDA concerning observations related to the STUDY. SPONSOR shall assist INSTITUTION and INVESTIGATOR in responding to any observations made by FDA concerning the STUDY.

13. COMPENSATION. INSTITUTION shall be compensated by SPONSOR for services performed in connection with the STUDY pursuant to the requirements of the PROTOCOL in the sum of seven thousand seven hundred and seventy-five US dollars ($7,775.00) per eligible subject completed after the Effective Date, which amount is inclusive of any and all applicable fees and overheads.

INSTITUTION'S compensation shall be paid pursuant to the Clinical Trial Compensation Schedule set forth in Exhibit B hereto pursuant to invoices sent by INSTITUTION.

The maximum amount to be earned for subjects who complete the entire STUDY is set forth in Exhibit C, Budget of Per Subject Clinical Trial Costs.

The parties shall negotiate changes to the budget that may be necessitated by amendments to the PROTOCOL, if any.
Payments shall be made payable to: Progressive Medical Concepts LLC, dba Progressive Medical Research
and shall be addressed as follows:

Progressive Medical Research c/o Alexander White, MD 128 S.Halifax Dr. Ormond Beach, FL 32176 Wiring Instructions: Bank of America ABA #026009593
For Further Credit to Progressive Medical Concepts, LLC Account #5564148128
Swiss Code (for international wires) BOFAUS3N

SPONSOR acknowledges that INSTITUTION maintains the status of a not-for-profit/tax-exempt institution for which no withholding should be required. It is agreed, to the extent required by APPLICABLE LAW that SPONSOR shall report any payments to INSTITUTION and be allowed to withhold any applicable taxes from INSTITUTION'S payment.

14. CONFIDENTIAL INFORMATION. INVESTIGATOR and INSTITUTION acknowledge that in order to perform the STUDY and throughout their performance of the STUDY, they shall have access to certain confidential information and samples, including, but not limited to, know-how, data, technology, expertise or other information, whether or not patented or patentable, copyrighted or copyrightable, presently owned or controlled by SPONSOR or acquired or developed by SPONSOR, INSTITUTION and/or INVESTIGATOR during the TERM of this AGREEMENT which relates to the STUDY and the PRODUCT or to processes or methods of formulating, manufacturing or using the PRODUCT **("CONFIDENTIAL INFORMATION").** SPONSOR shall endeavor to mark tangible CONFIDENTIAL INFORMATION disclosed by or on behalf of SPONSOR as "CONFIDENTIAL" and to confirm verbally disclosed CONFIDENTIAL INFORMATION as "CONFIDENTIAL" in writing, with the understanding that failure to do so does not constitute a designation of non-confidentiality, particularly when the confidential nature is apparent from context and subject matter.

INVESTIGATOR and INSTITUTION further acknowledge that, except for the original recruited subject records which belong to the recruited subjects involved in the STUDY pursuant to APPLICABLE LAW, such CONFIDENTIAL INFORMATION is solely the property of SPONSOR and that the continued success of SPONSOR depends in large part on keeping this CONFIDENTIAL INFORMATION from becoming known by competitors.

INSTITUTION and INVESTIGATOR agree:
(a) not to use such CONFIDENTIAL INFORMATION except for the purpose of conducting the STUDY; and

(b) not to disclose or transfer CONFIDENTIAL INFORMATION to others, except to those employees or agents who reasonably require same for the purpose hereof and who are bound by like written obligations to protect SPONSOR**'S** CONFIDENTIAL INFORMATION or information required by law or regulations to be disclosed to the IRB/IEC, the recruited subjects, or the FDA without the express written permission of SPONSOR, except:

(i) that which the recipient can demonstrate by written records was previously known to recipient;

(ii) that which is now, or becomes in the future, publicly available other than by breach of this AGREEMENT by the recipient; or

(iii) that which is lawfully disclosed to the recipient on a non-confidential basis by a third party who is not obligated to SPONSOR or any other party to retain CONFIDENTIAL INFORMATION in confidence.

The furnishing of CONFIDENTIAL INFORMATION under this AGREEMENT shall not constitute any grant, option or license to INSTITUTION or INVESTIGATOR under any patent or other rights now or hereafter held by SPONSOR. Neither INSTITUTION nor INVESTIGATOR shall acquire any rights of any land whatsoever with respect to the PRODUCT as a result of this AGREEMENT or otherwise.

AH **original recruited subject records are the sole and exclusive property of the respective subjects, to be retained by INSTITUTION**as **required by Section** 9 **of this AGREEMENT and all other APPLICABLE LAW. All data, information and results generated by performance of this AGREEMENT shall be and are the exclusive property of SPONSOR, and shall be delivered to SPONSOR and/or SPONSOR designee in a timely fashion, and in no event later than ten (10) days after: any date required by the PROTOCOL, receipt of SPONSOR'S or SPONSOR designee's written request for the data, termination of the STUDY, and/or termination of this AGREEMENT.**

Upon request of SPONSOR or SPONSOR designee, at the completion or earlier termination of the PROTOCOL, all CONFIDENTIAL INFORMATION and any copies thereof shall be returned to SPONSOR, except that one record copy may be retained in INSTITUTION's/INVESTIGATOR's legal files solely for purposes of determining future compliance with the terms of this AGREEMENT.

In the event INSTITUTION or INVESTIGATOR is ordered to provide CONFIDENTIAL INFORMATION by a lawful judicial or government order, INSTITUTION shall promptly inform SPONSOR designee and SPONSOR and shall permit SPONSOR to oppose such order of disclosure and shall assist in such defense to the extent permitted by law.

The obligations of confidentiality, non-disclosure and non-use hereunder shall survive expiration or early termination and continue until the relevant CONFIDENTIAL INFORMATION falls within the exceptions provided for in paragraph (b) above.

15. INTELLECTUAL PROPERTY. Ownership of any creations, ideas, designs, processes, inventions, improvements, discoveries, developments and the like relating to the PRODUCT, whether patentable or not, made or conceived by one or more employees of INSTITUTION and/or INVESTIGATOR, solely or jointly with others as a result of performance of the STUDY or any disclosure under this AGREEMENT (the "INVENTIONS"), including any and all intellectual property rights therein, shall vest in SPONSOR as and from the moment of their creation. INSTITUTION and/or INVESTIGATOR shall promptly notify SPONSOR in writing of any such INVENTIONS, and at SPONSOR'S request and expense, INVESTIGATOR shall cause to be assigned to SPONSOR all right, title and interest in and to any such INVENTIONS, including any and all intellectual property rights therein.

At SPONSOR'S request, INVESTIGATOR and INSTITUTION shall provide SPONSOR with assistance as is reasonable to obtain and secure the intellectual property rights in and to any INVENTIONS, including, the execution of the legal documents related thereto and perform any and all acts necessary to assist SPONSOR in preparing, filing, and enforcing its rights in any patent applications or in otherwise perfecting its rights thereto; provided that all expenses related thereto shall be paid by SPONSOR.

16. PUBLICATION OF RESULTS. Due to the confidential nature of the information that passes between INVESTIGATOR and SPONSOR, certain precautions must be taken in the release of information to the public. SPONSOR does not wish to infringe upon INVESTIGATOR'S rights to publish work nor does it wish to censor or in any other way impede the flow of scientific knowledge. However, there are many considerations that must be made before information pertaining to an investigational compound can be released to the public. The investment of SPONSOR, as well as all who have contributed to the development of the investigational compound, must be protected.

INSTITUTION agrees that the PRIMARY PUBLICATION coordinated by SPONSOR shall be the first publication to present the STUDY results. Following the PRIMARY PUBLICATION, or if the PRIMARY PUBLICATION is not submitted for publication within eighteen months of completion of the STUDY (meaning completion of analysis of the pooled and locked database), the INSTITUTION and INVESTIGATOR may publish or present materials related to the STUDY upon SPONSOR'S written consent.

In the event SPONSOR permits INSTITUTION to conduct additional research as described in Section 7 above, INSTITUTION and INVESTIGATOR shall not publish or make presentations with respect to such research without written authorization by SPONSOR until after the PRIMARY PUBLICATION is published or publicly presented, or if the PRIMARY PUBLICATION is not published within two years of completion of the STUDY (meaning completion of data analysis of the pooled and locked database).

If INVESTIGATOR wishes to make a submission for presentation or publication subject to the paragraphs above, INVESTIGATOR must submit all manuscripts, written or oral presentations to SPONSOR at least thirty (30) days prior to the date on which such submission is proposed to be made and SPONSOR shall provide timely review of such materials. INVESTIGATOR shall give due consideration to all comments received from SPONSOR.

SPONSOR may cause the presentation or submission to be delayed for up to thirty (30) additional days if, upon review of the presentation or submission, SPONSOR reasonably determines and notifies INVESTIGATOR within the initial thirty (30) day period that the presentation or submission contains patentable material or SPONSOR**'S** CONFIDENTIAL INFORMATION. INSTITUTION and/or INVESTIGATOR agree to provide to SPONSOR and its representatives such assistance in the preparation and filing of any patent application(s) as SPONSOR may reasonably request and to cooperate with SPONSOR with regard to such measures as are reasonably necessary to protect the CONFIDENTIAL INFORMATION.

INSTITUTION shall give SPONSOR the option of receiving an acknowledgement in manuscripts, written, or oral presentations in recognition of its sponsorship of the STUDY.

17. INDEMNIFICATION AND INSURANCE. SPONSOR shall indemnify and hold harmless INSTITUTION, its trustees, officers, agents and employees, INVESTIGATOR and associated staff from any and all liability, loss or damage, including attorneys' fees, they may suffer as the result of claims, actions, demands, costs, or judgments **("PROCEEDINGS")** against them arising out of the activities to be carried out pursuant to this AGREEMENT; provided, however, that any such liability, loss, or damage resulting from a failure to adhere to the terms of the PROTOCOL or SPONSOR**'S** other written instructions relative to the use of the PRODUCT, failure to comply with any APPLICABLE LAW, including FDA requirements, or negligence or willful malfeasance by INVESTIGATOR or INSTITUTION, or their trustees, officers, agents or employees, is excluded from the AGREEMENT to indemnify.

INSTITUTION and/or INVESTIGATOR shall notify SPONSOR in writing immediately upon becoming aware of a PROCEEDING for which SPONSOR has indemnification obligations and agree to cooperate with and to authorize SPONSOR to carry out the sole management and defense of such PROCEEDING. SPONSOR agrees, at its own expense, to defend any such PROCEEDING whether or not such PROCEEDING is rightfully brought or filed.

Neither INSTITUTION, its trustees, officers, agents or employees, INVESTIGATOR, nor associated staff shall compromise or settle any PROCEEDINGS without the prior written approval of SPONSOR.

SPONSOR agrees to (i) carry sufficient liability insurance in amounts not less than One Million Dollars (51,000,000) per incident and One Million Dollars (S1,000,000) annual aggregate toto cover its indemnification obligations under this AGREEMENT or (ii) to provide evidence to the satisfaction of INSTITUTION of self insurance in respect of its liability under this Agreement. Such coverage may not be changed or terminated except upon at least forty-five (45) days prior written notice to INSTITUTION.

INSTITUTION shall, to the extent permitted by law, secure and maintain in full force and effect throughout the performance of the STUDY insurance coverage for (a) Employer's Liability, (b) General Liability, and (c) Automobile Liability, as well as Professional Medical and Nursing Indemnity in amounts appropriate for the conduct of INSTITUTION**'S** business.

18. SUBJECT INJURY. The INSTITUTION AND INVESTIGATOR agree that SPONSOR shall not be liable for any patient's physicians' fess, medical expenses or any other financial compensation resulting from an injury directly or indirectly caused by the STUDY or the PRODUCT.

19. NOTICES. All notices, requests, consents and other communications under this AGREEMENT shall be in writing and shall be delivered by hand or by registered mail, return receipt requested, postage prepaid, as follows (or to such other address as a party hereto may notify the other in writing):

(a) to SPONSOR addressed:

VistaGen Therapeutics, Inc. 384 Oyster Point Boulevard #8 South San Francisco, CA 94080

Attention: Ralph Snodgrass, Ph.D., CSO
(b) to INSTITUTION addressed:
Progressive Medical Concepts LLC

dba Progressive Medical Research 5111 Ridgewood Ave., Ste. 301 Port Orange, FL 32127

Attention: Alexander White, M.D.; and

(c) to INVESTIGATOR addressed:

Alexander White, MD 128 S. Halifax Dr. Ormond Beach, FL 32176

20. TERMINATION. This AGREEMENT shall be effective as of the EFFECTIVE DATE and shall terminate upon completion of the STUDY and SPONSORS receipt and acceptance of the data and documentation as provided in the PROTOCOL and payment of the fees as provided in Section 14 (the "TERM").

SPONSOR reserves the right to advise INSTITUTION to discontinue recruiting subjects for the STUDY at any time. SPONSOR reserves the right to terminate this AGREEMENT at any time with or without cause upon notice to INSTITUTION and INVESTIGATOR. Any verbal notification of termination shall be confirmed in writing within thirty (30) days. Upon receipt of initial notice from SPONSOR, the clinical investigation of the PRODUCT and the recruitment of further subjects into the STUDY shall cease. The collection of data and the preparation of CRFs for subjects who received the PRODUCT prior to notice shall continue pursuant to written instruction of SPONSOR or SPONSOR'S designee Cato Research Ltd. SPONSOR shall reimburse INSTITUTION for all reasonable and uncancelable obligations resulting from the termination upon receipt by SPONSOR of an itemized listing of such obligations unless SPONSOR has terminated this AGREEMENT for cause.

INSTITUTION may terminate this AGREEMENT if SPONSOR materially breaches this AGREEMENT and SPONSOR fails to cure such breach within thirty (30) days from the receipt of prior written notice from INSTITUTION, or if INSTITUTION believes that the continuation of the PROTOCOL is detrimental to the health and/or safety of subjects) participating in the PROTOCOL.

INSTITUTION shall immediately notify SPONSOR if INVESTIGATOR ceases to be employed by or associated with INSTITUTION, and shall use reasonable endeavors to find a replacement acceptable to both SPONSOR and INSTITUTION. If no mutually acceptable replacement can be found either party may terminate this AGREEMENT.

SPONSOR reserves the right to extend the AGREEMENT upon showing of clinical need or to comply with APPLICABLE LAW.

21. PUBLICITY.

(a) Advertisement for Subjects. SPONSOR designee Cato Research Ltd., or SPONSOR must approve the text of advertisements soliciting subjects for the STUDY before placement. Advertisements must be submitted to and approved by the IRB/IEC. Such advertisements must not name the PRODUCT, contain promotional or therapeutic claims or mention SPONSOR. Advertisements should be limited to the information on the prospective subjects' need to determine their eligibility and interest.

(b) Press Releases. INSTITUTION and SPONSOR shall obtain written permission from each other before using the name, symbol and/or marks of the other in any form of publicity in connection with the STUDY. This shall not include legally required disclosure by SPONSOR or INSTITUTION that identifies the existence of the AGREEMENT. Further, SPONSOR**'S** use of the name, symbols, and/or marks of INSTITUTION, or names of INSTITUTION**'S** employees, shall be limited to identification of INSTITUTION as a research site and the research staff as participants of the STUDY.

(c) Inquiries from Media and Financial Analysts. During and after the STUDY, INSTITUTION may receive inquiries from reporters or financial analysts. SPONSOR requires that INSTITUTION confer with them, before responding to such inquiries. SPONSOR may have information about the inquiry that may be helpful in determining whether it is appropriate to respond and, if so, the nature of the response;otherwise, a misunderstanding or misquotation may have unfortunate consequences; therefore, careful preparation before response is essential.

(d) Publicity Material. SPONSOR shall not use, or authorize others to use, the name or marks of INSTITUTION in any advertising or publicity materials or make any form of representation or statement in relation to the STUDY that would constitute an expressed or implied endorsement by INSTITUTION of any commercial product of service without prior written approval from INSTITUTION.

22. DEBARMENT. INSTITUTION warrants and represents that INSTITUTION has never, does not currently, and during the term of this AGREEMENT, will not:

(a) employ a corporation, partnership, or an association that has been debarred by FDA, NIH, or any federal agency **("DEBARRED ENTITY")** from submitting or assisting in the submission of a drug application, or an employee, partner, shareholder, member, subsidiary, or affiliate of a DEBARRED ENTITY, or

(b) employ an individual that has been debarred by FDA, NIH, or any federal agency **("DEBARRED INDIVIDUAL")** from providing services in any capacity to a person that has an approved or pending drug application, or an employer, employee, or partner of a DEBARRED INDIVIDUAL.

INVESTIGATOR warrants and represents that he/she has never, is not and shall not during the term be debarred by FDA, NIH, or any federal agency and has not and is not involved in any regulatory or misconduct litigation or investigation by regulatory authorities (Canadian or foreign). No data produced by him/she in any previous clinical study has been rejected because of concerns as to its accuracy or because it was generated by fraud.

23. INDEPENDENT CONTRACTOR. INSTITUTION and INVESTIGATOR shall, at all times, be independent contractors,, not agents of SPONSOR, and shall have no actual, apparent or implied authority to act or make representations for, or on behalf of, or to bind or commit SPONSOR in any manner or to any obligation whatsoever. The rights, duties, obligations and liabilities of the parties shall be several and not joint or collective.

24. MISCELLANEOUS PROVISIONS.

(a) INSTITUTION and INVESTIGATOR represent that they are under no obligation to any third party that would interfere with providing services to SPONSOR or otherwise contravene the provisions of this AGREEMENT. .

(b) Neither INSTITUTION nor INVESTIGATOR shall assign or transfer any rights or obligations hereunder, or any part hereof, without the prior written consent of SPONSOR.

(c) Paragraph and section headings are included for convenience of reference only and form no part of the AGREEMENT between the parties.

(d) No failure or delay on the part of a party in exercising any right hereunder shall operate as a waiver of, or impair, any such right. No single or partial exercise of any such right shall preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right shall be deemed a waiver of any other right hereunder.

(e) If any provision of this AGREEMENT is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction: such provision shall be deemed amended to conform to applicable laws of such jurisdiction so as to be valid and enforceable, or, if it cannot be so amended without materially altering the intention of the parties, it shall be stricken. The validity, legality and enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction and the remainder of this AGREEMENT shall remain in full force and effect.

(g) This AGREEMENT with exhibits contains the entire AGREEMENT between the parties, and no statement or inducements made by either party or an agent of either party which is not contained or referenced in this AGREEMENT shall be valid or binding. Neither this AGREEMENT nor any Exhibit may be modified except in writing and signed by the parties hereto.

(h) Neither party shall be liable to the other party or shall be in default of its obligations hereunder if such default is the result of war, hostilities, revolution, civil commotion, strike, epidemic, accident, fire, wind, flood or because of any act of God or other cause beyond the reasonable control of the party affected. The party affected by such circumstances shall promptly notify the other party in writing when such circumstances cause a delay or failure in performance (a "DELAY") and where they cease to do so. In the event of a DELAY lasting for four (4) months or more the non-affected Party shall have the right to terminate this AGREEMENT immediately by notice in writing to the other party.

(i) During the TERM of this Agreement and for twelve (12) months thereafter, INVESTIGATOR will not, without the prior written consent of SPONSOR (which may be withheld for any reason), participate in s study substantially similar to the STUDY to person or entity that is developing a product intended to, or which can be reasonably expected to, compete with the PRODUCT.

(j) INSTITUTION and INVESTIGATOR represent that they have access to all facilities, equipment, and staff necessary to fully provide the services to SPONSOR contemplated in this AGREEMENT.

25. GOVERNING LAW. This AGREEMENT shall be construed in accordance with the laws of the state of California, irrespective of whether the alleged breach of the AGREEMENT occurs in or outside of such state.

26. NO OTHER WARRANTIES. THERE ARE NO WARRANTIES, OR CONDITIONS, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, RELATING TO THE PRODUCT

OR ITS USE. SPONSOR DISCLAIMS ALL IMPLIED WARRANTIES OR CONDITIONS, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE WITH RESPECT TO THE PRODUCT OR ITS USE, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALIDITY, SCOPE, ENFORCEABILITY OR PATENTABILITY OF THE INTELLECTUAL PROPERTY RIGHTS OR NONINFRINGEMENT OF THIRD PARTY PROPRIETARY RIGHTS OF ANY KIND.

27. LIMITATION OF DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR OTHER SIMILAR DAMAGES WHETHER FORESEEABLE OR UNFORESEEABLE, ARISING OUT OF OR IN CONNECTION OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE PARTIES AGREE THAT THE LIMITATION OF LIABILITY SET FORTH IN THIS SECTION IS A REASONABLE ALLOCATION OF RISK AND A FUNDAMENTAL PART OF THE BASIS OF EACH PARTY'S BARGAIN HEREUNDER, AND NEITHER PARTY WOULD ENTER INTO THIS AGREEMENT ABSENT SUCH LIMITATIONS. This Section shall not apply to the extent that APPLICABLE LAW specifically requires liability despite the foregoing exclusions and limitation.

28. SURVIVABILITY. All obligations and liabilities which, by their nature, are intended to survive the termination of this AGREEMENT shall remain in effect beyond any such termination.

The parties have executed this AGREEMENT as of the EFFECTIVE DATE above written.

Print Name: H, Ralph Snodgrass. Ph.D.
Title: President and CSO
Date:

Title: President Date:

INVESTIGATOR hereby confirms that he has (i) read and understands each and every provision of this AGREEMENT; (ii) had the opportunity to obtain advice from legal counsel of his choice in order to understand any and all of its provisions; (iii) had the opportunity to ask questions about its contents, and any of such questions have been answered to his satisfaction; and (iv) been given a copy of this AGREEMENT.

Furthermore, I hereby agree to be personally bound by the terms and conditions this AGREEMENT.
Signature:

Print Name: Alexander White. MP
Date:

Exhibit A

Protocol

Exhibit B

Clinical Trial Compensation Schedule

VistaGen Study VSG-CL-001 Payment Schedule

The following schedule will be adhered to with regard to compensation for conduct of the STUDY. Compensation requests should be sent to SPONSOR pursuant to written invoices as contemplated by the AGREEMENT.

1. After each monitoring visit, a payment of approximately 75 % of the agreed upon per subj ect per visit payment will be made for subjects for whom case report forms have been completed and monitored.
2. After enrollment has been completed for the STUDY, payment of $1,980 will be made for each subject who fails screening, provided, however, that the number of compensated screening failures will not exceed 25% of the number of enrolled subjects.
3. Once enrollment has been completed for the STUDY, a payment of $300 for sample shipment management will be made.
4. Upon fmalization of STUDY data for the site (as evidenced by satisfactory resolution of all data queries for the site as determined by SPONSOR and its designee, Cato Research clinical management, the remaining 25% of the agreed upon per subject payments will be made.
5. Upon database lock, a payment of $500 will be made for records storage.

Exhibit C

Budget of Per Subject Clinical Trial Costs

STRATEGIC DEVELOPMENT SERVICES AGREEMENT

THIS STRATEGIC DEVELOPMENT SERVICES AGREEMENT (the "Agreement"), is made as of February 26, 2007(the "Effective Date"), by and between **Cato Research Ltd.,** a North Carolina corporation ("CATO RESEARCH"), and **VIstaGen Therapeutics Inc.,** a California corporation ("CLIENT). Each of CATO RESEARCH and CLIENT may be referred to herein separately as a "Party" and collectively as the "Parties."

WHEREAS, CLIENT is engaged in the evaluation and development of new biologies, pharmaceutical agents and/or other life sciences technologies (collectively, "Products"); and

WHEREAS, CATO RESEARCH is a contract research and development organization ("CRO") providing a broad range of services for the evaluation, development and commercialization of Products ("CRO Services"); and

WHEREAS, CLIENT wishes to hire CATO RESEARCH, and CATO RESEARCH wishes to be hired by CLIENT, to assist CLIENT with certain aspects of the evaluation and development of CLIENTS Products as specified by CLIENT from time to time; and.

WHEREAS, CLIENT, CATO RESEARCH and Cato BioVentures, a North Carolina corporation and the venture capital affiliate of CATO RESEARCH ("CATO BIOVENTURES"), desire to enter into a strategic development relationship with respect to all phases of the development of CLIENTS Products; and

WHEREAS, for strategic business development purposes, CATO RESEARCH, acting through CATO BIOVENTURES, has agreed to receive a portion of its compensation under this Agreement in the form of CLIENTS Common Stock as set forth in Exhibit B hereto; and

WHEREAS, CLIENT and CATO RESEARCH entered into a Strategic Master Services Agreement dated as of December 3,2004, which they wish to amend, restate and replace in its entirety.

NOW, THEREFORE, in consideration of the foregoing premises and the promises, benefits, rights, and obligations set forth below, the Parties agree as follows:

1. CRO Services. CATO RESEARCH shall provide CRO Services to CLIENT, as reasonably requested by CLIENT from time to time, in accordance with this Agreement.

2. Request for CRO Services.

2.1 If CLIENT wants CATO RESEARCH to perform CRO Services, CLIENT shall provide CATO RESEARCH with sufficient information to enable CATO RESEARCH to understand the CRO Services being requested and time limitations or other constraints on the project. Within ten (10) business days of its receipt of this information, CATO RESEARCH shall determine in its sole discretion whether it wishes to perform the CRO Services requested by CLIENT and, if it wishes to perform such

CRO Services, then CATO RESEARCH shall submit to CLIENT a written "Work Order Request" setting forth the CRO Service specifications and estimated fees and expenses. CLIENT shall then have ten (10) business days from its receipt of the Work Order Request to review, approve, and return it to CATO RESEARCH. If CLIENT does not sign and return the Work Order Request to CATO RESEARCH within ten (10) business days, CATO RESEARCH shall not be obligated to perform the CRO Services described in the Work Order Request.

2.2 If, from time to time, CATO RESEARCH considers information from CLIENT concerning requested CRO Services to be inadequate, or if CLIENT considers the CRO Service specifications, fees, expenses or other terms presented by CATO RESEARCH in a proposed Work Order Request to be unacceptable, then CLIENT and CATO RESEARCH shall use reasonable efforts to negotiate in good faith and in a timely manner to reach a mutually acceptable exchange of information and terms of the Work Order Request.

2.3 Upon execution and delivery of a Work Order Request by authorized representatives of each of CATO RESEARCH and CLIENT, the Work Order Request shall become part of this Agreement and shall be known as a "Work Order." In the event of a conflict between a Work Order and this Agreement, the terms of this Agreement shall control unless otherwise specifically stated in the Work Order.

2.4 Unless otherwise notified by CLIENT, the Parties agree that CATO RESEARCH may assume that any officer of CLIENT signing a Work Order Request on behalf of CLIENT is authorized to do so.

3. Specification **and Amendment of CRO Services.**

3.1 CATO RESEARCH shall use commercially reasonable efforts to perform CRO Services in accordance with the specifications, instructions, and guidelines in each Work Order and this Agreement in all material respects. The Parties shall work together in good faith to ensure that each Work Order clearly describes all methods, requirements, and obligations (other than those set forth in this Agreement) related to the CRO Services to be performed. In the event that a Work Order is unclear, ambiguous, or permits different understandings of the CRO Services to be performed, the Parties shall use good faith efforts to resolve such ambiguity.

3.2 A Work Order may only be amended in writing with the signature of both Parties.

4. **Compensation.**

4.1 CLIENT shall pay CATO RESEARCH for its CRO Services and expenses in accordance with its current rates or in accordance with a fixed fee, as specified in the Work Order governing such CRO Services. CLIENT shall reimburse CATO RESEARCH for out-of-pocket expenses reasonably incurred and documented by CATO RESEARCH while performing CRO Services under this Agreement including, but not limited to, telephone, facsimile, messenger, postage and other communication costs, document copying and retrieval, on-site and off-site storage fees, computer research fees and filing fees. Subject to the following, CLIENT shall reimburse CATO RESEARCH for reasonabletransportation, lodging, and meal expenses for travel to sites away from CATO RESEARCH**'S** office, and travel between CATO RESEARCH offices, provided that CLIENT has authorized such travel or such travel is necessary in the ordinary course of business:

(a) Airline travel via commercial airline at no more than full coach fare;
(b) Local travel to sites other than CATO RESEARCH**'S** office by personal car at a rate not to exceed the prevailing maximum reimbursement rate allowed by the federal government; and
(c) Local travel at locations remote from CATO RESEARCH**'S** office by rental car or taxi, whichever is more cost efficient.

Travel time shall be billed as work time, with the understanding that, to the extent practical, CATO RESEARCH shall utilize travel time to perform CRO Services for CLIENT.

4.2 All payments shall be sent to Cato Research Ltd., Attn: Finance, 4364 South Alston Avenue, Durham, NC 27713. CLIENT shall pay CATO RESEARCH for all CRO Service fees and expenses within thirty (30) days of CLIENT**'S** receipt of the invoice for such fees and expenses. If all or any portion of an invoice remains unpaid thirty (30) days after CLIENT**'S** receipt of the invoice, then the unpaid and undisputed amount may accrue an administration fee of 1.25% per month from the date of CLIENT**'S** receipt of the invoice until paid. CLIENT shall reimburse CATO RESEARCH on demand for all reasonable out-of-pocket costs and expenses CATO RESEARCH incurs in enforcing payment of an overdue invoice, including, without limitation, attorneys' fees and expenses. Payments received from CLIENT by CATO RESEARCH on an overdue invoice shall be first applied to costs of collection, then to accrued interest, and then to the unpaid balance of the invoice. If CLIENT has more than one overdue invoice, CATO RESEARCH may, in its discretion, allocate collection costs among the invoices and apply payments against the invoices.

4.3 Notwithstanding any of the foregoing provisions of Sections 4.1 and 4.2 or of any Work Order to the contrary, the special compensation arrangement set forth in Exhibit B to this Agreement will apply to the first $5,000,000 of CRO Services provided by CATO RESEARCH under this Agreement, as this Agreement may be amended from time to time.

4.4 CATO RESEARCH may in its sole discretion suspend its performance of CRO Services if an undisputed invoice is one hundred twenty (120) days or more overdue and CATO RESEARCH may refrain from resuming performance of CRO Services until all overdue undisputed invoices have been paid in full.

4.5 Except as otherwise set forth herein, any and all payments made hereunder are nonrefundable.

5. **Term and Termination.**

5.1 The term of this Agreement shall be one (1) year from the Effective Date and the Agreement shall automatically renew for additional one (1) year terms unless, at least sixty (60) days before the expiration of any one (1) year term, a Party gives written notice to the other Party that it does not want to renew this Agreement; provided, however, that if the term of a Work Order extends beyond the term of this Agreement, then this Agreement will continue in effect until the completion or termination of such Work Order and all wind-down CRO Services related to such Work Order.

5.2 Either Party may terminate a Work Order upon the other Party's material default under this Agreement with respect to such Work Order, provided that the terminating Party has given the defaulting Party no less than thirty (30) days' prior written notice of such default and the defaulting Party has not cured such default by the end of the notice period.

5.3 Either party may terminate a Work Order at any time upon no less than sixty (60) days' prior written notice to the other party.

5.4 Upon early termination of a Work Order, CLIENT shall pay CATO RESEARCH for all CRO Services rendered, all non-cancelable obligations of CATO RESEARCH to third parties related to the terminated Work Order and reasonable out-of-pocket expenses incurred through the date of termination in accordance with Section 4 above. In the event of early termination, CATO RESEARCH'S compensation under fixed fee arrangements or for partially completed milestones shall be made on a time and materials basis in accordance with its current rates and CATO RESEARCH shall be paid for all CRO Services performed and related expenses incurred through the date of termination.

5.5 Upon early termination of a Work Order, CATO RESEARCH shall inform CLIENT of the extent to which it expects work in progress to be completed as of the termination date and CATO RESEARCH shall (unless otherwise instructed by CLIENT) take steps to wind down work in progress in an orderly fashion. In addition to all other amounts payable to CATO RESEARCH, CLIENT shall pay CATO RESEARCH for such wind-down CRO Services on a time and materials basis at CATO RESEARCH**'S** current rates for all reasonable and customary wind-down CRO Services performed and expenses incurred by CATO RESEARCH. If CLIENT instructs CATO RESEARCH not to complete such wind-down CRO Services, CATO RESEARCH shall, upon notification of the termination of the Work Order, promptly cease providing CRO Services and incurring costs to the extent practicable. In any such event, CLIENT shall be deemed to have released CATO RESEARCH from all legal liability and to have covenanted not to sue CATO RESEARCH on any claims related to failure to perform and the failure to complete reasonable and customary wind-down CRO Services.

5.6 In addition to termination of this Agreement under Sections 5.1, 5.2 and 5.3, at any time CRO Services under all Work Orders have been completed and there is no request for CRO Services pending, either Party may terminate this Agreement by giving written notice of termination to the other Party.

5.7 Upon early termination or expiration of a Work Order, CATO RESEARCH may return all files and other materials in its possession related to such Work Order to CLIENT at CLIENT**'S** reasonable expense.

5.8 The remedies provided in Sections 5.4 are not meant to limit any additional remedies, to the extent that they are not inconsistent with such Sections, available to a Party for breach of this Agreement by the other Party.

6. Location of CRO Services. CATO RESEARCH shall perform the CRO Services at CATO RESEARCH**'S** facilities or at such other places as are mutually agreed upon by CATO RESEARCH and CLIENT.

7. Confidential Information.

7.1 "Confidential Information" of the Disclosing Party is defined as all disclosures by the Disclosing Party or its Affiliates, whether written or oral, including, but not limited to, Disclosing Party's business plans, financial data, proprietary software, technology under development, and marketing information, and any information, software, or other materials created by Receiving Party using, reflecting or including any part of the Confidential Information. For purposes of this Section, the Party disclosing Confidential Information is known as "Disclosing Party" and the Party receiving information is known as "Receiving Party." Disclosing Party shall mark all tangible embodiments of Confidential Information as such prior to providing it to Receiving Party. Confidential Information does not include information that, as evidenced by Receiving Party's written records: (a) is in the public domain when Disclosing Party discloses it to Receiving Party; (b) enters the public domain after Disclosing Party's disclosure to Receiving Party and without any fault of Receiving Party; (c) was known to Receiving Party prior to the disclosure by Disclosing Party, free of any obligation of confidence as evidenced by Receiving Party's written records; (d) is independently developed by Receiving Party without reference to the Confidential Information; or (e) is communicated by a third party to Receiving Party free of any obligation of confidence. For the purposes of this Agreement, "Affiliate" means, with respect to any person, an entity which directly, majority controls, or is majority controlled by, or is under common control with, that person. As used herein, "control" means the power to direct, or cause the direction of, the management and policies of a corporation or other entity whether through the ownership of voting securities, by contract or otherwise.

7.2 Receiving Party shall neither use nor reproduce Disclosing Party's Confidential Information except as necessary for: (a) negotiations, discussions and consultations with the personnel or authorized representatives of Disclosing Party; (b) preparing estimates or proposals for submission to Disclosing Party; or (c) for the purpose of performing its obligations under this Agreement. Upon completion of the obligations under this Agreement that use the Confidential Information, or upon termination of this Agreement, Receiving Party shall, when requested by Disclosing Party in writing, promptly return to Disclosing Party all of the Confidential Information provided by Disclosing Party, except that Receiving Party may retain one (1) copy solely for recordkeeping purposes.

7.3 Receiving Party shall not disclose, without the prior written consent of Disclosing Party, any of Disclosing Party's Confidential Information to any third party other than Receiving Party's, and itsAffiliates', directors, officers, employees, agents and consultants, hospital authorities, Institutional Review Board members, clinical investigators, and others who must be involved in fulfilling Receiving Party's obligations under this Agreement and who, in each case, (a) need to know such information for the purposes of performing such obligations and (b) are bound by obligations of confidentiality and non-use at least as restrictive as those set forth herein. Receiving Party agrees that it shall take commercially reasonable steps to prevent the disclosure or use of any such Confidential Information by Receiving Party's, and its Affiliates', directors, officers, employees, agents or consultants except as provided in this Agreement.

7.4 During the period in which an obligation of confidentiality exists, if any Disclosing Party Confidential Information is required to be disclosed by Receiving Party to any government or regulatory authority or court entitled by law to disclosure of the same, Receiving Party shall promptly notify Disclosing Party thereof, and Receiving Party shall cooperate with Disclosing Party so as to enable Disclosing Party to: (a) seek an appropriate protective order; (b) make the confidential nature of the Confidential Information known to such governmental or regulatory authority or court; and (c) make any applicable claim of confidentiality in respect of the Confidential Information.

7.5 For purposes of this Agreement, the Parties hereby acknowledge and agree that, subject to the exceptions set forth in Section 7.1, this Agreement, and, shall be considered CLIENT**'S** Confidential Information. Notwithstanding any of the foregoing to the contrary, either Party may disclose the terms of this Agreement hereto to advisors, investors and others on a need-to-know basis under circumstances that reasonably ensure the confidentiality thereof.

7.6 Receiving Party's obligations under this Section 7 shall terminate with respect to any Confidential Information of Disclosing Party seven (7) years after the date of disclosure.

8. Protected Health Information. The Parties recognize that the Federal Health Insurance Portability and Accountability Act of 1996 and implementing regulations ("HIPAA") require written confidentiality agreements to protect the privacy and security of protected health information (as defined under HIPAA) that may be acquired in the course of performing this Agreement. The parties agree to comply with HIPAA and other applicable laws and governmental regulations governing protected health information.

9. Ownership.

9.1 CLIENT shall own all right, title, and interest in and to all data, information, improvements, discoveries, inventions, printed materials, and other works, products, and deliverables that CLIENT provides to CATO RESEARCH hereunder as well as all right, title, and interest in and to all data, databases, records, reports, works, products, deliverables, information, improvements, discoveries or inventions that result or are generated from the CRO Services rendered by CATO RESEARCH to CLIENT hereunder (collectively, the "Materials"). CATO RESEARCH hereby assigns to CLIENT all of its copyright, trade secret, trademark, patent, and other propriety rights in such Materials. CATO RESEARCH shall, at CLIENT**'S** request and expense, assist CLIENT or its nominees to obtain United States and foreign copyright registrations, trademarks, patents, and other legal protection for the Materials. CATO RESEARCH shall execute all papers and give all facts known to it that are necessaryto secure such United States or foreign copyright registrations, trademarks, patents, or other legal protection for the Materials and to transfer to CLIENT all right, title, and interest in and to the Materials.

9.2 Notwithstanding the foregoing, CLIENT acknowledges that CATO RESEARCH possesses certain inventions, processes, know-how, trade secrets, improvements, other intellectual properties and assets, including analytical methods, procedures and techniques, computer technical expertise and software, independently developed by CATO RESEARCH that are not related to CLIENT Materials and Confidential Information, including any of the foregoing developed during or incidental to performance of the CRO Services herein, which shall be deemed CATO RESEARCH**'S** proprietary rights (collectively, "CATO RESEARCH Proprietary Rights"). CLIENT and CATO RESEARCH agree that any of CATO RESEARCH**'S** Proprietary Rights which are used, improved or modified by CATO RESEARCH under or during the term of this Agreement shall be deemed CATO RESEARCH Proprietary Rights.

10. **Representations and Warranties.**

10.1 CATO RESEARCH represents and warrants that it has the experience, capability, and resources necessary to perform CRO Services under this Agreement in a commercially reasonable manner and that it shall devote the necessary personnel to perform CRO Services hereunder in a commercially reasonable manner. CATO RESEARCH shall be deemed to make this representation and warranty each time it executes a Work Order Request.

10.2 CLIENT represents and warrants that it has the ability to comply with and perform all financial obligations under this Agreement. CLIENT shall be deemed to make this representation and warranty each time it executes a Work Order Request.

10.3 Each Party represents and warrants that (a) it has the corporate power and authority to enter into and perform its obligations under this Agreement and any Work Order; (b) entering into and performing this Agreement and any Work Order will not conflict with or result in a violation of any of the terms or provisions, or constitute a default under any of its organizational documents, any mortgage, indenture, lease, contract or other agreement or instrument binding upon it or by which any of its properties are bound, or any permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to it or its properties. Each Party shall be deemed to make this representation and warranty upon entering into this Agreement and each time it executes a Work Order Request.

11. **Cato Research Personnel.**

11.1 CATO RESEARCH is responsible for all aspects of the labor relations of its personnel, including, but not limited to, wages, benefits, discipline, hiring, firing, promotions, pay raises and overtime, as well as job and shift assignments. CLIENT shall have no power or authority in these areas. CATO RESEARCH agrees to pay all contributions and taxes imposed by any federal or state governmental authority with respect to or measured by wages, salaries, or other compensation paid by CATO RESEARCH to persons employed by CATO RESEARCH.

11.2 CLIENT understands that the performance of CRO Services requires special skills, training and experience. CLIENT further understands that CATO RESEARCH has expended considerable sums to train its personnel to perform the CRO Services requested by CLIENT from time to time under this Agreement, given them access to experienced and highly skilled practitioners at CATO RESEARCH to enable such personnel to acquire new skills and develop existing skills, and provided its personnel with opportunities to gain valuable experience in performing CRO Services. CLIENT understands that if it were to employ a CATO RESEARCH employee, CLIENT would acquire the advantages of such skills, training and experience; therefore, CLIENT agrees that, unless the Parties agree otherwise, if, during the term of this Agreement or within six (6) months after termination or expiration of this Agreement, CLIENT directly or indirectly employs or solicits and subsequently employs, as an employee or independent contractor, any person, other than Shawn K. Singh, J.D., who is or was employed by CATO RESEARCH during the term of this Agreement and who is or was involved in negotiating, administering or providing CRO Services to CLIENT under this Agreement, then CLIENT shall be required to pay CATO RESEARCH a fee equal to one-half of such person's annual base salary as of the last day of their employment with CATO RESEARCH. Such fee shall be paid to CATO RESEARCH in cash no later than sixty (60) days after the date on which such employee begins employment or contractual work with CLIENT.

12. Indemnification.

12.1 CLIENT shall indemnify, defend and hold harmless CATO RESEARCH and its Affiliates, and the directors, officers, employees and agents of CATO RESEARCH and its Affiliates (each a "CATO RESEARCH Indemnified Party"), from and against all liability, loss, costs, claims, damages, expenses, judgments, awards, and settlements, including, without limitation, actual attorneys' fees or expenses charged by counsel of the Indemnified Party's choosing (whether or not these are covered by insurance), whether in tort or in contract, law or equity, that a CATO RESEARCH Indemnified Party may incur by reason of or arising out of any claim made or response in any legal proceeding directly or indirectly resulting from or related to (a) CATO RESEARCH'S CRO Services, including deliverables, under this Agreement; (b) infringement of, or related to, any intellectual property or proprietary rights of a third party in relation to CLIENTS Products, programs, procedures, materials, data, or other information used by or on behalf of, or furnished by or on behalf of, CLIENT in connection with this Agreement or the clinical trials or other projects related to CATO RESEARCH'S CRO Services under this Agreement; (c) material breach of this Agreement by CLIENT or any other person for whose actions CLIENT is liable under applicable law; (d) the negligence, intentional misconduct or intentional omission of CLIENT or any employee, contractor, agent or representative of CLIENT; and (e) any request for deposition, documents, or other information legally compelled, including, without limitation, by subpoena or by agreement made in lieu of subpoena, in connection with CLIENTS litigation, arbitration or other proceeding with any third party; provided, however, that this indemnification shall not extend to any claims arising out of (i) breach of this Agreement by CATO RESEARCH or any other person for whose actions CATO RESEARCH is liable under applicable law; (ii) the violation by CATO RESEARCH, its directors, officers, employees or agents, of applicable law or other governmental requirement; or (Hi) the negligence, intentional misconduct or intentional omission of CATO RESEARCH or its directors, officers, employees, contractors, agents or representatives..

12.2 CATO RESEARCH shall indemnify, defend and hold harmless CLIENT, its Affiliates, and the directors, officers, employees and agents of CLIENT and its Affiliates (each a "CLIENT Indemnified Party") from and against all liability, loss, costs, claims, damages, expenses, judgments, awards, and settlements, including, without limitation, actual attorneys' fees and expenses (whether or not covered by insurance), whether in tort or in contract, law or equity, that a CLIENT Indemnified Party may reasonably incur by reason of or arising out of any claim made by a third party resulting from or related to (a) the negligence, intentional misconduct or intentional omission of CATO RESEARCH or any employee, contractor, agent or representative of CATO RESEARCH; (b) the material breach of this Agreement by CATO RESEARCH or any other person for whose actions CATO RESEARCH is liable under applicable law; or (c) the violation by CATO RESEARCH, its directors, officers, employees or agents, of applicable law or other governmental requirement; provided, however, that this indemnification shall not extend to any claims arising out of: (i) breach of this Agreement by CLIENT or any other person for whose actions CLIENT is liable under applicable law; (ii) the violation by CLIENT, its directors, officers, employees or agents, of applicable law or other governmental requirement; or (iii) the negligence, intentional misconduct or intentional omission of CLIENT or its directors, officers, employees, contractors, agents or representatives.

13. **Insurance.**

13.1 Prior to commencement of any clinical trials, CLIENT shall secure and then maintain in full force and effect, at no cost to CATO RESEARCH, its Affiliates, and their respective officers, directors and employees (collectively, "CATO RESEARCH Insureds"), customary insurance coverage for all CLIENT Products and clinical trials or other projects related to CRO Services, including, without limitation, errors and omissions, products liability, general liability, and related insurance coverage with policy limits in an amount CLIENT'S senior management reasonably determines to be sufficient to support CLIENTS indemnification obligations hereunder. Upon completing each clinical trial for which CATO RESEARCH provides CRO Services (each, an "Agreement Clinical Trial"), CLIENT also shall maintain in full force and effect, at no cost to the CATO RESEARCH Insureds, an extended reporting policy for a term of no less than three (3) years after completion of each Agreement Clinical Trial, which policy shall cover claims first made and/or reported after completion of such Agreement Clinical Trial.

13.2 CLIENT shall use reasonable efforts to cause CLIENT'S insurance policy(ies) to name the CATO RESEARCH Insureds as additional named insureds and shall indicate that the policy will not be canceled or changed until thirty (30) days after written notice of such cancellation or change is delivered to CATO RESEARCH.

14. **Limitation of Liability. Except as set forth in this Agreement, CATO RESEARCH makes no warranty, either express or implied, including the warranties of merchantability, fitness for a particular purpose, title and non-infringement as to any matter, including, but not limited to, theCRO Services, results of CRO Services, deliverables, reports, analyses, documents, memoranda, or other matter produced or provided under this Agreement. CLIENT agrees that, regardless of the form of any claim, CLIENT'S sole remedy and CATO RESEARCH'S sole obligation with respect to any claims made related to or arising out of this Agreement shall be governed by this Agreement and, In all cases, CLIENT'S remedies shall be limited to, at CATO RESEARCH'S option, correction of the non-conforming CRO Services or reimbursement of payments (excluding payments for expenses) made by CLIENT to CATO RESEARCH for suchnon-conforming CRO Services under the applicable Work Order during the six (6) month period immediately preceding the event for which the claim is made. It is expressly agreed that in no event shall CATO RESEARCH or anyone else who has been involved in the performance of this Agreement on behalf of CATO RESEARCH be liable for any indirect, consequential, incidental, special, punitive, or exemplary damages arising from any legal theory, even if such person had been apprised of the likelihood of such damages occurring; provided that nothing herein shall limit CATO RESEARCH'S obligations under Section 12 hereof.**

15. **Investigator Funds.**

15.1 CATO RESEARCH may, at CLIENT'S request, disburse payments to investigators conducting a clinical study (each, an "Investigator") for which CATO RESEARCH is providing CRO Services to CLIENT. CATO RESEARCH will disburse all such payments (each an "Investigator Fee") in accordance with the provisions of the agreement between CLIENT and the Investigator (each, an "Investigator Agreement"). CATO RESEARCH agrees that it will not unreasonably withhold any Investigator Fee and it will not impose additional restrictions on the terms of payment for the Investigator Fee set forth in the Investigator Agreement.

15.2 CLIENT shall provide CATO RESEARCH with the funds to pay each Investigator Fee prior to the date on which CATO RESEARCH is scheduled to disburse such Investigator Fee. If CLIENT does not provide the funds to CATO RESEARCH, then CATO RESEARCH will not disburse such Investigator Fee until it receives the funds from CLIENT. In such event, CLIENT shall be deemed to have released CATO RESEARCH from all legal liability and to have covenanted not to sue CATO RESEARCH on any claims related to failure to disburse the Investigator Fee.

15.3 If CLIENT provides CATO RESEARCH with funds in excess of the total Investigator Fees disbursed by CATO RESEARCH, then CATO RESEARCH shall prepare and send a reconciliation of such funds to CLIENT within ninety (90) days after the early termination or expiration of the Work Order under which CATO RESEARCH was disbursing such Investigator Fees and, upon CLIENT**'S** approval of the reconciliation, CATO RESEARCH shall return all excess funds to CLIENT.

16. Audit. CATO RESEARCH will, on no less than two (2) weeks' notice, during regular business hours, permit a regulatory auditor qualified by education, training, and experience, and who is acceptable to CATO RESEARCH, to have access to CATO RESEARCH**'S** records pertaining to the CRO Services provided pursuant to this Agreement for the purpose of auditing and verifying such CRO Services. The auditor shall report to CLIENT only those facts and conclusions from the audit that are directly related to CLIENT**'S** interests. CLIENT shall bear the cost of any audit and CLIENT shall, in addition to any other payment obligations under this Agreement, pay CATO RESEARCH on a time and materials basis at its current rates for the CATO RESEARCH personnel assigned to supervise such audit and any other CATO RESEARCH personnel who are required to participate in such audit. All information obtained from an audit shall be Confidential Information.

17. Force Majeure; Other Delays.

17.1 In the event that either party shall be delayed in, hindered in, or prevented from the performance of any act required under this Agreement by reason of strike, lockout, labor problems, restrictions of government, judicial orders or decrees, riots, insurrection, terrorism, war, acts of God, inclement weather, or other causes that are beyond the reasonable control of such party, then performance of such act shall be excused until the cause is remedied. The delayed party shall use commercially reasonable efforts to resume performance as soon as possible.

17.2 If the action or inaction of CLIENT, a government agency, clinical site, internal review board, or any party working for CLIENT or on CLIENTS behalf delays CATO RESEARCH'S ability to provide CRO Services to CLIENT under a Work Order for thirty (30) days or more, then CLIENT shall pay CATO RESEARCH a fee (to be determined by CATO RESEARCH in good faith) to ensure that the existing CATO RESEARCH project team assigned to such Work Order is available to resume work when the delay ends. If CLIENT does not pay this retention fee, then CLIENT will pay CATO RESEARCH on an hourly basis at its current rates for all time spent by any new CATO RESEARCH project team members to become familiar with the delayed project.

18. Independent Contractor. CATO RESEARCH shall perform CRO Services as an independent contractor and not as CLIENT**'S** agent, representative or employee. Neither Party has authority to make any statement, representation, or commitment of any kind nor to take any action binding on the other Party without the other Party's prior written consent.

19. Use of CLIENT'S Name. CLIENT agrees that CATO RESEARCH may use CLIENTS name as a reference for prospective clients or in literature relating to CATO RESEARCH**'S** capabilities, provided that such use does not violate Section 7 above.

20. Notification. Any notices given hereunder shall be in writing and shall be deemed to have been given on the earlier of personal receipt by an authorized representative of the Party, or receipt at the Party's notice address. Notice may be given by any reliable means including, without limitation, by mail, overnight courier, facsimile, electronic mail, or personal delivery. All notices shall be sent to a Party at its address set forth on the signature page of this Agreement, or to such other address as is given by notice to the other Party.

21. Waiver. No waiver of any right or remedy with respect to any occurrence or event shall be valid unless it is in writing and executed by the waiving Party. No such valid waiver shall be deemed a waiver of such right or remedy with respect to such occurrence or event on a continuing basis or in the future unless the waiver states that it is intended to apply continuously or to future events. A waiver shall not excuse a subsequent breach of the same term, unless the waiver so states.

22. Severability. If any provisions of this Agreement are determined to be invalid or unenforceable, those provisions shall be reformed to the extent necessary to comply with law and the parties' intent, or struck if necessary, and the validity and effect of the other provisions of this Agreement shall not be affected.

23. Governing Law; Jurisdiction. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of California. No conflict-of-laws provision shall be invoked topermit application of the laws of any other jurisdiction. All claims under this Agreement shall be brought in a judicial district that includes San Mateo County, California and the Parties hereby consent to the jurisdiction of such court.

24. Dispute Resolution. Any controversy, claim or dispute arising out of, in connection with or relating to this Agreement shall be resolved by binding arbitration pursuant to Exhibit A, with the arbitrator following the Commercial Arbitration Rules of the American Arbitration Association ("AAA") (the "Rules") in effect as of the day the arbitration demand is made. It is the intention of the Parties to resolve any such controversy, claim or dispute by private arbitration without submitting the matter to the AAA. In the event of any inconsistency between the Rules and Exhibit A. Exhibit A shall control. Notwithstanding the foregoing, if damages for a breach are not likely to be an adequate remedy, then either Party shall bring an injunction proceeding before a court of equity in a judicial district that includes San Mateo County, California. The Parties hereby consent to the jurisdiction of such court.

25. Survival. The representations and warranties of the Parties in Section 10 shall survive the events to which they relate and survive the expiration or earlier termination of this Agreement and the rights and obligations of the Parties set forth in Sections 4,5, 7,8, 9,11,12,13,14,19,23,24,25 and 26 shall survive expiration or earlier termination of this Agreement.

26. Client Obligations. CLIENT shall undertake the following obligations with respect to the performance of this Agreement, in addition to any other obligations outlined in the applicable Work Order, and failure to perform such obligations shall constitute a material breach of this Agreement.

(a) CLIENT shall use commercially reasonable efforts to deliver all information and materials required for CATO RESEARCH**S** performance of CRO Services in accordance with mutually agreed upon timelines.

(b) CLIENT shall immediately apprise CATO RESEARCH of any safety concerns or serious adverse events related to a Product that is the subject of the CRO Services.

2 7 . **Assignment.** This Agreement may not be assigned by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld; provided, however, that either Party may assign this Agreement in connection with a merger or the sale of all or substantially all of theassigning Party's assets or stock on the condition that such assignment shall be solely to the acquirer or purchaser of the assigning Party and such acquirer or purchaser must assume the assigning Party'sobligations under this Agreement. Notwithstanding the foregoing, CATO RESEARCH may arrange for its Affiliates to perform CRO Services under this Agreement, with the understanding that CATO RESEARCH will remain legally responsible for such CRO Services.

28. **Freedom to Contract.** Except with respect to CRO Services for which CLIENT specifically hiresCATO RESEARCH to perform under this Agreement, (a) CLIENT is not required to use CATO RESEARCH for any specific work; (b) CLIENT is free to retain others to perform the same or similarCRO Services as offered by CATO RESEARCH; (c) CATO RESEARCH is not required to provide any CRO Services to CLIENT; and (d) CATO RESEARCH is free to provide CRO Services to other clients that are similar to CRO Services provided to CLIENT.

29. **Entire Agreement.** Exhibits to this Agreement and Work Orders are incorporated into and made a part of this Agreement. This Agreement, including the incorporated Exhibits and Work Orders, constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior agreements, whether written or oral, relating to the subject matter hereof. Except as otherwise authorized herein, changes, modifications, and amendments shall be valid only if made in writing and signed by both Parties. To be effective, any agreement between the Parties purporting to amend a term of this Agreement must specifically identify that term's Section number and state the Parties' specific intent to amend that term. CATO RESEARCH**'S** entry into this Agreement is expressly made conditional on CLIENT'S agreement to the terms set forth herein, not those in any purchase order, confirmation, or similar form, and CLIENT agrees that any additional or different terms in any such form, now or in the future, are void even if the form indicates that it shall control.

30. **Execution of Agreement.** This Agreement shall be void if it is not signed and returned to CATO RESEARCH within thirty (30) days after the date written above. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

31. **Facsimile Signatures.** Facsimile signatures shall be accepted as originals for the purposes of this Agreement and any and all Work Orders executed hereunder.

The Parties have executed this Agreement as of the date first written above.

CATO RESEARCH:	**CLIENT:**
Cato Research Ltd.	VistaGen Therapeutics Inc.
4364 South Alston Avenue	1450 Rollins Rd
Durham, North Carolina 27713-2280	
Name: Daniel Cato	Burlingame, California 94010Name:
***Vice President,* Operations**	
Title:	Title:

The Parties have executed this Agreement as of the date first written above.

CATO RESEARCH:
Cato Research Ltd.
4364 South Alston Avenue

Durham, North Carolina 27713-2280

CLIENT.
VistaGen Therapeutics Inc. 1450 Rollins Rd Burlingame, California 94010

By: . Name:. Title:

Name:

Title:

EXHIBIT A ARBITRATION PROCEDURES

In the event of arbitration under Section 23, the following rules shall apply:

1. Limitations Period. The statute of limitations of the State of California applicable to the commencement of a lawsuit shall be applicable to the commencement of arbitration hereunder.

2. Location and Language. The location of the arbitration shall be in San Mateo County, California. The arbitration shall be conducted in English and any findings and/or decisions shall be rendered in English.

3. Selection of Arbitrator. The arbitration shall be conducted by one arbitrator who is independent and disinterested with respect to the parties, this Agreement, and the outcome of the arbitration (a "neutral arbitrator")- If the parties can not agree on a neutral arbitrator, then each party shall select a neutral arbitrator, who together shall select a third neutral arbitrator to conduct the arbitration. The arbitrator will be selected with consideration given to his or her experience with disputes of the type being submitted (e.g., the nature of the claim and the technology involved) and will, if possible, be a former judge. It is the intent of the parties that the final arbitrator be selected within thirty (30) days after the arbitration demand is first made.

4. Case Management. Prompt resolution of any dispute is important to both parties and the parties agree that the arbitration of any dispute shall be conducted expeditiously. The arbitrator is instructed and directed to assume case management initiative and control over the arbitration process (including scheduling of events, pre-hearing discovery and activities, and the conduct of the hearing), in order to complete the arbitration as expeditiously as is reasonably practical to obtain a just resolution of the dispute.

5. Remedies. The arbitrator shall follow and apply the applicable law. The arbitrator shall grant such legal or equitable remedies and relief in compliance with applicable law that the arbitrator deems just and equitable, but only to the extent that such remedies or relief could be granted by a state or federal court and as otherwise limited by the terms in this Agreement. No punitive damages may be awarded by the arbitrator. No court action may be maintained seeking punitive damages.

6. Expenses. The expenses of the arbitration, including the arbitrator's fees, expert witness fees, and attorney's fees, may be awarded to the prevailing party, in the discretion of the arbitrator, or may be apportioned between the parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator.

7. Confidentiality. The parties shall keep confidential the fact of the arbitration, the dispute being arbitrated, and the decision of the arbitrator. Notwithstanding the foregoing, (a) the parties may disclose information about the arbitration to persons who have a need to know, such as directors, trustees, management employees, witnesses, experts, investors, attorneys, lenders, insurers, and others who may be directly affected; (b), if a party has stock that is publicly traded, the party may make

such disclosures as are required by applicable securities laws or listing rules; and (c) if a party is expressly asked by a third party about the dispute or the arbitration, the party may disclose and acknowledge in general and limited terms that there is a dispute with the other party which is being (or has been) arbitrated.

EXHIBIT B

Strategic Equity-based Compensation Arrangement for CRO Services

1. **Background**

1.1 CLIENT is involved in the development of CLIENT'S Products.

1.2 CLIENT has requested that CATO RESEARCH undertake certain strategic CRO Services in connection with CLIENT'S Product development program.

1.3 For strategic business development purposes, CATO RESEARCH wishes to accept a portion of its compensation for such strategic CRO Services in restricted Common Stock of CLIENT. "Common Stock" means restricted (i.e., the public resale of which is not yet registered or qualified in accordance with applicable securities regulations) CLIENT Common Stock. Solely for purposes of the SMSA, each share of Common Stock shall be priced at the average closing sale price of CLIENT'S Common Stock as reported on the OTC Bulletin Board (or other applicable securities market) for the ten (10) trading days ending on the first day of the invoice period for which CLIENT first elects to pay for a portion of the CRO Services under the Strategic Equity-Based Compensation Arrangement (as defined in Section 4 below).

1.4 Specifically, CLIENT has requested, and CATO RESEARCH has agreed, to enter into the "Strategic Equity-Based Compensation Arrangement" described in this Exhibit B.

1.5 References in this Exhibit B to "Paragraphs" are references to paragraphs in the body of the Agreement and references to "Sections" are references to sections in this Exhibit B.

2. **Definitions**

Terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement. For purposes of this Exhibit B, the following definitions shall apply:

"Affiliate" means, with respect to any person, (i) any person directly or indirectly controlling, controlled by, or under common control with such person, (ii) any person owning or controlling ten percent (10%) or more of the outstanding voting interests of such person, (iii) any officer, director, manager or general partner of such person, or (iv) any person who is an officer, director, manager, general partner, trustee, or holder of ten percent (10%) or more of the voting interests of any person described in clauses (i) through (iii) of this sentence. For purposes of this definition, the term "controls", "is controlled by", or "is under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Common Stock" means restricted (i.e., the public resale of which is not yet registered or qualified in accordance with applicable securities regulations) CLIENT Common Stock. Solely forpurposes of the SMSA, each share of Common Stock shall be priced at the average closing sale price of CLIENT'S Common Stock as reported on the OTC Bulletin Board (or other applicable securities market) for the ten trading days ending on the first day of the invoice period for which CLIENT first elects to pay for a portion of the CRO Services under the Strategic Equity-Based Compensation Arrangement (as defined in Section 4 below).

"CLIENT Program" means any of CLIENT'S product or technology development programs.

"CLIENT Program Services" means the CRO Services that CLIENT requires from CATO RESEARCH to advance its product or technology development programs.

"Qualified Financing" means the closing of CLIENT'S going public transaction, which going public transaction shall consist of both (a) the private placement of CLIENT'S Common Stock with gross proceeds to CLIENT of at least $10 million and (b) CLIENT'Smerger with and into a public "shell" company which is subject to the U.S. Securities and Exchange Commission's public company reporting requirements under the Securities Exchange Act of 1934, as amended, and whose Common Stock currently trades on the OTC Bulletin Board (or other applicable securities market).

"Strategic Equity-Based Compensation Arrangement means the strategic equity-based compensation arrangement described in Section 4 of this Exhibit B.

3. **General Terms**

3.1 Except as provided in this Exhibit B. CLIENT shall compensate CATO RESEARCH in cash for CLIENT Program Services rendered under the Agreement.

3.2 CLIENT shall at all times, (i) prior to the closing of the Qualified Financing, reserve Common Stock for issue to CATO BIOVENTURES, and (ii) at and after the closing of the Qualified Financing, reserve Common Stock for issuance to CATO BIOVENTURES, in each case, sufficient to satisfy CLIENT'S obligations under the Strategic Equity-Based Compensation Arrangement.

3.3 CATO BIOVENTURES agrees to enter into all agreements and execute all other documents and instruments required to be entered into and executed to comply with this Agreement and applicable securities laws and listing rules.

4. **Strategic Equity-Based Compensation Arrangement**

4.1 With respect to the initial five million dollars ($5,000,000) of CLIENT Program Services rendered by CATO RESEARCH under this Agreement after the Qualified Financing, CLIENT shall have the option, at its sole discretion, to compensate CATO RESEARCH for the then applicable Strategic Equity-Based Compensation component of each monthly invoice with a combination of cash and CLIENT securities, eighty percent (80%) of which will be payable in cash and twenty percent (20%) of which may be paid in CLIENTS Common Stock. Prior to the closing of the Qualified Financing, CLIENT shall pay for CRO Services requested by CLIENT 100% in cash, unless the Parties agree otherwise in writing.

4.2 Unless the Parties amend or restate this Agreement in writing, after CATO RESEARCH has rendered five million dollars ($5,000,000) of CLIENT Program Services to CLIENT after the date of the Qualified Financing, CLIENT shall compensate CATO RESEARCH one-hundred percent (100%) in cash for all additional CLIENT Program Services render by CATO RESEARCH to CLIENT.

4.3 Notwithstanding any of the foregoing to the contrary, the Strategic Equity-Based Compensation Arrangement shall apply only to CATO RESEARCH**'S** fees for the CLIENT Program Services and only to that portion of CATO RESEARCH**'S** invoices that cover fees for the CLIENT Program Services. CLIENT shall pay CATO RESEARCH one hundred percent (100%) in cash for all reasonable reimbursable travel, pass-through and out-of-pocket expenses incurred under this Agreement by CATO RESEARCH to perform the CLIENT Program Services

4.4 CATO RESEARCH will send its customary invoices to CLIENT on a monthly basis, which invoices will reflect both (a) actual CATO RESEARCH charges for the CLIENT Program and (b) the portion of the invoice covered by the Strategic Equity-Based Compensation Arrangement. CLIENT shall have the option, on an invoice-by-invoice basis, to apply all or a portion of the Strategic Equity-Based Compensation Arrangement to each such invoice; provided, however, that with respect to any particular invoice, the maximum amount that can be paid in Common Stock will be limited to eighty percent (80%).

Exhibit 10.21

LICENSE AGREEMENT

THIS AGREEMENT ("Agreement"), effective as of July __, 1999 ("Effective Date"), is entered into by and between NATIONAL JEWISH MEDICAL AND RESEARCH CENTER ("National Jewish"), a non-profit medical and research institution organized under the laws of Colorado and having principal offices at 1400 Jackson Street, Denver, Colorado 80206, and VistaGen, Inc., a corporation having an address at 325 MiddlePeld Road, Mountain View, California, 94043 ("VistaGen").

WHEREAS, VistaGen desires to obtain certain rights and license under intellectual property held or otherwise controlled by National Jewish covering the development and use of embryonic cell populations and cell lines invented by Gordon Keller, Ph.D. (hereinafter, "Inventor") and his co-inventors; and

WHEREAS, National Jewish is willing to grant such certain rights and license.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, National Jewish and VistaGen agree as follows:

SECTION 1 -DEFINITIONS

1.1 "Above Market Value" shall mean a dollar amount determined by multiplying the number of shares purchased in an equity investment times the difference between the per share price of the equity investment and the per share price of the immediately preceding equity investment. All references to "shares" in this Agreement shall refer to shares of VistaGen's capital stock calculated on a common stock equivalent basis.

1.2 "Biological Assays" shall include any genomics or functional approach, analyses, or determinations of the effects on genetics, phenotypes, genetic expression, and other endpomts of a biological composition using Licensed Technology for identifying or characterizing Discovered Molecules as non-cell based therapeutic or diagnostic products or as targets for identifying such products. In no case shall Biological Assays mean using Licensed Technology to develop genetic or proteomic databases or Screening Systems for marketing such databases or Screening Systems to third parties.

1.3 "Screening Systems" shall mean analyses and determinations of the effects on genetics, phenotypes, genetic expression, and other endpoints of chemical or biological compositions using Licensed Technology for: (i) generating commercial database information for marketing to third parties or (ii) prioritizing chemical or biological compositions for commercial development.

1.4 "Discovered Molecule" shall mean any separately patentable invention, that is gene, DNA, RNA, protein, or peptide and excluding Novel Derived Cell Lines, the discovery of which relied principally upon the practice of Licensed Technology.

1 5 "licensed Technology" shall mean cell populations, cell lines, immortalized cell lines, National Jewish Derived Cell Lines and methods for obtaining, propagating, culuiting, producing, and modifying the same, the use or practice of which in the absence of this Agreement would infringe one or more valid claims of Patent Rights.

1.6 "National Jewish Derived Cell Lines" shall mean any cell lines derived or held by National Jewish prior to the Effective Date by methods claimed under Patent Rights and comprising characteristics covered by one or more claims in the Patent Rights and which cell lines are identified as Cell Lines EBHX 1 through EBHX 15 (inclusive) or Cell Line D4T.

1.7 "Novel Derived Cell Lines" shall mean cell lines derived or immortalized after the Effective Date by methods claimed under Patent Rights and comprising characteristics covered by one or more claims in the Patent Rights

1.8 "Patent Rights" shall mean PA no 08/843,686 and all continuations, CIPs, divisional, foreign counterparts, extensions, and any patents issued therefrom, for which the costs of filing, prosecution, and maintenance has been paid by VistaGen, or by VistaGen and other licensees.

1.9 "VistaGen Technology" shall mean inventions, know-how, information, and other property owned or controlled by VistaGen which is not a National Jewish Derived Cell Line or a Novel Derived Cell Line and which, together with Licensed Technology provides a basis for interpretation of a Screening System.

1.10 "Territory" shall mean all the countries of the world.

1.11 "Sublicensee" shall mean any third party licensed by VistaGen to use Licensed Technology.

1.12 "VistaGen Revenues" shall mean (i) all revenues or other income received by VistaGen, and (ii) all gross proceeds received by VistaGen pursuant to the issuance of VistaGen securities (other than common stock issued to employees and consultants), including, without limitation, (a) sales of products or services; (b) research agreement revenues; (c) sales of equity, as calculated below; (d) any gross proceeds (at the time of the transaction) received from the sale of all or part of VistaGen's business, including the fair market value of any property, including securities, received upon such sale; (e) sale of debentures or other convertible instruments, and any other proceeds, revenues, or other income that would normally be disclosed by public companies under Federal securities laws. VistaGen Revenues derived from sales of equity shall include one hundred percent (100%) of all equity issued by VistaGen subsequent to the Effective Date up to 38,000,000; shall include gross proceeds received by VistaGen pursuant to that equity that is Above Market Value on equity raised in excess of $8,000,000; and shall not apply to and shall terminate upon the conclusion of the first equity issuance pursuant to an effective registration statement filed with the Securities and Exchange Commission. Any property other than cash or marketable securities included in VistaGen Revenues shall be valued at the fair market value of such property.

1.13 "Net Sales'* shall mean gross revenues for any product, comprising in whole or in part a Discovered Molecule, sold by VistaGen or by any Sublicensee, less the sum of the following:

(a) discounts allowed in amounts customary in the trade;

(b) sales, tariff duties and/or use taxes directly imposed and with reference to particular sales;

(c) outbound transportation prepaid or allowed, and

(d) amounts allowed or credited on returns.

No deductions shall be made for commissions paid to individuals whether they be with independent sales agencies or regularly employed by VistaGen or any Sublicensee, and on its payroll, or for cost of collections. Products shall be considered "sold" when billed out or invoiced.

If any such product is sold as a component of a combination of active ingredients, the Net Sales price shall be calculated by multiplying the Net Sales price of the combination product by the fraction A over A + B, in which "A" is the invoiced price of the product portion of the combination and "B" is the invoiced price of the other active ingredients of the combination when sold separately during the same accounting period. In the event that either the product portion of the combination or any of the other active ingredients of the combination were not sold separately during the same accounting period, the Net Sales price shall be calculated by multiplying the net sales price of the combination product by the fraction C over C + D, in which *C* is the standard fairy-absorbed cost of the product portion of the combination, and "D" is the standard fully-absorbed cost of the other active ingredients of the combination, with such costs being determined in accordance with generally accepted accounting practices.

SECTION 2 - GRANT OF RIGHTS

2.1 Subject to the terms and conditions of this Agreement, National Jewish hereby grants to VistaGen an exclusive worldwide right and license under Patent Rights, with the right to sublicense, (i) to make, have made, use, sell, offer to sell, and import Screening Systems using Licensed Technology, and <ii) to National Jewish rights to Novel Derived Cell Lines derived solely by parties other than National Jewish employees worldwide for use in Screening Systems. At least thirty days prior to entering into any sublicense for the rights granted under this Section 2.1, VistaGen agrees to inform National Jewish of the terms of such sublicense. National Jewish shall have the right to comment upon the terms of such sublicenses within ten days of receiving such terms from VistaGen and VistaGen agrees to respond in good faith to such comments within 10 days of receiving them,

2.2 Subject to the terms and conditions of this Agreement, National Jewish hereby grants to VistaGen a non-exclusive worldwide right and license under Patent Rights, with the right to grant sublicenses, to make and use Licensed Technology for Biological Assays.

2.3 National Jewish hereby grants VistaGen a time-limited, exclusive option to negotiate a license or licenses, under commercially reasonable terms, to National Jewish* s interests in additional applications of Licensed Technology for products and methods other than Screening Systems, Biological Assays, and Novel Derived Cell Lines. Such products and applications shall include, but are not limited to, cell-based therapeutics and gene therapy and gene delivery systems. Such option grant shall remain in effect for 18 months following the effective date of this Agreement and shall be renewable for two additional periods of 18 months each subject to (i) a renewal payment to National Jewish of $15,000 by VistaGen within 30 days of each renewal, and (ii) submission of satisfactory evidence of reasonable commercial due diligence with respect to the commercial potential of such additional applications by VistaGen over the course of the preceding 18-month time period.

2.4 National Jewish hereby grants VistaGen a time-limited, exclusive option to negotiate a license, under commercially reasonable terms and consistent with the exclusivity and uses granted in this Agreement, to National Jewish's interests in Novel Derived Cell Lines derived by employees of National Jewish or derived jointly by employees of National Jewish and VistaGen. Such option must be exercised, and a license negotiated, within nine months from the date any such Novel Derived Cell Line is disclosed to VistaGen, after which time National Jewish shall be free to license such Novel Derived Cell Line to any third party for any use other than for use in Screening Systems.

2.5 Notwithstanding any other provision of this Agreement, National Jewish hereby reserves the perpetual, royalty-free right for its employees and for Inventor to conduct research and other academic, non-commercial activities using Licensed Technology and Novel Derived Cell Lines licensed to VistaGen hereunder. It is the intent of the parties that National Jewish and Inventor shall be entitled to use Licensed Technology and Novel Derived Cell Lines to the fullest extent, including the right of National Jewish, and any other academic or non-profit employer of Inventor, to contract with third parties to obtain funding for farther research and development, provided that such parties are not granted any rights or licenses or options to the Licensed Technology which are inconsistent with the rights and licenses granted to VistaGen under this Agreement. Further, nothing in this Agreement shall restrict National Jewish, Inventor, or any other academic or non-profit employer of Inventor from distributing National Jewish Derived Cell Lines or Novel Derived Cell Lines to other researchers at academic or nonprofit institutions for non-commercial research purposes; provided that National Jewish shall notify VistaGen within 10 days of such distribution for any such distributions from National Jewish, and such parties receiving such distributions from National Jewish are restricted from further distribution of the technology.

SECTION 3 - DILIGENCE AND MILESTONES

3.1 VistaGen shall use its reasonable best efforts to develop Screening Systems using Licensed Technology and to market high throughput toxicity and efficacy screening services to the biotechnology and pharmaceutical industries,

3.2 In addition to the general diligence obligations m Section 3.1, VistaGen shall achieve the following milestones:

(a) No later that the first anniversary of the Effective Date, VistaGen shall (i) establish a VistaGen corporate office and laboratory; (ii) complete technology transfer; and (iii) initiate drug profiling for the database.

(b) No later than the second anniversary of the Effective Date, VistaGen shall: (i) execute at least one third party corporate agreement; (ii) develop the microliter version of the technology for high throughput screening, (iii) bring on line the cDNA profile technology, (iv) grow the company up to at least 25 people, and (v) have populated the database with a reasonable number of drug profiles.
(c) No later than the third anniversary of the Effective Date, VistaGen shall: (i) execute at least two additional third party corporate agreements; and (ii) grow VistaGen consistent with the then current business plan.

3.3 National Jewish shall make reasonable efforts to inform VistaGen on a timely basis of the development of Novel Derived Celt Lines produced by National Jewish and disclosed to the Technology Transfer Program.

3.4 VistaGen shall make reasonable efforts to inform National Jewish on a timely basis of the development of Novel Derived Cell Lines produced by VistaGen or any Sublicensees.

3.5 National Jewish shall inform VistaGen on a timely and reasonable basis of the licensing of any retained Patent Rights to third parties. Such disclosure shall be made in a manner that does not disclose confidential information.

SECTION 4 - PAYMENTS AND RECORDS

4.1 In partial consideration for the rights and license granted to VistaGen in this Agreement, VistaGen agrees to pay National Jewish the following:

(a) A non-refundable, non-creditable License Fee of ten thousand dollars ($10,000), due within ten (10) days of the Effective Date;

(b) A non-renindable, non-creditable License Fee of sixty-five thousand dollars ($65,000), due within thirty (30) days after VistaGen receives at least one million dollars ($1,000,000) of VistaGen Revenues or within 18 months after the effective date of this Agreement, whichever occurs earlier;
(c) Full reimbursement for all reasonable and customary documented third party costs, not to exceed $65,000, incurred by National Jewish prior to the Effective Date of drafting, filing, prosecution, and maintenance of patent applications and issued patents under Patent Rights, due and payable upon the earliest of (i) thirty (30) days after VistaGen receives at least one million dollars ($1,000,000) of VistaGen Revenues, or (ii) upon the second anniversary of the Effective Date;
(d) Full reimbursement for all reasonable and customary documented third party patent filing, prosecution, and maintenance costs incurred by National Jewish after the Effective Date for patent applications and issued patents under Patent Rights, subject to the provisions of Section 5.5 of this Agreement, due and payable within 30 days of the date such charges are invoiced to VistaGen by National Jewish;
(e) National Jewish shall equally prorate and adjust all past and ftiture patent costs charged to VistaGen as a result under Sections 4.1(c) and 4.1(d) based upon the number of exclusive licensees of the Licensed Technology. This adjustment will be made within 30 days of National Jewish executes a new exclusive license agreement.

(f) Annual Payments of one percent (1%) of VistaGen Revenues up to twenty million dollars ($20,000,000) in each year, plus one half of one percent (0.5 %) of VistaGen Revenues greater than twenty million dollars ($20,000,000) in each year, due and payable on June 1 of each year during the term of this agreement, beginning June 1, 2000; provided that VistaGen shall be obligated to pay a minimum annual payment of at least twenty-five thousand dollars ($25,000) each year.

4.2 If VistaGen sublicenses Licensed Technology, National Jewish Derived Cell Lines or Novel Derived Cell Lines derived solely by National Jewish to a third party to practice Screening Systems or Biological Assays, VistaGen shall pay National Jewish sublicense fees equal to fifty percent (50%) of VistaGen Revenue actually received by VistaGen from each such Sublicensee, due and payable within 30 days of receiving such VistaGen Revenue from such Sublicensees. Payments to National Jewish under this Section 4.2 shall be tn addition to any other payments due under this Agreement.

4.3 If VistaGen sublicenses Licensed Technology together with VistaGen Technology to a third party to practice Screening Systems or Biological Assays, VistaGen shall pay National Jewish sublicense fees equal to ten percent (10%) of VistaGen Revenues actually received by VistaGen from each such Sublicensee, due and payable within 30 days of receiving such VistaGen Revenue from such Sublicensees. Payments to National Jewish under this Section 4 3 shall be in addition to any other payments due under this Agreement

4.4 If VistaGen identifies and characterizes a Discovered Molecule and subsequently licenses rights to such Discovered Molecule to one or more third parties, VistaGen shall pay National Jewish five percent (5%) of any VistaGen Revenues actually received under the terms of such license. In no case shall VistaGen be obligated to pay more than fifty percent *(50%)* of any VistaGen Revenues actually received. Payments to National Jewish under this Section 4.4 shall be in addition to any other payments due under this Agreement.

4.5 If VistaGen sells any products comprising, in whole or in part, a Discovered Molecule, VistaGen shall pay National Jewish a royalty of five percent (5%) of Net Sales of such products. Payments to National Jewish under this Section 4.5 shall be in addition to any other payments due under this Agreement.

4.6 If VistaGen derives a Novel Derived Cell Line and National Jewish wants to license such Novel Derived Cell Line to any third party for Biological Assays, VistaGen shall not unreasonably withhold its agreement to such licenses as long as such license does not represent a reasonable commercial threat to VistaGen's business plan. National Jewish shall pay VistaGen fifty percent (50%) of any cash payments National Jewish actually receives from each such licensee.

4.7 National Jewish acknowledges that VistaGen may be required to acquire rights to additional intellectual property, without which the practice of Licensed Technology would be impossible ("Necessary Intellectual Properly"). For the purposes of this Section, "Necessary Intellectual Property" shall not include any intellectual property which provides an improved means of practicing Licensed Technology or is primarily related to the practice of VistaGen Technology. The Annual Payments and royalties due and payable to National Jewish under Sections 4.1(f), and 4.5, respectively, may be reduced by the fees and royalties payable to other licensees for Necessary Intellectual Property on a dollar for dollar basis up to fifty percent (50%) of the amounts payable to National Jewish in any year (or quarter, in the case of royalties). The Annual Payment paid to National Jewish, after adjustments provided for by this Section 4.7, shall not be less than the Minimum Annual Payment or fifty percent (50%) of the earned Annual Payment, whichever is greater. And in no event shall royalties paid under Sections 4.2 through 4.5, adjusted for the payment of Necessary Intellectual Property be less than fifty percent (50%) of that which is otherwise due to National Jewish for the calendar quarter, as calculated in the reports required by Section 4 9 below.

4.8 No later than June 1 of each year after the Effective Date, VistaGen shall submit an annual report to National Jewish containing financial information sufficient for National Jewish to reasonably verify the accuracy of payments to National Jewish under this Agreement. At a minimum, the annual report will include all information that would normally be disclosed by public companies to the Securities and Exchange Commission.

4.9 If VistaGen receives revenues from sales of products comprising a Discovered Molecule, VistaGen shall pay royalties quarterly and provide royalty reports to National Jewish, beginning on the last day of the first calendar quarter after the first sale of a product comprising such Discovered Molecule. The quarterly royalty reports shall itemize, for each product, the date and quantity of each sale, the price invoiced or received, the royalty due to National Jewish, deductions allowed under Section 1.12 of this Agreement, offsetting payments as allowed under Section 4.7, and the net amount payable to National Jewish.

4.10 Upon National Jewish's request and at National Jewish's sole expense, VistaGen shall permit an independent Certified Public Accountant selected by National Jewish (except one to whom VistaGen has reasonable objections) to have access during ordinary business hours to such of VistaGen's records as may be necessary to determine, in respect of any year ending not more than three (3) years prior to the date of such request, the correctness of any payment made by VistaGen to National Jewish under this Agreement. Such a request can be made no more than once a year. If a discrepancy in payments favoring either party is discovered, appropriate adjustments will be made to correct the error in a timely fashion. If a discrepancy is discovered which is greater than twenty (10) percent of the amount paid National Jewish, VistaGen shall refund reasonable expenses of a 3rd party auditor within 30 days of receiving an invoice for such expenses from National Jewish.

4.11 Interest on Past Due Amounts. VistaGen shall pay National Jewish interest on all payments and royalties past due, at an annual rate equal to the lesser often (10) percent/or the highest rate permitted under applicable law. Any such payments made by VistaGen under this Section 4.10 shall not be construed to cure any breach of this Agreement.

4.12 Taxes Withheld. Any income or other tax that VistaGen is required to withhold on behalf of National Jewish with respect to the payments made to National Jewish under this Agreement shall be deducted from said payments prior to remittance to National Jewish; provided, however, that in regard to any tax so deducted, VistaGen shall give or cause to be given to National Jewish such assistance as may reasonably be necessary to enable National Jewish to claim exemption therefrom or credit therefor, and in each case shall furnish National Jewish proper evidence of the taxes paid on its behalf.

4.13 VistaGen grants to National Jewish a continuing security interest in VistaGen Technology and Licensed Technology, and any proceeds therefrom, to secure the obligations set forth in Section 4.1 (c). VistaGen agrees to execute all other agreements and documents deemed necessary by National Jewish to effect such security interest within two months of the execution of this Agreement. Such security interest will be subordinated only to the security interests of equipment lessors, but otherwise shall have priority over all other security interests until VistaGen's obligations under Section 4.1 (c) are fully satisfied.

SECTION 5 - INTELLECTUAL PROPERTY AND PATENT PROSECUTION

5.1 Ownership. The parties acknowledge that National Jewish is the owner of Patent Rights, and VistaGen shall have no rights whatsoever in Patent Rights or Licensed Technology except as provided for under this Agreement.

5.2 Government Rights. This Agreement is subject to all of the terms and conditions of Public Law 96-517, as amended, and VistaGen agrees to take all action necessary on its part to enable National Jewish to satisfy its obligations thereunder. In addition, VistaGen agrees to comply with all applicable laws and regulations regarding exports and patent labeling of products.

5.3 Except as provided in this Section 5, National Jewish shall retain the responsibility for prosecution and maintenance of Patent Rights and shall retain authority for decisions regarding such prosecution and maintenance. If National Jewish decides not to maintain and prosecute Patent Rights, VistaGen has the right, but not the obligation, to maintain and prosecute Patent Rights at its discretion.

5.4 National Jewish agrees use its reasonable best efforts to provide VistaGen with copies of all official communications related to prosecution and maintenance of Patent Rights within a reasonable time after receiving the communications, and to provide VistaGen with meaningful and timely opportunities to participate in patent prosecution and maintenance decisions and to review and comment on all official patent communications.

5.5 VistaGen may, with advance written notice to National Jewish 90 days prior to any non-extendable patent prosecution or maintenance deadline, decline to support the further costs of patent prosecution and maintenance for any patent application under Patent Rights, as otherwise required by Section 4.1(d), provided that the rights embodied in said application granted to VistaGen under this Agreement shall revert to National Jewish, and VistaGen shall have no further rights therein.

5.6. If National Jewish elects to pursue prospective claims by seeking an appeal to the U.S. Federal Circuit or U.S. Supreme Court or if National Jewish elects to pursue prospective claims in an international jurisdiction by appeal or if National Jewish elects to respond to an inter parties interference or opposition proceeding, VistaGen may refuse further payment without loss of existing rights until such time that the appeal or proceeding is successful, if VistaGen has already spent in excess of $30,000 for the prosecution of the claims on appeal in that very jurisdiction or forum

SECTION 6 - REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties by National Jewish. National Jewish represents and warrants that: (i) to the best of its knowledge, National Jewish is the owner of the entire right, title and interest in and to Licensed Technology and National Jewish

Derived Cell Lines; (ii) to the best ofits knowledge, National Jewish is the owner of the entire right, title and interest in and to any and all intellectual property, including without limitation patent applications and patents, under Patent Rights; (iii) National Jewish has the full power, right and authority to grant the right and license granted to VistaGen hereunder, (iv) to the best ofits knowledge. National Jewish has obtained all necessary assignments from all inventors named in applications under Patent Rights prior to the Effective Date, and (v) National Jewish has the full power, right, and authority to enter into this Agreement and to carry out its obligations hereunder.

6.2 Representation and Warranty by VistaGen. VistaGen represents and warrants that VistaGen has the full power, right, and authority to enter into this Agreement and to carry out its obligations hereunder

6.3 Limitation of Warranty EXCEPT FOR THE EXPRESS WARRANTEES SET FORTH IN SECTIONS 6.1 AND 6.2, NATIONAL JEWISH AND VISTAGEN GRANT NO WARRANTEES, EXPRESS OR IMPLIED, EITHER IN FACT OF BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND NATIONAL JEWISH AND VISTAGEN EACH SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTY OF QUALITY, WARRANTY OF MERCHANTABILITY, WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY OF NONINFRINGEMENT.

SECTION 7 - INFRINGEMENT

7.1 Each party shall inform the other promptly in writing of any alleged infringement of the Patent Rights by a third party and of any available evidence thereof Each party shall use reasonable efforts, and cooperate with the other party, to terminate any infringement without litigation.

7.2 VistaGen shall have the right, but shall not be obligated, to prosecute at its own expense all infringements of the Patent Rights for use in Screening Systems. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of National Jewish, which consent shall not unreasonably be withheld. VistaGen may include National Jewish as a party in any such suit subject to indemnifying National Jewish and its affiliates against any order for costs or other damages that may be made against National Jewish or its affiliates in such proceedings.

7.3 In the event that VistaGen shall undertake the enforcement and/or defense of the Patent Rights by litigation, VistaGen may withhold up to fifty percent (50%) of all Annual Payments otherwise due National Jewish under Article 4 hereunder and apply the same toward reimbursement of up to half of VistaGen's reasonable and customary, documented, third party expenses, including reasonable attorneys' fees, in connection therewith, incurred during that reporting period. VistaGen shall not withhold any additional amounts under this paragraph than are necessary to reimburse fifty (50) percent of expenses and attorneys' fees actually incurred as of the date such amounts are payable

to National Jewish, and in no case shall National Jewish be paid less than fifty (50) percent of the amount due.

7.4 If within six (6) months after having been notified of any alleged infringement, VistaGen shall have been unsuccessful in persuading the alleged infringer to desist or shall not have brought and shall not be diligently prosecuting an infringement action, or if VistaGen shall notify National Jewish at any time prior thereto of its intention not to bring suit against any alleged infringer in the Territory, then, and in those events only, National Jewish shall have the right, but shall not be obligated, to prosecute at its own expense any infringement of the Patent Rights in the Territory. The total cost of any such infringement action commenced or defended solely by National Jewish shall be borne by National Jewish. Any award paid by infringers as a result of such action shall be retained by National Jewish, except for any reasonable and customary, documented, third party legal expenses incurred by VistaGen for cooperative actions taken at the written request of National Jewish.

7.5 In the event VistaGen initiates or carries on legal proceedings to enforce Patent Rights against any alleged infringer, any award paid by third parties as result of such proceedings (whether by way of settlement or otherwise) shall First be applied to reimbursement of unreimbursed, reasonable and customary, documented, third party legal fees and expenses incurred by VistaGen, then toward reimbursement of any unreimbursed reasonable and customary, documented, third party legal fees and expenses of National Jewish, then, if applicable, toward reimbursement of National Jewish for the amount of any payments withheld pursuant to Section 7.3, and then the remainder shall be divided among the parties in direct proportion to each party's Risked Capital For the purposes of this Section 7.5 only, "Risked Capital" shall mean (i) for National Jewish, the unreimbursed third party legal fees of this Section 7.5 plus amounts withheld by VistaGen pursuant to Section 7.3, and (ii) for VistaGen, the unreimbursed third party legal fees of this Section 7.5.

7.6 In the event that a declaratory judgment action alleging invalidity or noninfringement of any of the Patent Rights shall be brought against VistaGen, National Jewish, at its option, shall have the right, within thirty (30) days after commencement of such action, to intervene and participate in defense of the action at its own expense.

7.7 In any infringement suit as either party may institute to enforce the Patent Rights pursuant to this Agreement, the other party hereto shall, at the request and expense of the party initiating such suit, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

7.8 VistaGen shall have the sole right in accordance with the terms and conditions herein to sublicense any alleged infringer in the Territory for future use of the Patent Rights in Screening Systems. Any payments or royalties as part of any suchsublicense shall be shared with National Jewish by mutual agreement, under terms as consistent with Article 4 as possible.

SECTION 8 - TERM AND TERMINATION

8.1 Term. The term of this Agreement shall commence on the Effective Date and continue in fiill force and effect until expiration of the last valid claim under Patent Rights, unless earlier terminated as otherwise provided in this Agreement.

8.2 Termination bv VistaGen. VistaGen may terminate this Agreement at any time for any reason, such termination to be effective sixty (60) days after the date of receipt by National Jewish of VistaGen's written notice of termination.

8.3 Termination for Breach or Default. In the event that either party to this Agreement shall be in breach or default of an obligation under this agreement and shall fail to remedy such breach or default within sixty (60) days after receipt of written notice thereof by the other party, where such notice will contain a full description of the event or occurrence constituting a breach of the Agreement, the non-breaching party to this Agreement shall be entitled to terminate this Agreement upon written notice to the party in breach or default at any time after such sixty (60) day period. Either party may immediately terminate this agreement for fraud, willful misconduct or illegal conduct of the other party upon written notice of same to the other party.

8.4 Termination Upon Bankruptcy. If, during the term of this Agreement, VistaGen shall become bankrupt or insolvent or if the business of VistaGen shall be placed in the hands of a receiver or trustee, whether by voluntary act of VistaGen or otherwise, or if VistaGen shall cease to exist as an active business, this Agreement shall, to the extent permitted by law, immediately terminate.

8.5 If VistaGen fails to pursue commercialization of the Licensed Technology substantially as described in Section 3, National Jewish shall have the option of terminating this Agreement.

8.6 Consequences of Termination. Termination of this Agreement shall not affect the financial obligations of the parties that have accrued prior to the effective date of termination. If VistaGen has sublicensed the rights to any Discovered Molecules to any third parties, such sublicenses shall survive termination of this Agreement, provided that the Sublicensee is not in breach of such sublicense at the time this Agreement is terminated, and provided that the Sublicensee agrees to renegotiate the license with National Jewish, in good faith, for substantially the same terms as it agreed to with VistaGen, taking into account changes which may be necessary to protect National Jewish's mission and non-profit status.

8.7 Survival. The following sections of this Agreement are the only sections that shall survive termination of this Agreement for any reason: Section 1; any financial obligations of VistaGen under Sections 4.1,4.2, 4.3, 4.4, or 4.5 which accrued prior to termination; any financial obligations of National Jewish under Section 4.6 that accrued prior to termination; Sections 4.8 and 4.9, for one year following termination; Section 4.10, for three years following termination; Sections 4.11, 4.12, and 4.13; Sections 5,1 and 5.2; any financial obligations of the parties under Section 7 which accrued prior to termination; Section 7.7; Sections 9.1, 9.2, 9.4, 9.6; Section 9.8 , for five years following the termination; Section 9.9; and Section 10.

SECTION 9 - MISCELLANEOUS

9.1 Notices. It shall be a sufficient giving of any notice, request, report, statement disclosure, or other communication hereunder, if the party giving the same shall deposit a copy thereof in the United States Post Office in certified mail, postage prepaid, addressed to the other party at its address hereinafter set forth or at any other address as the other party shall have theretofore in writing designated:

National Jewish:

James D. Crapo, M.D.
Executive Vice President for Academic Affairs National Jewish Medical and Research Center 1400 Jackson Street Denver, Colorado 80206

VistaQen:

H. Ralph Snodgrass President & CEO VistaGen, Inc. 325 Middlefield Road Mounatin View,
CA 94043

The date of giving any such notice, request, report, statement, disclosure, or other communications, and the date of making any payment hereunder required (provided such payment is received), shall be the actual date of receipt.

9.2 Indemnity and Insurance. VistaGen agrees to indemnify, hold harmless and defend National Jewish, its trustees, officers, employees and agents against any and all claims, suits, losses, damages, costs, fees and expenses, including attorney fees, resulting from or arising out of the exercise of this license. VistaGen shall not be responsible for the negligence or intentional wrongdoing of National Jewish. National Jewish agrees to

indemnity, hold harmless and defend VistaGen, its officers, directors and agents against any and all claims, suits, losses, damages, costs, fees and expenses, including attorney fees, resulting from or arising out of the breach of any representation of National Jewish in this Agreement. In the event VistaGen or any Sublicensee develops, with the intent to produce, transfer or offer for sale, any product comprising, in whole or in part, **a** Discovered Molecule or any National Jewish Derived Cell Line or Novel Derived Cell Line, VistaGen or its Sublicensee shall obtain and carry in full force and effect liability insurance which shall protect VistaGen and National Jewish with respect to any and all claims and expenses indemnified in this Section 9,2. The nature and extent of such insurance coverage shall be commensurate with usual and customary industry practices.

9.3 Status of Parties. Neither party hereto is an agent of the other party for any purpose whatsoever.

9.4 Use of Names. Neither party will, without the prior written consent of the other party, use in advertising, publicity or otherwise, any trade name, trademark, trade device, service mark, symbol, or any abbreviation, contraction or simulation thereof owned by the other party, use the name of any employee or agent of the other party in any publication, publicity, advertising or otherwise, or represent, either directly or indirectly, that any product or service of the other party is a product or service of the representing party, or that it is made in accordance with or utilizes information or documents of the other party. However, each party may acknowledge the existence of this Agreement and the parties hereto, publicly or privately, as necessary for carrying out its business or as required by law. VistaGen shall allow National Jewish to review alt relevant portions of any documents filed with the U.S. Securities and Exchange Commission that contain references to National Jewish Medical and Research Center or this Agreement, such review to be conducted in **a** timely manner so as not to unreasonably delay such filings.

9.5 Entire Agreement. This Agreement, including any schedules or other attachments that are incorporated herein by reference, contains the entire agreement between the parties as to its subject matter. This Agreement merges all prior discussions between the parties and neither party shall be bound by conditions, definitions, warranties, understandings or representations concerning such subject matter except as provided in this Agreement or as may be specified later in writing and signed by the properly authorized representatives of the parties. This Agreement can be modified or amended only by written agreement duly signed by persons authorized to such agreements on behalf of the parties.

9.6 Waiver. The failure of a party in any instance to insist upon the strict performance of the terms of this Agreement shall not be construed to be a waiver or relinquishment of any of the terms of this Agreement, either at the time of the party's failure to insist upon strict performance or at any time in the future, and such term or terms shall continue in full force and effect.

9.7 Titles. Ail titles and article headings contained in this Agreement are inserted only as a matter of convenience and reference. They do not define, limit, extend, or describe the scope of this Agreement or the intent of any of its provisions.

9.8 Confidentiality. All confidential information concerning the subject matter of this Agreement disclosed to one party by the other orally or in written form shall be maintained **in** confidence by the other party and shall not be disclosed to any other person, firm or agency, governmental or private, or used for purposes other than those set forth in this Agreement, without the prior written consent of the other party, except to the extent such information;

(i) is known at the time of its receipt by the receiving party as documented by written records dated prior to such disclosure; or
(ii) is in the public domain other than through the fault of the receiving party; or
(iii) is subsequently disclosed to the receiving party by a third party who may lawfully do so and who is not under an obligation of confidentiality to the supplying party; or

(iv) is required to be disclosed to the Securities and Exchange Commission in tilings by VistaGen therewith or to other governmental agencies to facilitate the issuance of marketing approvals for Products;
(v) is disclosed by VistaGen to potential Sublicensees within the terms of this Agreement, which Sublicensees shall first agree to be bound by the confidentiality obligations contained in this Agreement;
(vi) must reasonably be disclosed by National Jewish to third parties as part of efforts to secure other non-exclusive licenses for identification and characterization of Discovered Molecules; or
(vii) is required to be disclosed in a judicial or administrative proceeding after legal remedies for maintaining the subject matter in confidence have been exhausted.

9.9 Financial Terms. Neither party shall disclose the financial terms of this Agreement to any third party (other than the employees of either party) without the prior written consent of the other party, unless such disclosure is otherwise required by law or applicable regulation.

9.10 Publications. VistaGen agrees to supply National Jewish with copies of all written confidential documents or presentation materials at least thirty (30) days prior to any publication or oral presentation of those materials, in order to allow National Jewish to review those materials for the purposes of protecting confidential information and intellectual property.

9.11 Force Majeure. No failure or omission by the parties hereto in the performance of any obligation of this Agreement shall be deemed a breach of this Agreement or create any liability if the same shall arise from any cause or causes beyond the control of the parties, including, but not limited to, the following: act of God; fire;

storm; flood, earthquake; accident; war, rebellion; insurrection; riot; invasion; strike, and lockouts, and provided that such failure or omission resulting from one of the above causes is cured as soon as is practicable after the occurrence of one or more of the above-mentioned causes.

9.12 Assignability. This Agreement shall be binding upon and inure to the benefit of respective successors and assigns of the parties hereto, however, a party may only assign its rights hereunder with the prior written consent of the other party, such consent not to be unreasonably withheld or delayed. In order to obtain the other party's written consent, the assigning party shall advise the other party in writing as to the entity to which it wishes to assign this Agreement. The other party shall respond to the assigning party's request within ten (10) days of receipt of the assigning party's notice. If the other party shall refuse to provide its consent, it shall provide its reasons in writing. Failure by the other party to respond within said ten (10) day period shall be deemed consent to the assigning party's request. Notwithstanding the foregoing, VistaGen shall have the right to Assign this Agreement without the prior written consent of National Jewish in connection with the sale or merger of all or substantially all of its assets, provided that VistaGen is not in breach and that the assignee agrees in writing to the terms of this Agreement.

9.13 Severance. Each clause of this Agreement is a distinct and severable clause and if any clause is deemed illegal, void, or unenforceable, the validity, legality, or enforceability of any other clause or portion of this Agreement will not be affected thereby.

SECTION 10 - DISPUTE RESOLUTION

10.1 If one of the parties hereto declares that a dispute between the parties has arisen related to this Agreement, such dispute shall, in the first instance, be the subject of good faith negotiations between the parties to resolve such dispute. Meetings to resolve disputes shall be held within thirty (30) days of notice in the jurisdiction of the party that did not first allege the existence of a dispute, unless another location is selected that is mutually acceptable to the parties. Should the negotiations not lead to a settlement of the dispute within thirty (30) days of the date of the meeting, the parties shall refer the dispute to a mutually acceptable mediation service in Salt Lake City, Utah to resolve the dispute. The mediation shall be attended by individuals from within each party who have decisionmaking authority with respect to the matter in question. If the mediation does not lead to a settlement of the dispute within sixty (60) days after the date of the last meeting to resolve the dispute, then the parties shall submit the issue to final and binding arbitration before a panel of arbitrators under the rules of the American Arbitration Association. Unless the parties otherwise agree, arbitration will be held in the jurisdiction of the party that did not first allege the existence of the dispute. The panel of arbitrators shall consist of three parties: one selected by each party, as well as a disinterested third party that the two arbitrators shall name. The third arbitrator shall be a person who has had experience in the business of biotechnology or pharmaceutical licensing. If a qualified person in thisfield cannot be found and agreed upon, the two arbitrators shall use their own discretion and select a third arbitrator with qualifications as they deem appropriate- The throe arbitrators shall be given full power to hear and finally determine and dispose of all disputes between the parties that may arise from or that are related to this Agreement. The parties agree that, any provision of applicable law notwithstanding, they will not request, and the arbitrators shall have no authority to award, punitive or exemplary damages against any party. The arbitrators shall make their ruling in writing no later than thirty (30) days after the hearing. The decision of two of the three arbitrators shall be binding on the parties. No party has the right to appeal the ruling, to any court or otherwise. Judgment upon the decision rendered may be entered in any court having jurisdiction or application may be made to such court of a judicial acceptance of the award and an order of enforcement, as the case may be. AH fees and expenses payable with respect to the mediation and arbitration proceedings shall be shared by both parties during the course of the mediation and arbitration proceedings, but, in the case of the arbitration, shall be reimbursed in favor of the prevailing party after the arbitration ruling is rendered.

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

National Jewish Medical and Research Center

By: James Crapo

Executive Vice President for Academic Affairs

VistaGen, Inc.

By: H. Ralph Snodgrass

President & CEO
Executive Vice President for Academic Affairs
Date: July 12, 1999

AMENDMENT TO LICENSE AGREEMENT

THIS AMENDMENT TO LICENSE AGREEMENT (the "Amendment"), effective as of January 25, 2001 ("Effective Date"), is entered into by and between NATIONAL JEWISH MEDICAL AND RESEARCH CENTER ("National Jewish"), a non-profit medical and research institution organized under the laws of Colorado and having principal offices at 1400 Jackson Street, Denver, Colorado 80206, and VistaGen, Inc., a corporation having an address at 325 Middlefield Road, Mountain View, California, 94043 ("VistaGen").

WHEREAS, National Jewish and VistaGen executed a License Agreement dated July 12, 1999 related to National Jewish technologies and patents ("the 1999 License Agreement"); and

WHEREAS, the parties wish to amend the 1999 License Agreement

NOW, THEREFORE, National Jewish and VistaGen agree to amend the 1999 License Agreement as follows:

1. In the second paragraph of the 1999 License Agreement, fourth line, delete "(hereinafter, "Inventor")" and add the following language to the end of the clause, after the word "co-inventors" Kyunghee Choi, Ph.D., Meri Firpo, Ph.D., Robert Hawley, Ph.D., and Marion Kennedy, M.Sc. (collectively, "Inventor")".

2. In Section 1.8 of the 1999 License Agreement, first line, change the number "08/843,686" to the number "08/343,686", and in the second line, after the words "and any patents issued therefrom" insert the words: "(including, without limitation, issued patent numbers 5,914,268, 5,874,301, and 6,110,739)".

3. Replace Section 1.12 of the 1999 License Agreement in its entirety with the following:

   "1.12 "VistaGen Revenues" shall mean (i) all revenues or other income received by VistaGen and any Subsidiaries (as hereinafter defined), and (ii) all gross proceeds received by VistaGen and its Subsidiaries pursuant to the issuance of VistaGen (and its Subsidiaries) securities (other than common stock issued to employees and consultants), including, without limitation, (a) sales of products or services; (b) research agreement revenues; (c) sales of equity, as calculated below; (d) any gross proceeds (at the time of the transaction) received from the sale of all or part of VistaGen's business (including the sale of any Subsidiaries), including the fair market value of any property, including securities, received upon such sale; (e) sale of debentures or other convertible instruments; and any other proceeds, revenues, or other income that would normally be disclosed by public companies under Federal securities laws. VistaGen Revenues derived from sales of equity shall include one hundred percent (100%) of all equity issued by VistaGen and its Subsidiaries subsequent to the Effective Date up to fifteen million dollars ($15,000,000); shall include gross proceeds received by VistaGen and its Subsidiaries pursuant to that equity that is Above Market Value on equity raised in excess of fifteen million dollars ($! 5,000,000); and shall not apply to and shall terminate upon the conclusion of the first equity issuance pursuant to an effective registration statement filed with the Securities and Exchange Commission. Any property other than cash or marketable securities included in VistaGen Revenues shall be valued at the fair market value of such property."

4. Add a new Section 1.14 to the 1999 License Agreements which shall read:

"1.14 "Subsidiary" shall mean any corporation or other entity: which is wholly owned by VistaGen; in which VistaGen holds more than fifty percent (50%) of the issued and outstanding equity; or over which VistaGen has decision *making* control (e-g-> by virtue of authority to select a majority of the members of the Board of directors).

5. In Section 2.1 of the 1999 License Agreement replace the first sentence which currently states "Subject to the terms and conditions of this Agreement, National Jewish hereby grants to VistaGen an exclusive worldwide right and license under Patent Rights, with the right to sublicense, (i) to make, have made, use, sell, offer to sell, and import Screening Systems using Licensed Technology, and (ii) to National Jewish rights to Novel Derived Cell Lines derived solely by parties other than National Jewish employees worldwide for use in Screening Systems." with the following language:

   "Subject to the terms and conditions of this Agreement, National Jewish hereby grants to VistaGen an exclusive worldwide right and license under Patent Rights, with the right to sublicense to make, have made, use, sell, offer to sell, and import Screening Systems and Biological Assays using Licensed Technology."

6. Delete Section 2.2 of the 1999 License Agreement that currently states "Subject to the terms and conditions of this Agreement, National Jewish hereby grants to VistaGen a non-exclusive worldwide right and license under Patent Rights, without the right to grant sublicenses, to make and use Licensed Technology for Biological Assays."

7. In Section 2,3 of the 1999 License Agreement, replace Section 2.3 which currently states "National Jewish hereby grants VistaGen a time-limited, exclusive option to negotiate a license or licenses, under commercially reasonable terms, to National Jewish's interests in additional applications of Licensed Technology for products and methods other than Screening Systems, Biological Assays, and Novel Derived Cell Lines. Such products and applications shall include, but are not limited to, cell-based therapeutics and gene therapy and gene delivery systems. Such option grant shall remain in effect for 18 montlis following the effective date of this Agreement and *shall* be renewable for two additional periods of 18 months each subject to (i) a renewal payment to National Jewish of $15,000 by VistaGen within 30 days of each renewal, and (ii) submission of satisfactory evidence of reasonable commercial dueamend diligence with respect to the commercial potential of such additional applications by VistaGen over the course of the preceding 18-month time period/', with the following language;

"Notwithstanding anything to the contrary in this Agreement, prior to granting any rights or license in, to or under the Licensed Technology, excluding licenses to employees and to Inventors as permitted by Section 2.5 of this Agreement but including licenses to Third Parties for funded or sponsored research, for applications other than Screening Systems, Biological Assays and Novel Derived Cell Lines ("Other Applications"), such Other Applications including without limitation cell-based therapeutics and gene therapy and gene delivery systems, National Jewish will first offer to enter into a license agreement with VistaGen for the exclusive rights to the Licensed Technology for Other Applications and all intellectual property covering such applications. For purposes of this Agreement, "Third Party" shall mean any entity or person other than National Jewish, National Jewish1 s employees, an Inventor or VistaGen. To implement the foregoing right of first refusal, National Jewish shall notify VistaGen no later than thirty (30) days after any Third Party expresses to National Jewish a bona fide interest in negotiating a license agreement under Patent Rights for "Other Applications". In the event that VistaGen and National Jewish have not entered into an agreement within sixty (60) days after National Jewish provides such notification to VistaGen ("Negotiation Period"), National Jewish shall be free to enter into a license with respect to - Other Applications with such Third Party, provided that tlie terms ai>d conditions for granting rights and license to such Third Party shall not be more favorable to the Third Party than the terms and conditions last offered to VistaGen in the Negotiation Period without first offering such more favorable terms and conditions to VistaGen for VistaGen's consideration and possible acceptance. If National Jewish has not entered into a license agreement with a Third Party for Other Applications within 120 days after the end of the Negotiation Period, National Jewish shall again comply with the procedures set forth in this Section 2.3 upon receiving from a Third Party a bona fide expression of interest in negotiating any right or license in, to or under the Licensed Technology for Other Applications."

8. In Section 3.1. first line, of the 1999 License Agreement, after the words "Screening Systems" insert the words: "and Biological Assays". In Section 3.1, third Hue, after "services", insert the words: "and Biological Assay-related products and services".

9. Replace Section 3.2 (b)(ii) of the 1999 License Agreement in its entirety with the following:

"develop a format of the technology suitable for high screening consistent with the business plan,"

10. Replace Section 3.2 (c)(i) of the 1999 License Agreement in its entirety with the following:

"execute at least three additional third parry corporate agreements of which at least one is a biological assay discovery-based agreement."

11. In Section 4.1 (b), third line of the 1999 License Agreement, replace the words "one million dollars ($1,000,000)" with "three million dollars ($3,000,000)".

12. Replace Section 4.1 (f) of the 1999 License Agreement in its entirety with the following:

"(f) Annual cash payments (hereinafter "Annual Payments") of one percent (1%) of VistaGen Revenues up to thirty million dollars ($30,000,000) in each calendar year, plus one half of one percent (0.5%) of VistaGen Revenues greater than thirty million dollars ($30,000,000) in each calendar year, due and payable on February 1 of each year for the prior calendar year during the term of this Agreement. The minimum Annual Payment in any year shall be twenty-five thousand dollars ($25,000). The first such Annual Payment shall be made on or before February 16,2001, calculated from the total of all cumulative VistaGen Revenues received prior to January 1,2001."

13. In Section 4.2, third line of the 1999 License Agreement, after the words "Screening Systems or Biological Assays", insert the following words:

"(but not if sublicensed together with VistaGen Technology)"

14. In Section 4.10, tenth line of the 1999 License Agreement, replace the phrase twenty (10)" with "five (5)".

15. Section 8.5 of the 1999 License Agreement shall be restated in its entirety to state as follows:

"If VistaGen fails to pursue commercialization of the Licensed Technology substantially as described in Section 3, and does not cure such failure within sixty (60) days after written notice thereof is provided to VistaGen by National Jewish, then National Jewish shall have the option of terminating tins Agreement. Notwithstanding the foregoing, if VistaGen's failure is not curable within sixty (60) days, but VistaGen presents to National Jewish, in good faith, a plan for curing such failure in a longer period of time (in any event not to exceed nine (9) months), National Jewish shall not unreasonably withhold its consent to allow VistaGen to pursue such plan (and not to terminate if VistaGen successfully implements such plan) prior to exercising its rights to terminate hereunder."

16. Section 9,12, fourteenth line, of the 1999 License Agreement shall be amended by inserting after the word "Agreement" the following:

and also provided that the assignee - prior to acquiring the assets of VistaGen --negotiates in good faith with National Jewish an amendment to Section 4.1(f) of this Agreement that provides for compensation to National Jewish that is substantially equivalent and no less favorable to National Jewish than is provided in this Agreement."

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the day

and year first written above-

National Jewish Medical and Research Center
istaGen, Inc.
James D. Crapo, MD
Executive
H. Ralph Snodgrass, Ph.D. President and CEO

1/29/01
'Vice President for Academic Affairs

National Jewish
Medical and Research Center

Global Leader in Lung, Allergic and Immune Diseases

1400 Jackson Street
Denver, CO 80206
303 388 4461
800 423 ftfi91 http://www.njc.org

November 6, 2002

Ralph Snodgraas, Ph.D.
CEO
Vistagen, Inc.
1450 Rollins Road
Burlingame, CA 94010

Dear Ralph:

As you know, National Jewish Medical and Research Center and Vistagen, Inc. entered into a license agreement dated July 12, 1999 and amended January 25,2001 (hereinafter, the "License Agreement"). The purpose of this letter is;

- to transmit the attached Second Amendment to the License Agreement; and

- to acknowledge that National Jewish Medical and Research Center agrees that VistaGen has> to National Jewish's satisfaction as of the date of this letter, sufficiently achieved the diligence milestones set forth in the License Agreement under Section 3.2 (a) and (b), based upon your description of the status of those milestones in the attached schedule.

National Jewish shall not take any action that may be authorized by the License Agreement in the event of any failure of Vistagen to meet the milestones in Section 3.2 (a) and (b)

Sincerely,

James D. Crapo, MD

Executive Vice President for Academic Affairs

May 30, 2002

Summary of Diligence Milestones: NJMC License Agreement

Effective Date: July 1, 1999 amended January 25, 2001

Section 3 Diligence and Milestones

3.1 Reasonable Best Efforts Clause

3.2 Additional Diligence Obligations

SECOND AMENDMENT TO LICENSE AGREEMENT

THIS SECOND AMENDMENT TO LICENSE AGREEMENT (the "Amendment"), effective as of November 4, 2002 ("Effective Date"), is entered into by and between NATIONAL JEWISH MEDICAL AND RESEARCH CENTER ("National Jewish"), a non-profit medical and research institution organized under the laws of Colorado and having principal offices at 1400 Jackson Street, Denver, Colorado 80206, and VistaGen, Inc., a corporation having an address at 1450 Rollins Road. Burlingame, California, 94010 ("VistaGen").

WHEREAS, National Jewish and VistaGen executed a License Agreement dated July 12, 1999, and further amended January 25,2001, related to National Jewish technologies and patents ("the 1999 License Agreement"); and

WHEREAS, the parties wish to further amend the 1999 License Agreement.

NOW, THEREFORE, National Jewish and VistaGen agree to a second amendment of the 1999 License Agreement as follows:

1. In Section 3.2 (c) line 1 of the 1999 License Agreement, replace the word " third " with the word "fourth".

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

James D. Crapo, M.D.
Executive Vice President for Academic Affairs

H. Ralph Snodgrass; Ph.D. President and CEO

Date

THIRD AMENDMENT TO LICENSE AGREEMENT

THIS THIRD AMENDMENT TO LICENSE AGREEMENT (the "Amendment"), effective as of March 3, 2003, is entered into by and between NATIONAL JEWISH MEDICAL AND RESEARCH CENTER ("National Jewish"), a non-profit medical and research institution organized under the laws of Colorado and having principal offices at 1400 Jackson Street, Denver, Colorado 80206, und VistaGen Therapeutics, Inc., a corporation having an address at 1450 Rollins Road, Burlingame, California, 94010 ("VistaGen").

WHEREAS, National Jewish and VistaGen executed a License Agreement dated July 12. 1999, as amended January 25, 2001 and November 4, 2002, related to National Jewish technologies and patents ("the 1999 License Agreement"); and

WHEREAS, the parties wish to further amend the 1999 License Agreement to clarify certain aspects of the agreement related to sublicensee payments and exclusion of sublicensee purchases of VistaGen equity from the definition thereof.

NOW, THEREFORE, National Jewish and VistaGen agree to a third amendment of the 1999 License Agreement as follows:

1.0 Add a new Section 1.15 to read as follows:

"Sublicensee Payments" shall mean all cash payments received by VistaGen directly in connection with a sublicense to Sublicensees and/or investors of rights hereunder relating to Biological Assays or Screening Systems, including, but not limited to license or sublicense fees, option fees, technology access fees, milestone payments and royalties for the sale of products or services using Patent Rights or Licensed Technology. For the sake of clarity, 'Sublicensee Payments' shall not include any bona fide research and development funding or any payments received by VistaGen from a Sublicensee and/or investor in exchange for issuance of shares of VistaGen's capital stock or options to purchase shares of VistaGen's capital stock or other securities convertible into or exercisable for shares of VistaGen's capital stock, provided that the net proceeds of any such payments for stock or options in excess of the market value for such stock or options at the time such stock is issued or such options are granted shall be included in Sublicensee Payments if the payments arc part of an agreement related to research or development related to Biological Assays or Screening Systems. National Jewish and VistaGen agree to negotiate in good faith an equitable pro-rata portion of such proceeds in excess of market value to be included as Sublicensee Fees provided that such agreement with a Sublicensee and/or investor is related to research and development of technology other than Biological Assays and Screening Systems using Patent Rights and Licensed Technology."

2.0 Replace Section 4.2 of the 1999 License Agreement entirely with:

"4.2 If VistaGen sublicenses Licensed Technology, National Jewish Derived Cell Lines or Novel Derived Cell Lines derived solely by National Jewish to a third party (o practice Screening Systems or Biological Assays (but not if sublicensed together with VistaGen Technology), VistaGen shall pay National Jewish sublicense fees equal to fifty percent (50%) of any Sublicensee Payments received from each such Sublicensee. Such sublicense fees shall be due and payable to National Jewish within thirty days of receiving such Sublicensee Payments from such Sublicensees. Payments to National Jewish under this Section 4.2 shall be in addition to any other payments due under this Agreement."

3.0 Replace Section 4.3 of the 1999 License Agreement entirely with:

"4.3 If VistaGen sublicenses Licensed Technology, National Jewish Derived Cell Lines or Novel Derived Cell Lines derived solely by National Jewish, together with VistaGen Technology, to a third party to practice Screening Systems or Biological Assays, VistaGen shall pay National Jewish sublicense fees equal to ten percent (1Q9&) of any Sublicensee Payments received from each such Sublicense executed prior to July 1, 2003 and fifteen percent (1*5%)* of any Sublicensee Payments received from each such Sublicensee executed after July 1,2003. Such sublicense fees shall be due and payable to National Jewish within thirty days of receiving such Sublicensee Payments from such Sublicensees. Payments to National Jewish under this Section 4.3 shall be in addition to any other payments due under this Agreement."

4-0 Add a new Section 4.14 to Section 4, which shall read:'

"4.14 VistaGen agrees to pay National Jewish One Hundred Thousand Dollars ($100,000) in the form of VistaGen Series C Prcfened stock under terms of its Series C Preferred Stock Purchase Agreement dated December 28, 2004 attached hereto as Exhibit A. VistaGen also agrees to issue National Jewish a 5-year warrant to purchase 80,000 shares of VistaGen Common Stock at a price of $0.60 per share. Within 30 days from the execution date of this 3"1 Amendment, VistaGen will issue all documents necessary to affect such purchase and Notional Jewish shall within 30 days thereafter execute and return such documents.

IN WITNESS THEREOF, the panics hereto have executed this Amendment as of the day and year first written above.

National Jewish Medical and Research Center VistaGen Therapeutics, Inc.

[signature sheet to 3 Amendment to License Agreement]

IN WITNESS WHEREOF, the parties have executed this Series C Preferred Stock Purchase Agreement as of the date first above written.

INVESTOR:

NATIONAL JEWTSH MEDICAL AND RESEARCH CENTER

Signature Page to the VistaGen Therapeutics, Inc. Series C Preferred Stock Purchase Agreement

IN WITNESS WHEREOF, the parties have executed this Fourth Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

NATIONAL JEWISH MEDICAL AND RESEARCH CENTER

Signature Page to the VistaGen Therapeutics, Inc. Fourth Amended and Restated Investors' Rights Agreement

INSTRUMENT OF CANCELLATION OF INDEBTEDNESS

OCTOBER 2005

National Jewish Medical and Research Center ("NJMRC") hereby acknowledges that the delivery by VistaGen Therapeutics, Inc. (the "Company") of a certificate representing 166,666 shares of the Company's Series C Preferred Stock (the "Shares") to NJMRC constitutes full satisfaction of $100,000 of the outstanding principal balance owed by the Company to NJMRC pursuant to that certain note, invoice, or other evidence of obligation, a copy of which is attached hereto as Exhibit A. and NJMRC hereby agrees to cancel and forgive such obligation as full consideration for the issuance of the Shares. NJMRC further hereby acknowledges receipt of said certificate representing the Shares.

This instrument shall be effective as of the date first written above.

NATIONAL JEWISH HEALTH
Technology Science
Transforming Life
Transfer Office
1400 Jackson Street-M206
Denver, CO 80206National Jewish Health
Phone: 303.398.1045

4/15/2010

H. Ralph Snodgrass, Ph.D. President & CSO VistaGen Therapeutics, Inc. 384 Oyster Point Blvd, #8 South San Francisco, CA 94080

Dear Dr. Snodgrass,

Please find the attached agreement amendment. If you have any questions, please don't hesitate to contact Dr. Emmanuel Hilaire, Manager, Technology Transfer Office at HilaireE@NJHealth.org and:

> Emmanuel Hilaire, Ph.D. Manager, Technology Transfer Office National Jewish Health, Room M206B 1400 Jackson Street Denver, CO 80206 USA

Or myself.
Thank you very much!

Sincerely, Stephanie Piersma

Program Administrator National Jewish Health Technology Transfer Office
303.398.1045 PiersmaS@NJHealth.org

FOURTH AMENDMENT TO LICENSE AGREEMENT

This Fourth Amendment to License Agreement (the "Amendment"), effective as of April 15, 2010, is entered into by and between National Jewish Health, formally National Jewish Medical and Research Center, ("NJH"), a non-profit medical and research institution organized under the laws of Colorado and having a principal offices at 1400 Jackson Street, Denver, Colorado 80206, and VistaGen Therapeutics, Inc., a California corporation having an address at 384 Oyster Point Blvd., # 8, South San Francisco, CA 94080 ("VistaGen").

RECITALS

WHEREAS, NJH and VistaGen executed that certain License Agreement dated July 12, 1999, as amended by that certain First Amendment to License Agreement dated January 25, 2001, as further amended by that certain Second Amendment to License Agreement dated November 4, 2002 and as further amended by that certain Third Amendment to License Agreement dated March 1, 2003, pursuant to which NJH granted VistaGen a license to certain of its technologies and patents (collectively, the "1999 License Agreement");

WHEREAS, the 1999 License Agreement provides that VistaGen must make royalty payments based upon its receipt of VistaGen Revenues (as defined therein), which excludes gross proceeds VistaGen receives from the sale of its equity securities pursuant to an effective registration statement filed with the Securities and Exchange Commission;

WHEREAS, the Company is currently contemplating a possible initial public offering in Canada; and

WHEREAS, VistaGen and NJH now desire to further amend the 1999 License Agreement to clarify the definition of "VistaGen Revenues" to exclude from the definition gross proceeds VistaGen receives from the sale of its securities any initial public offering regardless of jurisdiction and any proceeds from the sale of its securities following such initial public offering.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, VistaGen and NJH hereby agree to amend the 1999 License Agreement as follows:

AMENDMENT

1, Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the 1999 License Agreement.

2. Amendment. Effective immediately, Section 1.12 of the 1999 License Agreement shall be deleted in its entirety and amended to read in its entirety as follows:

"1.12 "VistaGen Revenues" shall mean (i) all revenues or other income received by istaGen and any Subsidiaries (as hereinafter defined), and (ii) all gross proceeds received by istaGen and its Subsidiaries pursuant to the issuance of VistaGen (and itsSubsidiaries) securities (other than common stock issued to employees and consultants), including, without limitation, (a) sales of products or services; (b) research agreement revenues; (c) sales of equity, as calculated below; (d) any gross proceeds (at the time of the transaction) received from the sale of all or part of VistaGen's business (including the sale of any Subsidiaries), including the fair market value of any property, including securities, received upon such sale; (e) sale of debentures or other convertible instruments; and any other proceeds, revenues, or other income that would normally be disclosed by public companies under Federal securities laws. VistaGen Revenues derived from sales of equity shall include one hundred percent (100%) of all equity issued by VistaGen and its Subsidiaries subsequent to the Effective Date up to fifteen million dollars ($15,000,000), and shall include gross proceeds received by VistaGen and its Subsidiaries pursuant to that equity that is Above Market Value on equity raised in excess of fifteen million dollars ($15,000,000); *provided however,* that subsection (ii) of this Section 1.12 shall terminate and be of no further force or effect immediately prior to the closing of any initial public offering of the Company's securities in the United States, Canada or any other jurisdiction (the "IPO") and neither the proceeds received by VistaGen in the IPO nor the proceeds received by VistaGen in any offering of its securities (public or private) thereafter shall be deemed "VistaGen Revenues" for purposes of this Section 1.12. Any property other than cash or marketable securities included in VistaGen Revenues shall be valued at the fair market value of such property as determined by VistaGen's Board of Directors."

3. Acknowledgment. NJH hereby acknowledges that the Company is currently pursuing an initial public offering in Canada and that it may disclose certain material terms of the 1999 License Agreement as amended by this Amendment.

4. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the 1999 License Agreement and shall continue in full force and effect.

5. Conflicting Terms. In the event of any inconsistency or conflict between the 1999 License Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

[Signature Page to Follow]

IN WITNESS THEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

Name: Title:

NATIONAL JEWISH HEALTH

By: /s/ Gregory F. Downey, MD
Name: EVP, Academic Affairs

VISTAGEN THERAPEUTICS, INC.

By: /s/ H. Ralph Snodgrass
Name: H. Ralph Snodgrass, Ph.D.
Title: President

Exhibit 10.22

AGREEMENT BETWEEN

MOUNT SINAI SCHOOL OF MEDICINE OF NEW YORK UNIVERSITY

AND

VISTAGEN THERAPEUTICS, INC.

LICENSE AGREEMENT

This License Agreement (the "Agreement") is made and effective as of October 1, 2004 (the "Effective Date"), by and between:

MOUNT SINAI SCHOOL OF MEDICINE OF NEW YORK UNIVERSITY, a corporation organized and existing under the laws of the State of New York and having a place of business at One Gustave L. Levy Place, New York, NY 10029 ("MSSM")

AND

VistaGen Therapeutics, Inc., a corporation duly organized and existing under the laws of the State of California, and having its principal office at 1450 Rollins Road, Burlingame, CA 94010 ("COMPANY").

RECITALS

WHEREAS:

MSSM has an ownership interest in certain Patent Rights (as hereinafter defined); and

COMPANY wishes to obtain *a* license to make, have made, use, import, put into use, distribute, sublicense, sell and have sold products covered by the Patent Rights and MSSM desires to grant such license, all on the terms and conditions set forth herein.

NOW, THEREFORE, IT IS HEREBY DECLARED AND AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. Definitions: Whenever used in this Agreement, the following terms shall have the following meanings:

a. "Affiliate" shall mean any corporation, firm, limited liability company, partnership or other entity that directly or indirectly controls or Is controlled by or is under common control with a party to this Agreement. "Control" means ownership, directly or through one or more Affiliates, of 50 percent or more of the shares of stock entitled to vote for the election of directors, in the case of a corporation, or 50 percent or more of the equity interests in the case of any other type of legal entity, status as a general partner in any partnership, or any other arrangement whereby a party controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity.

b. "Calendar Year" shall mean any consecutive period of twelve months commencing on the first day of January of any year.

c. "Biological Materials" shall mean materials and cells covered by the Patent Rights

d. "Field" shall mean the use of the Patent Rights for *in vitro* drug screening assays, predictive toxicology and efficacy assays, drug-related pharmacology assays, genomics and proteomics studies, and developing human and animal therapeutic and diagnostic products. Field shall not mean Cell-Based Therapy.

e. "Gene Therapy" shall mean the introduction of genes into cells to modify the behavior of such cells.

f. "Cell-based Therapy" shall mean the introduction of autologous or non-autologous genetically modified or genetically unmodified live cells in to an organism to treat a condition.

g. "License" shall mean the license under the Patent Rights to make, have made, use, import, export, put into use, distribute, sublicense, sell and have sold the Licensed Products in the Field in the Territory during the term of this Agreement as provided in Article 2, below.

h. "Licensed Method" shall mean any process, method or use that is covered by the Patent Rights or whose use of practice would constitute, but for the license granted to Licensee pursuant to this Agreement, an infringement of any issued or pending claim within the Patent Rights.

i. "Licensed Product(s)" shall mean any material or product or kit, or any service, process, or procedure that

i. Either is covered by the Patent Rights or whose discovery, development, registration manufacture, use or sale would constitute, but for the license granted to COMPANY pursuant to this Agreement, an infringement of any pending or issued claim within the Patent Rights or

ii. Is discovered, developed, made, sold, registered or practiced using Licensed Method or which may be used to practice the Licensed Method, in whole or in part or

iii. Is a kit, reagent or material which comprises, contains or makes use of Biological Material in its manufacture, testing use or sale

j. "Net Income" shall mean any royalties on Net Sales COMPANY is entitled to receive from sales of Licensed Products by a sublicensee.

k. "Net Sales" shall mean the total dollar amount received, by COMPANY or by any COMPANY Affiliate or sublicensee in connection with sales to any purchaser of the Licensed Products that is not an Affiliate or a sublicensee of COMPANY or an COMPANY Affiliate, after deduction of all the following to the extent applicable to such sales;

i. Trade, cash and quantity credits, discounts, refunds or rebates;
ii. Allowances or credits for returns;
iii. Sales commissions;
iv. Sales taxes (including value added tax);
v. Export and import duties; and
vi. Freight and insurance charges borne by the seller.

L "Patent Rights" shall mean any issued patent or any patent to be issued pursuant to any United States or foreign patent application owned, by MSSM, listed in this subclause 1.k. together with any continuations in whole, divisional or substitute patents, any reissues or re-examinations of any such application or patents, and any extension of the term of any such patent in the Field. The issued patents and patent applications referred to in the preceding sentence are:

i. US Provisional patent application 60/381.617 filed 05/17/02

ii. US Provisional patent application 60/444,851 filed 02/04/03

iii. PCT application PCT/US03/15658 filed 05/19/03 m. "Territory" shall mean Worldwide

n. "Valid Claim" shall mean a claim of (i) an issued patent included in the Patent Rights which has not been declared invalid In a final, unappealable decision of a court of appropriate jurisdiction, or (ii) a pending patent application included in the Patent Rights which is being diligently prosecuted by or on behalf of MSSM and has not been formally terminated or abandoned without issuance of a patent.

2, The License:

a. Subject to the terms and conditions hereinafter set forth, MSSM hereby grants to COMPANY and COMPANY hereby accepts from MSSM:

i. Exclusive right under the Patent Rights to make have made use, import, export, put into use, distribute, sublicense, sell and have sold Licensed Products in the Field in the Territory during the term of this Agreement; and

ii. Non-exclusive right under the Patent Rights to make, have made, use, import, export, put into use, distribute, sell and have sold Licensed Products for Gene Therapy in the Field and in the Territory during the term of this Agreement.

b. COMPANY shall be entitled to grant sublicenses to the exclusive license described in this section 2.a.i. under the License on terms and conditions not inconsistent with this Agreement (except that the rate of royalty may be at higher rates than those set forth in this Agreement):

i. to an Affiliate, and

ii. to other third parties for consideration and in arms-length transactions.

c. COMPANY shall be entitled to grant sublicenses to the nonexclusive license described in this section 2.a.ii if, and only if, such a sublicense is required by a sublicensee to practice the exclusive license described In this section 2,a.i.

d. All sublicenses shall only be granted by COMPANY pursuant to a written agreement, a true and complete copy of which shall be submitted by COMPANY to MSSM as soon as practicable after the signing thereof. Each sublicense granted by COMPANY hereunder shall be subject and subordinate to the terms and conditions of this License Agreement and shall contain, inter alia, the following provisions:

i. the sublicense shall expire automatically on the termination of the License;

li. up on the termination of the License all sublicensees shall have, for a period of ninety (90) days following termination of the License, the right to negotiate directly with MSSM for a license with rights not inconsistent with their existing sublicense;

iii. the sublicense shall not be assignable, in whole or in part;

iv. the sublicensee shall not be entitled to grant further sublicenses; and

v. both during the term of the sublicense and thereafter the sublicensee shall be bound by a secrecy obligation similar to that imposed on COMPANY in Section 8 below, and that the sublicensee shall bind its employees and agents, both during the terms of their employment and thereafter, with a similar undertaking of secrecy.

e. The sublicense agreement shall also include the text of Sections 8, 11 and 12 of this Agreement and shall state that MSSM is an intended third party beneficiary of such sublicense agreement for purposes of enforcing such indemnification and insurance provisions.

f. The License shall be subject to

i. a non-exclusive license in favor of the U.S. Government to the extent required by Title 35 U.S.C.A. § 200 et seq., or as otherwise required by virtue of use of federal funding in support of inventions claimed within the Patent Rights and

ii. a right and license retained by MSSM on behalf of itself and its faculty, students and academic collaborators to practice the Patent Rights for its own bona fide research, including sponsored research and collaborations. The retained rights granted in this Section 2e shall not give MSSM the right to offer or grant rights in the Field under the Patent Rights to third parties.

iii. Non-exclusive rights of F. Hoffmann-La Roche AG to use the Patent Rights for research purposes. The right to use for research purposes does not include the right to provide any kind of service to third parties and/or selling subject matter claimed.

g. Except for the License expressly provided in this Section 2, neither party heretowill, as a result of this Agreement, obtain any ownership interest in, or any other right or license to, any existing technology, patents, or Confidential Information, as defined in Section 8, below, of the other party,

3. Issue Fee: Upon execution of this Agreement, COMPANY shall pay MSSM and issue fee of $30,000.00. COMPANY shall pay MSSM $70,000.00 upon the first issuance of a patent under the Patent Rights. These fees are non-refundable and are not an advance against royalties.

4. Maintenance Fees: Beginning with the third anniversary of the execution of the agreement subsequent to the first anniversary, COMPANY shall pay MSSM a license maintenance fee of $20,000.00 per year, payable upon each anniversary of the execution of the agreement. This maintenance fee shall be fully creditable against royalties.

5. Royalty:

a. In consideration for the grant of the License hereunder

i. COMPANY shall pay to MSSM:

1. In cases where the Licensed Product is a kit, reagent or other non-therapeutic, non-diagnostic product: three percent (3%) of Net Sales from Licensed Products by COMPANY, its affiliates, sublicensees and distributors to third parties;

2. In cases where the Licensed Product Is a therapeutic or diagnostic product: the lesser of (i) 25% of Net Income and (ii) three percent (3%) of Net Sales from Licensed Products by COMPANY its affiliates, sublicensees and distributors to third parties; and

3. In cases where the Licensed Product is a service or an assay: ten percent (10%) of Net Income from Licensed Products

ii. In the event COMPANY grants sublicenses with respect to any Licensed Product pursuant to which COMPANY receives Milestone Payments, COMPANY shall pay to MSSM ten percent (10%) of all such Milestone Payments received. "Milestone Payments" shall mean payments made to COMPANY upon fulfillment by COMPANY or the sublicensee of designated development objectives or regulatory requirements.

iii. In the event COMPANY grants sublicenses with respect to any Licensed Product pursuant to which COMPANY receives remuneration other than (1) royalties, (2) Milestone Payments, and (3) research and development reimbursements provided specifically to develop Licensed Products, then COMPANY shall pay to MSSM 25% of the amount of the aggregate of all payments that COMPANY receives from such sublicensees or other parties in that Calendar Year, including, without limitation:

a. Contract Signature Payments
b. Technology Premium Equity Payments
c. Maintenance Fees, or

d. Manufacturing Profits.

As used in this Section 5.a.(iii)a, the term "Contract Signature Payment" means license initiation fees and all other up front payments made to COMPANY in connection with a sublicense or similar agreement; "Technology Premium Equity Payment" means payments to COMPANY equal to A x (B-C), where "A" is the number of COMPANY shares of stock or other units of equity purchased by the sublicensee, "B" is the unit price paid by the sublicense, and "C is the fair market value of the equity which shall be the average closing price of COMPANY Common Stock for the 10 trading days immediately preceding the date such sublicense is executed, or, if there is no trading market for the security issued, the good faith determination of the COMPANY**'S** board of directors as to its fair market value; "Maintenance Fees" means payments (such as annual minimum royalties) made by sublicensees to COMPANY to preserve, or to avoid a forfeiture of rights under, the sublicense agreement; and "Manufacturing Profits" means the amount by which actual payments made by a sublicensee to COMPANY for any Licensed Product or components of any Licensed Product exceeds COMPANY**'S** standard costs for manufacture and shipment of such products plus twenty percent (20%) of such costs, "standard costs" being determined in accordance with generally accepted accounting principles in the United States;

With respect to any sublicensing or other transaction to which this 5.a.(iii) applies but which relates to products and services in addition to Licensed Products and for which an allocation would be necessary, the parties shall meet and attempt to agree on which portion of the total payments received by COMPANY pursuant to such transaction would be subject to this Section 5.a.(iii). If the parties cannot agree upon such allocation within a reasonable period of time, COMPANY shall select an independent certified public accountant, to which MSSM has no reasonable objection, to determine such allocation. Such allocation shall be determined in accordance with generally accepted accounting principles in the United States.

b. Notwithstanding the foregoing, if, in order to avoid infringement of third party issued patent(s) by the practice of the license rights granted herein, it is necessary for COMPANY, in its reasonable judgment, to take license(s) to such third party issued patent(s) requiring payments, COMPANY may deduct a portion of any third party running royalty payments or fees from Royalties due as follows, on an infringing product by product basis

i. deductions shall only be taken on a country-by country basis

ii. deductions with respect to a royalty or fee payment due a third party for product sales in a calendar year shall only be taken from Royalties due for the same calendar year with respect to gross sales of Licensed Products in that calendar year in the applicable country

iii. Licensee can deduct fifty percent (50%) of any such third party royalties paid, but royalty payments shall not be less than fifty percent (50%) of Royalties after all deductions are taken in a calendar year with respect to such country had no deductions been made, and

iv. Licensee shall reasonably document to MSSM its continuing contractual obligation to make such third party royalty payments and that such payments have actually been made to the third party.

c. COMPANY shall notify MSSM of the date of the first commercial sale of a Licensed Product as soon as practicable after the making of such commercial sale.

d. Commencing on the date of first commercial sale of a License Product, COMPANY shall, within 90 days from the last day of each June and December in each Calendar Year during the term of the License, submit to MSSM a full and detailed report of royalties or payments due MSSM under the terms of this Agreement for the preceding half year (the "Semi-Annual Report"), setting forth the Net Sales and lump sum payments and all other payments or consideration from sublicensees upon which such royalties are computed and including, on a Licensed Product-by-Licensed Product basis at least the:

i. Quantity of Licensed Products used, sold, transferred or otherwise disposed of,

ii. Selling price of each Licensed Product,

iii. Deductions permitted to arrive at Net Sales

iv. Royalty computations and deductions therefrom based on royalty payments to third parties.

If no royalties are due, a statement shall be sent to MSSM stating such fact. The full amount of any royalties or other payments due to MSSM for the preceding half-year shall accompany each such report on royalties and payments. COMPANY and all its sublicensees shall keep for a period of at least five years after the date of entry, full, accurate and complete books and records consistent with sound business and accounting practices and in such form and in such detail as to enable the determination of the amounts due to MSSM from COMPANY pursuant to terms of this Agreement.

e. At the request and expense of MSSM, COMPANY shall permit (and shall require its sublicensees to permit) an independent certified or chartered public accountant appointed by MSSM, at reasonable times during normal business hours and upon reasonable notice, but in any event no more than once per calendar year, to examine the records of COMPANY (and its sublicensees) to the extent necessary to verify royalty calculations made hereunder; provided, however, that such examination shall be at the expense of COMPANY if it reveals a discrepancy in the amount of royalties to be paid in MSSM's favor of more than five percent. Results of such examination shall be made available to both COMPANY and MSSM.

6, Method of Payment

a. Royalties and any other payments due to MSSM hereunder shall be paid to MSSM in United States dollars.

b. COMPANY shall be responsible for prompt payment to MSSM of all royalties defined by Section 5 due and received by COMPANY on sale, transfer or disposition of Licensed Products by the sublicensees of COMPANY.

c. As to sales occurring in currencies other than U.S. Dollars, Net Sales shall first be calculated in the currency in which sale occurred and then converted to U.S. Dollars at the buying rate for such currency calculated as the average of the closing buying rate for the first and last business day of the six month period for which royalties are due, as set forth in the Wall Street Journal for such dates.

7. Development and Commercialization

a. COMPANY shall use all commercially reasonable efforts to bring one or more Licensed Products to market through a thorough, vigorous and diligent program for exploitation of the Patent Rights in the Field. COMPANY shall not, however, be required to pursue the development of more than one Licensed Product at a time, nor shall COMPANY be required to pursue every possible Licensed Product.

b. Attached as Appendix A to this Agreement is the current development plan of COMPANY for the forthcoming period of twelve months (such plan, as updated from time to time as described in clause (c) below, the "Plan"). As and when appropriate, future Plans will incorporate efficacy, pharmaceutical safety, toxicological and/ or clinical tests or any other activities necessary in order to obtain the approval of the FDA and counterpart foreign regulatory agencies for the production, use and sale of Licensed Products, as well as marketing plans to commercialize Licensed Products that have obtained such approvals.

c. On the earlier of thirty (30) days prior to the first anniversary of the Effective Date or the end of COMPANY**'S** first fiscal year, and thereafter on each successive anniversary of such date, COMPANY shall deliver to MSSM a report setting forth in reasonable detail progress and problems with the implementation of the Plan and, providing an update on its efforts to commercialize Licensed Products, including a forecast and schedule of major events required to market the Licensed Products. Such report shall also include any amendments proposed by COMPANY to the Plan based upon the progress made and then current scientific, regulatory and commercial exigencies relating to Licensed Products. Within forty-five (45) days following the delivery of such a report (a "Diligence Report") representatives of MSSM may request a meeting with COMPANY to review the Diligence Report, the status of the efforts of COMPANY under the Plan and any proposed amendments to the Plan. Any such proposed amendments to the Plan shall be subject to approval by MSSM, which approval shall not be unreasonably withheld or delayed. Upon approval of any such amendments, they shall be deemed amendments to the Plan, added to Appendix A and deemed incorporated Into this Agreement.

d COMPANY will use all commercially reasonable efforts to accomplish the milestones described in the Plan.

e. Provided that applicable laws, rules and regulations so require, the manufacture of Licensed Products shall be carried out by COMPANY or its agents in accordance with FDA Good Laboratory Practices and FDA Good Manufacturing Practice ("GMP") procedures in a facility which has been certified by the FDA and the performance of the tests, trials, studies and other activities specified in the Plan shall be so performed by COMPANY or its agents in accordance with FDA clinical trial procedures. MSSM shall have no responsibility for the actual production, distribution, sale or use of any Licensed Product.

f. If at any time COMPANY abandons or suspends its efforts to commercialize all Licensed Products for a period exceeding ninety (90) days, COMPANY shall Immediately notify MSSM giving reasons and a statement of its intended actions. MSSM shall be entitled to terminate this Agreement for "Cause" in accordance with Section 13 upon any such abandonment.

g. MSSM shall also be entitled to terminate this Agreement for "Cause" in accordance with Section 13 if COMPANY shall fail to deliver any Diligence Report on a timely basis, or fail to use commercially reasonable efforts to implement the Plan, and such failure is not cured within the sixty (60) day period set by the written notice provided pursuant to Section 13, unless such failure is excused by:

i. Causes beyond COMPANY**'S** direct control; or

ii. MSSM's failure to meet its obligations hereunder; or

iii. Inaction of any federal or state agency whose approval is required for commercial sales of Licensed Products.

h. Provided that applicable laws, rules and regulations so require, the performance of the tests, trials, studies and other activities specified in subsection b, above, shall be carried out in accordance with FDA Good Laboratory Practices and FDA Good Manufacturing Practice ("GMP") procedures in a facility which has been certified by the FDA as complying with GMP. MSSM shall have no responsibility for the actual production, distribution, sale or use of any Licensed Product.

6. Confidential Information.

a. In the course of research to be performed under this Agreement, it will be necessary for each party to disclose "Confidential Information" to the other. For purposes of this Agreement, "Confidential Information" is defined as all information, data and know-how disclosed by one party (the "Disclosing Party") to the other (the "Receiving Party"), either embodied in tangible materials (including writings, drawings, graphs, charts, photographs, recordings, structures, technical and other information) marked "Confidential" or, if initially disclosed orally, which is reduced to writing marked "Confidential" within 21 days after initial oral disclosure, other than that information which is:

i. Known by the Receiving Party at the time of its receipt, and not through a prior disclosure by the Disclosing Party, as documented by the Receiving Party's business records; or

ii. At the time of disclosure, or thereafter becomes, published or otherwise part of the public domain without breach of this Agreement by the Receiving Party; or

iii. Obtained from a third party who has the legal right to make such disclosure and without any confidentiality obligation to the Disclosing Party; or

iv. Independently developed by the Receiving Party without the use of Confidential Information received from the Disclosing Party and such independent development can be documented by the Receiving Party; or

v. disclosed to governmental or other regulatory agencies in order to obtain patents, provided that such disclosure may be made only to the extent reasonably necessary to obtain such patents or authorizations, and further provided that any such patent applications shall be filed in accordance with the terms of this Agreement; or

vi. required by law, regulation, rule, act or order of any governmental authority to be disclosed.

b. The Receiving Party agrees that at all times and notwithstanding any termination, expiration, or cancellation hereunder, it will hold the Confidential Information of the Disclosing Party in strict confidence, will use all reasonable safeguards to prevent unauthorized disclosure by its employees and agents. Notwithstanding the foregoing, the parties recognize that industry standards with respect to the treatment of Confidential Information may not be appropriate in an academic setting. However, MSSM agrees to retain Confidential Information of COMPANY in the same manner and with the same level of confidentiality as MSSM retains its own Confidential Information.

c. The Receiving Party will maintain reasonable procedures to prevent accidental or other loss, including unauthorized publication of any Confidential Information of the Disclosing Party. The Receiving Party will promptly notify the Disclosing Party in the event of any loss or unauthorized disclosure of the Confidential Information.

d. Upon termination or expiration of this Agreement, and upon written request, the Receiving Party will promptly return to the Disclosing Party all documents or other tangible materials representing Confidential Information and all copies thereof.

e. The Receiving Party will immediately notify the Disclosing Party in writing, if it is requested by a court order, a governmental agency, or any other entity to disclose Confidential Information in the Receiving Party's possession. The Disclosing Party will have an opportunity to intervene by seeking a protective order or other similar order, in order to limit or prevent disclosure of the Confidential Information. The Receiving Party will disclose only the minimum Confidential Information required to be disclosed in order to comply, whether or not a protective order or other similar order is obtained by the Disclosing Party.

f. For as long as Gordon Keller is an MSSM faculty member, MSSM shall provide COMPANY with a copy of any manuscript produced by Gordon Keller and coworkers, directly relevant to the License as determined by Gordon Keller, prior to submitting for publication and give COMPANY thirty (30) days for assessment of disclosure issues relating to confidential information necessary for full and complete prosecution of Patent Rights.

9. Patent Rights.

a If either party to this Agreement acquires information that a third party is infringing one or more of the Patent Rights, the party acquiring such information shall promptly notify the other party to Agreement in writing of such infringement.

b. in the event of infringement of the Patent Rights, COMPANY shall have the right, but not the obligation, to bring suit against the infringer. Should COMPANY elect to bring suit against an infringer, COMPANY shall be entitled to retain counsel of its own choosing, and shall have the right to join MSSM as party plaintiff in any such suit. Except as otherwise provided herein, the expenses of such suit or suits that COMPANY elects to bring, shall be paid for entirely by COMPANY and COMPANY shall hold MSSM free, clear and harmless from and against any and all costs of such litigation, including attorneys' fees. COMPANY shall not compromise or settle such litigation without the prior written consent of MSSM which shall not be unreasonably withheld.

c. If COMPANY shall undertake the enforcement or defense of the Patent Rights by litigation, COMPANY may withhold royalties otherwise thereafter due MSSM hereunder and apply the same toward reimbursement of up to half of COMPANY**'S** expenses, including reasonable attorney's fees, in connection therewith, provided however that the maximum amount that can be withheld each year shall not exceed 50% of royalties due to MSSM in that year.

d. If COMPANY exercises its right to sue, it shall first reimburse itself out of any sums recovered in such suit or in settlement thereof for all costs and expenses of every kind and character, including reasonable attorneys' fees, necessarily involved in the prosecution of any such suit, and then to MSSM the amount of royalties applied to reimbursement under 9.c. above. If after such reimbursement, any funds shall remain from said recovery, the amount of said funds shall be added to the amount of Net Sales for the calendar quarter in which such recovery was made.

e. If COMPANY does not bring suit against said infringer pursuant to subsection b, above, or has not commenced negotiations with said infringer for discontinuance of said infringement, within 90 days after receipt of such notice, MSSM shall have the right, but not the obligation, to bring suit for such infringement and to join COMPANY as a party plaintiff, in which event MSSM shall hold COMPANY free, clear and harmless from and against any and all costs and expenses of such litigation, including attorneys' fees. In the event MSSM brings suit for infringement of the Patent Rights, MSSM shall have the right to first reimburse itself out of any sums recovered In such suit or settlement thereof for all costs and expenses of every kind and character, including reasonable attorneys' fees necessarily involved in the prosecution of such suit, and if after such reimbursement, any funds shall remain from said recovery, MSSM shall promptly pay to COMPANY an amount equal to 50 percent of such remainder and MSSM shall be entitled to receive and retain the balance of the remainder of such recovery.

f. Each party shall have the right to be represented by counsel of its own selection, at its sole expense, in any suit for infringement of the Patent Rights instituted by the other party to this Agreement under the terms hereof.

g. COMPANY shall cooperate fully with MSSM at the request of MSSM, including, by giving testimony and producing documents lawfully requested in the course of a suit prosecuted by MSSM for infringement of the Patent Rights; provided MSSM shall pay all reasonable expenses (including attorneys' fees) incurred by COMPANY in connection with such cooperation. MSSM shall cooperate with COMPANY in the prosecution of a suit by COMPANY for infringement of the Patent Rights, provided that, except as otherwise provided in Section 9.f., COMPANY shall pay all reasonable expenses (including attorneys' fees) involved in such cooperation.

h. COMPANY shall, upon receipt of reasonable documentation, promptly reimburse MSSM for all of the reasonable and customary fees and expenses, relating to prosecution of Patent Rights, incurred by MSSM as of the Effective Date, and outlined in Appendix B.

10. Patent Prosecution

a. MSSM shall diligently prosecute and maintain the patent applications and patents comprising the Patent Rights using counsel of its choice upon consultation with COMPANY. MSSM counsel shall take instructions only from MSSM. MSSM shall keep COMPANY informed and apprised of the continuing prosecution of the Patent Rights. Costs of preparing, filing, prosecuting, defending and maintaining all patent applications and/or patents shall be borne by COMPANY. Patent costs incurred prior to the license agreement will be paid upon execution of the agreement. Patent costs incurred during the agreement will be paid upon invoicing. If MSSM elects not to diligently prosecute and maintain the patent applications and patents comprising the Patent Rights, and there is a single licensee, this licensee shall have the right but not the obligation to continue the prosecution of the Patent Rights. If MSSM elects not to diligently prosecute and maintain the patent applications and patents comprising the Patent Rights and there is more than one Licensee, the Licensees shall have the right but not the obligation to negotiate between themselves on how to continue the prosecution of the Patent Rights and which licensee will be responsible for the prosecution.

b. MSSM shall equally prorate patent costs so that no Licensee shall be charged more than their pro rata share of all patent costs based upon the number of Exclusive Licensees under the Patent Rights. Patent costs incurred prior to the license agreement will be paid upon execution of the agreement by Exclusive Licensees who have executed license agreements within four (4) months of the date of the first executed license agreement. Patent costs incurred during the agreement will be paid upon invoicing by the total number of Exclusive Licensees at the time the expense is incurred.

c. Nothing herein contained shall be deemed to be a warranty by MSSM that the manufacture, use, or sale of any element of the Patent Rights or any Licensed Product will not infringe any patent(s) of a third party.

11, Liability and Indemnification.

a. COMPANY shall indemnify, defend and hold harmless MSSM and its trustees, officers, directors, medical and professional staff, employees, students and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss or expense (including reasonable attorneys' fees and expenses of litigation) incurred by or imposed upon the Indemnitees or any one of them in connection with any claims, suits, actions, demands or judgments:

i. arising out of the production, manufacture, sale, use in commerce or in human clinical trials, lease, or promotion by COMPANY or by a licensee, Affiliate or agent of COMPANY of any Licensed Product, process or service relating to, or developed pursuant to, this Agreement, or

ii. arising out of any other activities to be carried out pursuant to this Agreement.

b. COMPANY**'S** indemnification under subsection a(i), above, shall apply to any liability, damage, loss or expense whether or not it is attributable to the negligent activities of the Indemnitees.

c. COMPANY**'S** Indemnification under subsection a(ii), above, shall not apply to any liability, damage, loss or expense to the extent that it is attributable to the negligence, gross negligence or intentional misconduct of the Indemnitees.

d. COMPANY shall, at its own expense, provide attorneys reasonably acceptable to MSSM to defend against any actions brought or filed against any party indemnified hereunder with respect to the subject of indemnity contained herein, whether or not such actions are rightfully brought.

e. EXCEPT AS PROVIDED IN THIS SECTION 11, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES.

12. Security for Indemnification.

a. At such time as any Licensed Product is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by COMPANY or by a sublicensee, Affiliate or agent of COMPANY and to the extent that it is available on commercially reasonable terms, COMPANY shall at its sole cost and expense, procure and maintain policies of comprehensive general liability insurance in amounts not less than two and one-half million ($2,500,000) per incident and two and one-half million ($2,500,000) annual aggregate and naming the indemnitees as additional insureds. Such comprehensive general liability insurance shall provide

i. product liability coverage and

ii, broad form contractual liability coverage for COMPANY**'S** indemnification under Section 11 of this Agreement.

b. The minimum amounts of insurance coverage required under this Section 12 shall not be construed as a limit of COMPANY**'S** liability with respect to its indemnification under Section 11 of this Agreement.

c. COMPANY shall provide MSSM with written evidence of such insurance upon request of MSSM. COMPANY shall provide MSSM with written notice at least 60 days prior to the cancellation, non-renewal or material change in such insurance; if COMPANY does not obtain replacement insurance providing comparable coverage within such 60 day period effective immediately upon notice to COMPANY, MSSM shall have the right to terminate this Agreement effective at the end of such 60 day period without notice or any additional waiting periods.

d. COMPANY shall maintain such comprehensive general liability insurance beyond the expiration or termination of this Agreement during: (i) the period that any product, process or service, relating to, or developed pursuant to, this Agreement is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by COMPANY or by a licensee, Affiliate or agent of COMPANY and (ii) a reasonable period after the period referred to in (c)(i) above which in no event shall be less than seven years.

13. Term and Termination.

a. This Agreement shall come into force as of the Effective Date. Unless sooner terminated as provided herein, this Agreement shall expire on the expiration of the last to expire of the Patent Rights.

b. At any time prior to expiration of the term of this Agreement either party may terminate this Agreement forthwith for cause upon notice to the other party. "Cause" for termination of this Agreement shall be deemed to exist if either MSSM or COMPANY materially breaches or defaults in the performance or observance of any of the provisions of this Agreement and such breach or default is not cured within 60 days or, in the case of failure to pay any amounts due hereunder, 30 days (unless otherwise specified herein) after the giving of written notice by the other party specifying such breach or default, or if either MSSM or COMPANY discontinues its business or becomes insolvent or bankrupt.

c. Any amount payable hereunder by one of the parties to the other, which has not been paid by its due date of payment shall bear interest from its due date of payment until the date of actual payment, at the rate of two percent per annum in excess of the Prime Rate prevailing at the Citibank, Inc., New York, New York, during the period of arrears and such amount and the interest thereon may be set off against any amount due, whether in terms of this Agreement or otherwise, to the party in default by any non-defaulting party.

d. Upon termination of this Agreement for any reason, all rights in and to the Patent Rights shall revert to MSSM.

e. Termination of this Agreement shall not relieve the parties of any obligation occurring prior to such termination.

f. Sections 2d., 5., 8,11, 12 and 16 hereof shall survive and remain in full force and effect after any termination, cancellation or expiration of this Agreement.

14. Representation and Covenants

a. MSSM hereby represents, warrants, and covenants to COMPANY that It is a corporation duly organized and validly existing under the laws of the state or other jurisdiction of its incorporation or formation;

b. COMPANY hereby represents, warrants and covenants to the other party hereto that it is a corporation duly organized and validly existing under the laws of the state or other jurisdiction of its incorporation or formation;

c. Each of MSSM and COMPANY hereby represents, warrants and covenants to the other party hereto as follows:

i. the execution, delivery and performance of this Agreement by such party has been duly authorized by all requisite corporate action;

ii. it has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

iii. the execution, delivery and performance by such party of this Agreement and its compliance with the terms and provisions hereof is not prohibited and does not and will result in a breach of any of the terms and provisions of, or constitute a default under, (i) a loan agreement, guaranty, financing agreement, agreement affecting a product, or other agreement or instrument binding or affecting it or its property; (ii) the provisions of its charter documents or bylaws; or (iii) any order, writ, injunction or decree of any court or governmental authority entered against it or by which any of its property is bound;

iv. the execution, delivery and performance of this Agreement by such party does not require the consent, approval, or authorization of, or notice, declaration, filing or registration with, any governmental or regulatory authority, and the execution, delivery or performance of this Agreement will not violate any law, rule or regulation applicable to such party;

v. this Agreement has been duly authorized, executed and delivered and constitutes such party's legal, valid and binding obligation enforceable against it in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to the availability of particular remedies under general equity principles; and

vi. it shall comply with all applicable material laws and regulations relating to its activities under this Agreement.

vii. Each party represents that performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by a party prior to the execution of this Agreement.

d. Except as otherwise expressly provided herein, MSSM hereby represents, warrants and covenants to COMPANY that:

i. MSSM has the full right, power and authority to grant all of the right, title and interest in the License; and

ii. There are no judgments or settlements against or owed by MSSM, or any pending or threatened claims or litigation relating to MSSM's interest in the Patent Rights; and

iii. MSSM has not granted to any other party any rights that would conflict with the rights granted in this Agreement.

15. Assignment. Neither party shall have the right to assign, delegate or transfer at any time to any party, in whole or in part, any or all of the rights, duties and interest herein granted without first obtaining the written consent of the other party to such assignment, such consent not to be unreasonably withheld; provided, however, that COMPANY may, with thirty (30) days prior written notice to MSSM, assign its rights and delegate its duties under the Agreement to the purchaser of substantially all of the assets of COMPANY, provided that the assignee agrees in writing to be bound by all the terms and conditions of this Agreement.

16. Use of Name. Neither party may use the name of the other or its Affiliates in any publicity or advertising. A party may issue a press release or otherwise publicize or disclose this Agreement or the confidential terms and conditions hereof only with the prior written consent of the other party.

17. Miscellaneous.

a. In carrying out this Agreement the parties shall comply with all local, state and federal laws and regulations including but not limited to, the provisions of Title 35 U.S.C.A. § 200 et seq. and 15 CFR § 730 et seq.

b. If any provision of this Agreement is determined to be invalid or void, the remaining provisions shall remain in effect.

c. This Agreement shall be deemed to have been made in the State of New York and shall be governed and interpreted in all respects under the laws of the State of New York. Any and all disputes hereunder shall be brought and resolved solely in the courts of the State of New York in and for the Borough of Manhattan.

d. All payments or notices required or permitted to be given under this agreement shall be given in writing and shall be effective when either personally delivered or deposited, postage prepaid, in the United States registered or certified mail, addressed as follows:

To MSSM: Mount Sinai School of Medicine of New York University

Copy to:

Attention: W. Patrick McGrath, Ph.D. One Gustave L. Levy Place, Box 1675 New York, New York 10029-6574 General Counsel (at the same address)

To COMPANY:

H. Ralph Snodgrass, Ph.D. President & CEO VistaGen Therapeutics, Inc. 1450 Rollins Road Burlingame, CA 94010

or such other address or addresses as either party may hereafter specify by written notice to the other. Such notices and communications shall be deemed to have been received by the addresses on the date of delivery if personally delivered or 14 days after having been sent by registered mail.

e. This Agreement and the exhibits attached hereto constitute the entire Agreement between the parties with respect to the subject matter hereof and no variations, modification or waiver of any of the terms or conditions hereof shall be deemed valid unless made in writing and signed by both parties hereto. This Agreement supersedes any and all prior agreements or understandings, whether oral or written, between COMPANY and MSSM.

f. No waiver by either party of any non-performance or violation by the other party of any of the covenants, obligations or agreements of such other party hereunder shall be deemed to be a waiver of any subsequent violation or non-performance of the same or any other covenant, agreement or obligation, nor shall forbearance by any party be deemed to be a waiver by such party of its rights or remedies with respect to such violation or non-performance.

g. The descriptive headings contained in this Agreement are included for convenience and reference only and shall not be held to expand, modify or aid in the interpretation, construction or meaning of this Agreement.

h. It is not the intent of the parties to create a partnership or joint venture or to assume partnership responsibility or liability. The obligations of the parties shall be limited to those set out herein and such obligations shall be several and not joint.

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

Mount Sinai School of Medicine of New York University

By: _
Name: Kenneth L Davis, M,D. Title: Dean

Date:

Date:

APPENDIX A

Development Plan Pertaining to Licensed MSSM Patent Rights

RE: Patent Right defined in License Agreement between MSSM and VistaGen dated October 1, 2004

During the first year of this agreement, VistaGen intends to commercially exploit this technology in two ways: 1) applying for government and disease advocacy groups for grants to develop and expand the technology for drug development; and 2) by entering into one or more research and development agreements with pharmaceutical companies for drug development,

A significant percentage of the grants will have Dr. Gordon Keller as a collaborator and/or advisor, and should provide MSSM with research and overhead support. The first grant to be applied for will be to exploit the technology for developing drugs for treating diabetes. We are targeting one or more grants in the range of $500,000 per year for three years.

The pharmaceutical agreements will be designed to use the technology for identifying drug targets through proteomics and genomics studies, and to develop pharmaceutical screening assays for the identification and development of therapeutic drug candidates in several areas, especially for diabetes and metabolic diseases.

These agreements typically will have sublicense rights and the following characteristics:

> Sponsored, cost recovery, research to use the technology to develop commercially viable pharmaceutical assays;

> Sublicense and annual maintenance fees with field and geographically restricted rights;

> Royalties in the single digit range;

> Regulatory and development milestone payments; and

> Opportunities for VistaGen to participate in participating in the commercial development and sales of some of the drugs.

In subsequent years, VistaGen will use the technology for internal research to develop drugs for diabetes and CNS diseases.

APPENDIX B

Patent Cost incurred by MSSM as of the Effective Date

Application Number	**2002**	**2003**	**2004**	**Total**
US Provisional 60/381,017	$14,914.75	$1301.02	$0.00	$16,215.77
US Provisional 60/444,851	NA	$3,216.65	$0.00	$3,216.65
PCT/US03/15658	NA	$12,286.83	$3,164,01	$15,449,84
Total	**$14,914.7$**	**$16,803.30**	**$3,164.01**	**$34,882.26**

Exhibit 10.23

WARF Agreement No. 09-0092

NON-EXCLUSIVE LICENSE AGREEMENT

This Agreement is made effective December 5, 2008 ("Effective Date"), by and between the Wisconsin Alumni Research Foundation (hereinafter called "WARF"), a nonprofit Wisconsin corporation, and VistaGen Therapeutics, Inc., with offices at 384 Oyster Point Blvd. #8, South San Francisco, CA 94080, USA. (hereinafter called "Licensee"), a corporation organized and existing under the laws of California. WARF and Licensee each may be referred to herein individually as a "Party," or collectively as the "Parties."

WHEREAS, WARF owns or holds certain intellectual property rights to the inventions described in the **4** Licensed Patents defined below;

WHEREAS, WARF has granted to Geron Corporation ("Geron") an exclusive license under the Licensed Patents in certain fields covering Therapeutic Products and Diagnostic Products, as well as a non-exclusive license for Research Products (all defined in Appendix A), which may prohibit WARF from granting Licensee any rights outside those granted in this Agreement;

WHEREAS, Licensee desires to obtain a license under the Licensed Patents and certain Licensed Materials (defined below) and WARF is willing to grant to Licensee such a license under the terms and conditions set forth herein; and

WHEREAS, as of the Effective Date, Licensee does not have any Affiliates (defined in Appendix A); and Licensee will give written notice to WARF of the identity of any future Affiliates.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the Parties covenant and agree as follows:

Section 1. Definitions.

For the purposes of this Agreement, the Appendix A definitions shall apply.

Section 2. Grant.

A. License.

(i) WARF hereby grants Licensee and its Affiliatesa world-wide, nonexclusive license under the Licensed Patents to make, further develop, use, import, and receive Licensed Materials for use in Internal Research.

(ii) WARF hereby grants Licensee and its Affiliatesa world-wide, nonexclusive license under the Licensed Patents and the Licensed Materials to develop, use, provide, and sell Services in the Licensed Field.

(iii) WARF hereby grants Licensee and its Affiliatesa world-wide, nonexclusive license under the Licensed Patents and the Licensed Materials to make, develop, use, sell, offer for sale, and import Research Products in the Licensed Field.

(iv) The grants of this Section 2A shall only apply to those Affiliates for which Licensee has provided written notice to WARF. Any such identified Affiliates benefiting from such grants shall be bound by all obligations under this Agreement.

B. Limited Sublicenses.

(i) WARF hereby grants Licensee the right to grant written limited sublicenses under the Licensed Patents to transfer, as applicable, Licensed Materials and/or Derivative Materials to Collaborators, Development Partners and Contract Service Providers, in accordance with the following:

(a) Such a limited sublicense may be granted, in the case of a Collaborator, to enable the Collaborator to engage in a project of collaborative research with Licensee or its Affiliates on Licensed Materials and Derivative Materials and/or the development of Services or Research Products. Such a limited sublicense may include a license to make or use the Licensed Materials, Derivative Materials, Services or Research Products solely for the purpose of the project, but not to sell or transfer any of them to any party other than to Licensee or its Affiliates.

(b) Such a limited sublicense may be granted, in the case of a Contract Service Provider, to enable the Contract Service Provider to perform specific services in support of Licensee's or its Affiliate's distribution of Services or Research Products (e.g. testing, contract manufacturing, distribution), under a written contract with Licensee, at Licensee's expense, and pursuant to protocols or specifications developed by Licensee. Such a limited sublicense may include a license to make or use the Licensed Materials and Derivative Materials solely for the purpose of providing such services.

(c) Such a limited sublicense may be granted, in the case of a Development Partner, to enable the Development Partner to collaboratively research, develop, manufacture, or perform other activities necessary for the commercialization of Services or Research Products with Licensee, pursuant to a collaborative agreement. Such a limited sublicense may include a license to make or use the Licensed Materials, Derivative Materials, Services or Research Products, and to make, have made, use, sell, offer for sale, or import Services or Research Products, on behalf of the Development Partner or Licensee and its Affiliates. Additionally, Licensee may grant such limited sublicense rights to up to two Development Partners at any one moment in time, approved in writing by WARF, which approval shall not be unreasonably withheld, who will also be entitled to market and sell to third party customers, in conjunction with marketing and sales efforts of Licensee and its Affiliates, Research Products or Services that were developed under the partnership defined by this Section 2B(i)(c); and Licensee shall pay to WARF the four percent (4%) royalty as set forth in Section 4B on any such sales by said Development Partners.

(d) In each case specified above for a limited sublicense, the Collaborator, Contract Services Provider, or Development Partner under such sublicense may be referred to herein as a "Sublicensee."

(ii) Unless otherwise agreed to in writing by WARF, any limited sublicense agreement entered into as allowed under this Section 2B shall terminate upon the termination of this Agreement, and each limited sublicense shall so state. Licensee shall require that its limited sublicensee(s) comply with all relevant requirements of this Agreement and the related Agreement (including without limitation restrictions on the right to use and transfer Licensed Materials) and Licensee shall have the same responsibility for the activities of any limited sublicensee as if the activities were directly those of Licensee. Licensee shall provide to WARF, in confidence, a summary of any sublicense agreement with a Collaborator, Development Partner or a Contract Service Provider, under this Section 2B within thirty (30) days after execution of such limited sublicense agreement.

(iii) If Licensee receives any fees, minimum royalties in excess of the earned royalties, or other payments in consideration for any rights granted under a limited sublicense under this Agreement to a Collaborator, Development Partner or Contract Service Provider, then Licensee shall pay WARF twenty percent

(20%) of such payments as a "Sublicensing Fee," in the manner specified in Section 4F, provided however, said Sublicensing Fee obligation is not applicable to (i) any payments based directly upon the amount or value of Services or Research Products sold by the sublicense (earned royalty payments), (ii) any equity investment made at or below fair market value by the sublicensee in Licensee or its Affiliates, or (iii) any payments done for work to be performed by Licensee or its Affiliates.

C. Restrictions and Limitations.

Licensee acknowledges and agrees that the licenses granted under this Agreement do not provide any right or license to: (i) grant any sublicenses under this Agreement to any third parties except as provided for in Section 2B; (ii) make, have made, use, sell, offer for sale, import or otherwise transfer Therapeutic Products (other than therapeutic molecules as described in Section 4E) or Diagnostic Products incorporating the Licensed Materials or ■ cellular derivatives of the Licensed Materials; or (iii) use the inventions of the Licensed Patents, Licensed Materials £ or any Derivative Materials in the manufacture or distribution of Research Products in fields outside of the Licensed Field for any commercial purpose or in human clinical trials.

D. License to WARF.

Licensee hereby grants to WARF a nonexclusive, royalty-free, irrevocable, paid-up license, with the right to grant sublicenses only to the University of Wisconsin, the WiCell Research Institute and the Morgridge Institute for Research, to practice and use Developments only for Non-Commercial Research Purposes. Any such sublicensees shall be obligated to comply with the foregoing limitations and will not be entitled to grant further sub-sublicenses. The Developments shall be Licensee's Confidential Information and governed by Section 13.

Section 3. Reporting.

A. Licensee shall develop, manufacture, market and sell Research Products and Services in the Licensed Field throughout the term of this Agreement. Such activities shall include, without limitation, those activities listed in the Development Plan attached hereto as Appendix C, subject to updates and modifications to be made from time to time in accordance with the requirements of this Agreement by Licensee. Licensee agrees that said Development Plan is reasonable and that Licensee shall take all reasonable steps to pursue the development program as set forth therein.

B. By July 31, 2009 and annually thereafter during the term of this Agreement, Licensee shall provide to WARF an annual written Development Report summarizing Licensee's development activities since the last Development Report, together with any modifications made by Licensee to its Development Plan. WARF reserves the right to audit Licensee's records relating to the development activities licensed hereunder. Such record keeping and audit procedures shall be subject to the procedures and restrictions set forth in Section 6 for auditing the financial records of Licensee.

C. Licensee acknowledges that the failure to timely provide the annual Development Report, or the providing of false information to WARF regarding Licensee's development activities hereunder, shall be a material breach of the terms of this Agreement, subject to the right to cure under Section 7.

D. All information furnished to WARF pursuant to this Section 3 shall be Licensee's Confidential Information and governed by Section 13.

Section 4. Consideration.

A. License Fee.

(i) Licensee agrees to pay to WARF a license fee of two hundred twenty-five thousand dollars ($225,000) payable in installments as follows:

Installment Amount	Due Date
(a) $28,125	30 days after Effective Date
(b) $28,125	the earlier of (i) first anniversary of Effective Date, or (ii) Licensee's receipt of $ 10 million equity funding
(c) $56,250	second anniversary of Effective Date
(d) $56,250	third anniversary of Effective Date
(e) $56,250	fourth anniversary of Effective Date

(ii) If this Agreement is terminated before the fourth anniversary of the Effective Date, any remaining installments of the license fee shall become due and shall be paid within thirty (30) days after such termination.

B. Royalty.

(i) In addition to the Section 4A license fee, Licensee agrees to pay to WARF as "earned royalties" a royalty calculated as a percentage of the Selling Price of Research Products in accordance with the terms and conditions of this Agreement. The royalty is deemed earned as of thirty (30) days after the date Licensee invoices the customer for the Selling Price. The royalty shall remain fixed while this Agreement is in effect at a rate of four percent (4%) of the Selling Price of Research Products.

(ii) Licensee also agrees to pay to WARF as "earned royalties" a royalty calculated as a percentage of the Selling Price of Services in accordance with the terms and conditions of this Agreement. The royalty is deemed earned as of thirty (30) days after the date Licensee invoices the customer for the Selling Price. The royalty shall remain fixed while this Agreement is in effect at a rate of four percent (4 %) of the Selling Price of Services.

(iii) If Licensee is required to make payments to an unaffiliated third party for a license or similar right to such third party's patents, in the absence of which right or license Licensee could not legally make, use or sell Research Products or Services, then the royalty payable under this Section 4B shall be reduced by one half of royalties payable to such third parties on that Research Product or Service; *provided, however,* that the adjusted royalty rate to WARF will be no less than fifty percent (50%) of the applicable royalty rate payable to WARF under this Agreement for such Research Products or Services.

(iv) In the event that the sale, lease, or other transfer by Licensee of Research Products or Services under this Agreement also requires payment to WARF of royalties under any other agreement between WARF and Licensee, the cumulative earned royalties owed to WARF for that Research Product or Service under all such agreements shall not exceed the single highest royalty as set forth in those agreements. Licensee shall pay to WARF royalties under all such agreements individually and on a *pro rata* basis.

(For example, if Licensee owes to WARF a two percent (2%) earned royalty under this Agreement and a three percent (3%) earned royalty under a separate agreement, the cumulative royalties owed to WARF shall be there percent (3%), but shall be paid proportionately under each agreement in payments of 2/5 of three percent (3%) under this Agreement and 3/5 of three percent (3%) on the other.)

(v) For avoidance of doubt, with respect to payment of earned royalties by Licensee:

(a) If Licensee renders Services to a customer applicable to such customer's own molecules, Licensee will pay royalties on the Selling Price of Services invoiced for the sale of the Services, but Licensee shall not owe royalties for any sales by the customer of such customer's molecules by reason of such Services.

(b) If Licensee sells Research Products to a customer, and the customer uses the Research Product in connection with the customer owned molecules, Licensee will pay royalties on Selling Price of Research Products invoiced for the sale of the Research Product, but Licensee shall not owe royalties for any sales by the customer of such customer's molecules by reason of such use of such Research Product.

C. Minimum Royalty.

Licensee further agrees to pay to WARF a minimum royalty of twenty thousand dollars ($20,000) per calendar year during which this Agreement is in effect, starting in calendar year 2009, against which any earned royalty paid for the same calendar year will be credited. The minimum royalty for a given year shall be due at the time payments are due for the calendar quarter ending on December 31. It is understood that the minimum royalties will apply on a calendar year basis, and that sales of Research Products or Services requiring the payment of earned royalties made during a prior or subsequent calendar year shall have no effect on the annual nrinimum royalty due WARF for any other given calendar year. If this Agreement is terminated early, the minimum amount will be prorated for that final year.

D. Patent Administration Fee. Licensee agrees to pay WARF a patent administration fee as follows: $5,000 on the second anniversary of the Effective Date; and $5,000 on the third anniversary of the Effective Date.

E. If Licensee, its Affiliates, or sublicensees identify or discover a therapeutic molecule as a result of the use of rights granted under this Agreement, and such molecule is proprietary to Licensee, Affiliates or sublicensees, then Licensee will pay to WARF milestone fees as follows in accordance with Section 4F:

(i) For each such molecule for which Licensee, its Affiliates or applicable sublicensee initiates a Phase 2 (or equivalent) clinical study: seventy-five thousand dollars ($75,000).

(ii) For each such molecule for which Licensee, its Affiliates, or applicable sublicensee receives governmental regulatory approval to market the molecule: two hundred fifty thousand dollars ($250,000).

(iii) No royalties shall be owed for sales of any such therapeutic molecule.

F. Accounting; Payments.

(i) Amounts owing to WARF under Section 4B of this Agreement shall be paid on a quarterly basis, with such amounts due and received by WARF on or before the thirtieth (30th) day following the end of the calendar quarter ending on March 31, June 30, September 30 or December 31 in which such amounts were earned. The balance of any amounts which remain unpaid more than thirty (30) days after they are due to WARF shall accrue interest until paid at the rate of the lesser of one percent (1%) per month or the maximum amount allowed under applicable law. However, in no event shall this interest provision be construed as a grant of permission for any payment delays.

(ii) Except as otherwise directed, all amounts owing to WARF under this Agreement shall be paid in U.S. dollars. All royalties owing with respect to net Selling Prices stated in currencies other than U.S. dollars shall be converted at the rate shown in the Federal Reserve Noon Valuation - Value of Foreign Currencies on the day preceding the payment. WARF is exempt from paying income taxes under U.S. law. Therefore, all payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind which may be imposed on WARF by any government outside of the United States or any political subdivision of such government with respect to any amounts payable to WARF pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by Licensee.

(iii) A full accounting showing how any amounts owing to WARF under Section 4B have been calculated shall be submitted to WARF on the date of each such payment. Such accounting shall be on a per-country and Service or Research Product line, model or tradename basis (as applicable) and shall be summarized on the form shown in Appendix C of this Agreement. In the event no payment is owed to WARF, a written statement setting forth that fact shall be supplied to WARF.

Section 5. Certain Warranties.

A. Except as provided under Section 14 of this Agreement with respect to U.S. Government interests, WARF warrants that it has the right to grant the licenses granted to Licensee in this Agreement. Nothing in this Agreement shall, however, be construed as: (i) a warranty or representation by WARF or Licensee as to the validity or scope of any of the Licensed Patents; (ii) a warranty or representation that anything made, used or transferred under the license granted in this Agreement will or will not infringe patents of third parties; (iii) an obligation to furnish any assistance, or know-how not provided in the Licensed Patents or any materials or services other than those specified in this Agreement; or (iv) an obligation to file any patent application or secure or maintain any patent right.

B. WARF MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE MERCHANTIBILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR THE NON-INFRINGEMENT OR USE OF ANY PRODUCT OR SERVICE UNDER THIS AGREEMENT.

C. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL WARF, WICELL, OR THEIR RESPECTIVE TRUSTEES, DIRECTORS, OFFICERS AND EMPLOYEES (INCLUDING WITHOUT LFMITATION ANY INVENTORS OF THE LICENSED PATENTS) BE LIABLE FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

D. If any one of the following U.S. Patent Nos., or its corresponding foreign patent (the 'Base Licensed Patents"): US 7,029,913, US 6,200,806, US 5,843,780 are ultimately abandoned or held by a court of competent jurisdiction to be invalid or unenforceable for a particular territory after the exhaustion of all available appeal periods, WARF and Licensee shall in good faith negotiate an equitable reduction in the earned royalty payment obligations of Licensee under this Agreement in the applicable territory. If all three Base Licensed Patents are ultimately abandoned or held by a court of competent jurisdiction to be invalid or unenforceable in a particular territory, after the exhaustion of all available appeal periods, then no further earned royalty payments by Licensee shall be owed or payable under this Agreement for said territory.

E. If applicable, to the extent required by the Bayh-Dole Act, (35 U.S.C. § 204 and applicable Regulations 37 C.F.R.), Licensee shall manufacture substantially in the United States Licensed Products for sale in the United States.

Section 6. Recordkeeping.

A. Licensee shall keep books and records sufficient to verify the accuracy and completeness of Licensee's accounting referred to above, including without limitation inventory, purchase and invoice records relating to any Services and/or Research Productssold under this Agreement. In addition, Licensee shall keep books and records sufficient to reasonably verify the accuracy and completeness of Licensee's reports. Such documentation may include, but is not limited to, invoices for studies, laboratory notebooks, internal job cost records, and filings made to the Internal Revenue Department to obtain tax credit, if available, for research and development. All such books and records shall be preserved for a period not less than six (6) years after they are created during the term of this Agreement.

B. Licensee shall take all steps reasonably necessary so that WARF may, within thirty (30) days of its request, review Licensee's books and records to allow WARF to verify the accuracy of Licensee's Development Reports and the payments made to WARF. Such review will be performed no more than once every 12 months and by an attorney or registered CPA and scientific expert, designated by WARF, professionally qualified, under confidentiality agreement, and mutually agreeable to Licensee (which agreement shall not be unreasonably withheld), at WARF's expense, upon reasonable notice and during regular business hours.

C. If a royalty payment deficiency is determined, a report thereof will be presented to Licensee's auditors for review and confirmation; and if there is any disagreement about the alleged reported deficiency, the parties shall endeavor to resolve such disagreement using a mutually approved expert. Licensee shall pay the finally determined royalty deficiency outstanding within thirty (30) days of receiving written notice thereof, plus interest on outstanding amounts as described in Section 4F(i). If a royalty payment deficiency for a calendar year exceeds the lesser of twenty five percent (25%) of the royalties paid for that year or $50,000, then Licensee shall be responsible for paying WARF's reasonable, verifiable out-of-pocket expenses incurred with respect to such review, but in no case more than the amount of the deficiency as finally determined.

Section 7. Term and Termination.

A. The term of this license shall begin on the Effective Date and continue until the expiration of the last to expire Licensed Patents, unless otherwise earlier terminated as provided herein.

B. Licensee may terminate this Agreement at any time by giving at least sixty (60) days written and unambiguous notice of such termination to WARF.

C. If Licensee at any time defaults in the timely payment of any monies due to WARF, or the timely submission to WARF of any report, or commits any breach of any other covenant herein contained, and Licensee fails to remedy any such breach or default within ninety (90) days after written notice thereof by WARF, or if Licensee commits any act of bankruptcy, becomes insolvent, is unable to pay its debts as they become due, files a petition under any bankruptcy or insolvency act, or has any such petition filed against it which is not dismissed within sixty (60) days, or offers any component of the Licensed Patents or Licensed Materials to its creditors, WARF may, at its option, terminate this Agreement by giving notice of termination to Licensee.

D. Upon termination of this Agreement, the licenses granted herein shall immediately terminate. In the event of termination under Section 7B or 7C above, Licensee shall have sixty (60) days to cease all activities involving the use of the Licensed Materials and any Derivative Materials for any purpose, and shall destroy all Licensed Materials and Derivative Materials in its possession. Licensee shall remain obligated to pay any fees prorated as of the date of termination by the number of days elapsed in the applicable calendar year.

E. The Parties agree that Sections 7, 11,12, 13 and Appendix A shall survive any termination of this Agreement.

F. Licensee acknowledges and agrees that damages may not be an adequate remedy in the event of a breach of this Agreement by Licensee. Licensee therefore agrees that WARF shall be entitled to seek immediate and permanent injunctive relief from a court of competent jurisdiction in addition to any other rights or remedies otherwise available to WARF.

Section 8. Assignability; Change of Control.

Licensee may not assign or transfer this Agreement, nor any of the rights granted herein, except pursuant to a Change of Control Event, without the prior written consent of WARF. Licensee shall notify WARF in writing promptly in the event of any Change of Control Event and, with respect to a transfer to or merger with any non-Affiliate that does not have a license from WARF to the Base Licensed Patents having equal to or greater than 500 employees, pay to WARF a fee of $300,000 to allow the transfer of the license granted herein to that non-Affiliate to whom control has been transferred.

Vistagen License 09-0092

Section 9, Contest of Validity.

In the event Licensee contests the validity of any Licensed Patent, Licensee shall continue to pay all amounts owed under this Agreement with respect to that patent as if such contest were not underway until the patent is adjudicated invalid or unenforceable by a court of last resort.

Section 10. Enforcement.

WARF intends to protect the Licensed Patents against infringers, or otherwise act to eliminate infringement when, in WARF's sole judgment and discretion, such action may be reasonably necessary, proper and. justified. In the event that Licensee believes there is infringement of any Licensed Patents related to the Research Products or the Services, Licensee shall provide WARF with notification and reasonable evidence of such infringement. If ***m*** WARF takes action to remedy the infringement, Licensee agrees to provide reasonable assistance to WARF as **41** requested by WARF and at WARF's expense. If WARF does not take action to remedy said infringement within six (6) months or takes action but fails to diligently continue such effort, and Licensee establishes by reasonable evidence that the infringing party is creating a financial business disadvantage for Licensee, Licensee and WARF shall in good faith negotiate a temporary reduction the royalty payment amounts owing to WARF by an equitable amount according to the business disadvantage caused by the infringement, which reduction shall be temporary until such infringement is abated.

Section 11. mdemnification and Insurance.

A. Licensee shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold WARF, WiCell™ Research Institute ("WiCell"), the University of Wisconsin (the "University"), and their respective trustees, directors, officers, shareholders and employees (including without limitation any inventors of the Licensed Patents) (each, an "Indemnitee") harmless against all liabilities, demands, damages, settlements, suits, claims, proceedings, costs and expenses, including legal expenses and reasonable attorneys fees, arising from the rights granted to Licensee under this Agreement and arising out of or relating to the death of or injury to any person or persons or any damage to property, due to the use of the Licensed Materials or any Derivative Materials or Developments or the provision of Services. WARF at all times reserves the right to select and retain counsel of its own to defend WARF's interests in any such proceeding.

B. Licensee warrants that it now maintains and will continue to maintain liability insurance coverage reasonably appropriate to the risk involved in using the Licensed Materials and any Derivative Materials under this Agreement, and that such insurance coverage is sufficient to cover WARF and the inventors of the Licensed Patents and Licensed Materials as additional insureds. Within ninety (90) days after the execution of this Agreement and thereafter annually between January 1 and January 31 of each year, Licensee will present evidence to WARF that such coverage is being maintained. In addition, Licensee shall provide WARF with notice of any change in or cancellation of the insurance coverage.

Section 12. Use of Names; Press Release.

A. Neither Party shall use the other's name, the name of any inventor of the Licensed Patents, or the name of VistaGen, its Affiliates, WARF, WiCell™ or the University in any other form of publicity without the prior written approval, which shall not be unreasonably withheld, of the entity or person whose name is being used, except where a disclosure is required by any applicable law or the rules of any securities exchange.

B. Notwithstanding the foregoing, the Parties will make a joint press release regarding the execution of this Agreement, the final form of which will be subject to approval of the Parties prior to its release to the public. For subsequent press releases and other written public disclosures relating to this Agreement or the Parties' relationship hereunder (each, a "Proposed Disclosure"), each Party will use reasonable efforts to submit to the other Party a draft of such Proposed Disclosure for review and comment by the other Party at least five (5) business days prior to the date on which such party plans to release such Proposed Disclosure. The Parties shall review and consider in good faith any comments provided in response and no Proposed Disclosure shall be released without the written consent of both Parties

C. If a Party is unable to comply with the foregoing five (5) business days notice requirement because of a legal obligation or stock exchange requirement to make more rapid disclosure, such Party will not be in breach of this Agreement but will in that case give telephone notice to a senior executive of the other Party and provide a draft disclosure with as much notice as is reasonably feasible prior to the release of such Proposed Disclosure.

D. Notwithstanding anything to the contrary in this Agreement, each Party shall have the right to disclose the fact of the existence of this Agreement, and that this Agreement involves the Licensed Patents and the Licensed Field.

Section 13. Confidentiality.

Both Parties agree to keep any information identified as confidential ("Confidential Information") by the disclosing Party, confidential using methods at least as stringent as each Party uses to protect its own confidential information, and to not use such Confidential Information for any purposes other than in accordance with the terms of this Agreement. Confidential Information shall include, without limitation, any information provided to WARF under Sections 3, 4, and 6. The confidentiality and use obligations set forth above apply to all or any part of information disclosed hereunder except to the extent that:

(i) Licensee or WARF can show by written record that they possessed the information prior to its receipt from the other party;

(ii) the information was already available to the public or became so through no fault of Licensee or WARF;

(iii) the information is subsequently disclosed to Licensee or WARF by a third party that has the right to disclose it free of any obligations of confidentiality; or

(iv) five (5) years have elapsed from the expiration of this Agreement.

Licensee acknowledges and agrees that nothing contained in this Section 13 shall be construed tolimit or preclude WARF from negotiating or entering into any agreements with third parties under terms and conditions similar to that set forth in this Agreement.

Section 14. United States Government Interests.

It is understood that if the United States Government (through any of its agencies or otherwise) has funded research, during the course of or under which any of the inventions of the Licensed Patents were conceived or made, the United States Government is entitled, as a right, under the provisions of 35 U.S.C. § 200-212 and applicable regulations of Chapter 37 of the Code of Federal Regulations, to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the inventions of the Licensed Patents for governmental purposes. Any license granted to Licensee in this Agreement shall be subject to such right, to the extent such right is legally applicable.

Section 15. Patent Marking.

Licensee shall mark all Service Agreements, Research Products or Research Product packaging with the appropriate patent number reference in compliance with the requirements of U.S. law, 35 U.S.C. § 287.

Section 16. Miscellaneous.

A. This Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Wisconsin, without reference to its conflicts of laws principles.

B. The parties hereto are independent contractors and not joint venturers or partners.

C. If the enforcement of any provisions of this Agreement are or shall come into conflict with the laws or regulations of any jurisdiction or any governmental entity having jurisdiction over the Parties or this Agreement, those provisions shall be deemed automatically deleted, upon written notification to the other Party, if such deletion is allowed by relevant law, and the remaining terms and conditions of this Agreement shall remain in full force and effect. If such a deletion is not so allowed or if such a deletion leaves terms thereby made clearly illogical or inappropriate in effect, the Parties agree to substitute new terms as similar in effect to the present terms of this Agreement as may be allowed under the applicable laws and regulations.

D. WARF and Licensee have each been represented by counsel who participated in the preparation of this Agreement. This Agreement reflects a negotiated compromise between the Parties. Neither Party shall be considered to be the drafter of this Agreement or any of its provisions for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement. The Section headings contained in this Agreement are for reference purposes only
W m and shall not in any way affect the meaning or interpretation of this Agreement.

E. This Agreement is not intended to be for the benefit of and shall not be enforceable by any third party. Nothing in this Agreement, express or implied, is intended to or shall confer on any third party any rights (including third-party beneficiary rights), remedies, obligations or liabilities under or by reason of this Agreement. This Agreement shall not provide third parties with any remedy, claim, reimbursement, cause of action or other right in excess of those existing without reference to the terms of this Agreement. No third party shall have any right, independent of any right that exists irrespective of this Agreement, to bring any suit at law or equity for any matter governed by or subject to the provisions of this Agreement.

Section 17. Notices.

Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given at the earlier of the time when actually received as a consequence of any effective method of delivery, including but not limited to hand delivery, transmission by telecopier, or delivery by a professional courier service or the time when received if sent by certified or registered mail addressed to the party for whom intended at the address below or at such changed address as the party shall have specified by written notice, provided that any notice of change of address shall be effective only upon actual receipt.

(a) WARF Research Institute, Inc. Attn: Director of Licensing 614 Walnut Street Madison, Wisconsin 53726

(b) VistaGen Therapeutics, Inc. Attn: Chief Executive Officer 384 Oyster Point Blvd. #8 South San Francisco, CA 94080

(c) with a copy to VistaGen's legal counsel: Knox Bell

DLA Piper US LLP
4365 Executive Drive, Suite 1100
San Diego, CA 92121-2133

Section 18. Integration.

This Agreement constitutes the full understanding between the Parties with reference to the subject matter hereof, and no statements or agreements by or between the Parties, whether orally or in writing, except as provided for elsewhere in this Section 18, made prior to or at the signing hereof, shall vary or modify the written terms of this Agreement. Neither Party shall claim any amendment, modification, or release from any provisions of this Agreement by mutual agreement, acknowledgment, or otherwise, unless such mutual agreement is in writing, signed by the other Party, and specifically states that it is an amendment to this Agreement.

Section 18. Authority.

The persons signing on behalf of WARF and Licensee hereby warrant and represent that they have authority to execute this Agreement on behalf of the Party for whom they have signed.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the dates indicated

below.

WISCONSIN ALUMNI RESEARCH FOUNDATION

A. "Affiliate" and "Affiliates" shall refer to and mean any entity controlled by or under common control of Licensee. As used herein, "control" shall refer to and mean ownership of greater than fifty percent (>50%) or more of the outstanding voting equity of an entity.

B. "Change of Control Event" is defined as: (i) the sale or disposition of all or substantially all the assets of the Company or its direct or indirect parent corporation; (ii) the reorganization, merger, consolidation, or similar transaction involving the Company or its direct or indirect parent corporation which results in the voting securities of such entity outstanding immediately prior to that transaction ceasing to represent at least 50% of the combined voting power of the surviving entity immediately after such transaction; (iii) the acquisition in one or more transactions by any "person", as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), together with any of such person's "affiliates" or "associates", as such ^ terms are used in the Exchange Act, of 40% or more of the outstanding shares of the voting capital stock of the Company or its direct or indirect parent corporation (excluding any employee benefit plan or related trust sponsored or maintained by that entity) [; or (iv) the individuals who are the directors of the Company or its direct or indirect parent corporation as of the effective date of this Agreement ("Incumbent Directors") ceasing for any reason to constitute at least fifty percent (50%) of the board of directors of that entity; provided, however, that if any new director is approved by a vote of at least fifty percent (50%) of the Incumbent Directors, such new director shall be considered an Incumbent Director.

C. "Collaborator" shall mean a person working in a commercial role or a commercial organization with which Licensee enters into a written agreement for a specific project to be managed or coordinated by Licensee involving research and/or development for Research Products or Services.

D. "Contract Service Provider" shall mean a third party person or organization with which Licensee enters into a written contract for the third party to furnish specific services (e.g., testing, contract manufacturing, distribution, etc.) to Licensee in support of Licensee's sale or distribution of Research Products or Services.

E. "Derivative Materials" shall refer to and mean any compositions or materials derived from the use of the Licensed Materials, or produced by the use of the Licensed Materials, or which incorporate wholly or partially the Licensed Materials, including without limitation, fully or partially differentiated cells or cell lines derived from the Licensed Materials.

F. "Development" and "Developments" shall mean Derivative Materials, and any patentable inventions that are conceived, reduced to practice, or developed through the use of the inventions of the Licensed Patents, Licensed Materials or Derivative Materials. For avoidance of doubt, Derivative Materials and Developments do not include any molecules of Licensee or its Affiliates, Sublicensees, or customers which are not covered by the Licensed Patents.

G. "Development Partner" shall mean a person or organization with which Licensee enters into a specific written collaborative agreement for research and development, manufacturing, marketing, or other activities necessary for the commercialization of Research Products or Services.

H. "Development Report" shall mean the written report provided under Section 3 describing each Development to be patented or commercialized by Licensee.

I. "Diagnostic Products" shall refer to and mean products or services that (i) are used in the diagnosis, prognosis, screening or detection of disease in humans, and (ii) which employ, or are in any way produced or manufactured by, or discovered, identified, developed or otherwise arise out of any research involving, the practice or use of the inventions of the Licensed Patents, or that would otherwise constitute infringement of any claims of the Licensed Patents.

J. "Internal Research" shall refer to and mean research conducted internally by Licensee, or its Affiliates at Licensee's or Affiliate's facilities.

K. "Licensed Field" shall be limited to the fields of (a) Research Products sold solely for an end-user's internal research purposes, and (b) Services rendered by Licensee and its Affiliates, and Services rendered by Development Partners as permitted by Section 2B(i)(c).

L. "Licensed Materials" means primate (including human) embryonic stem cells covered by the valid claims in the Licensed Patents and which meet the following conditions:

(i) For embryonic stem cells created prior to April 26, 2005, the embryonic stem cell must be either: (1) listed on the NIH Human Embryonic Stem Cell Registry at http://escr.nih.gov; or (2) derived from excess embryos created for the purpose' of in vitro fertilization with appropriate consent of the donor couple and not for the purpose of creating embryonic stem cells; or (3) derived from embryos created specifically for research purposes either by in vitro fertilization or by somatic cell nuclear transfer, for which the following additional conditions apply: (a) the embryo0may not have been maintained in vitro for more than 14 days; (b) the gamete donor(s) and somaticcell donor (if any) made the donation without payment beyond reimbursement for reasonable expenses associated with donation; (c) in the case of egg donation, the donor was fully informed of the risks to herself; (d) the gamete donor(s) and somatic cell donor (if any) were fully informed of the purposes to which their donated materials would be put; (e) the research could not be done equally weU using surplus IVF embryos originally created for reproductive purposes; (f) the research protocol, including gamete collection, somatic cell collection, embryo management and stem cell derivation is approved by an appropriate Institutional Review Board; and (g) protections are in place to prevent misappropriation of embryos created specifically for research.

(ii) For embryonic stem cells created from embryos created after April 26, 2005, the embryonic stem cells must be derived from embryos and under conditions in compliance with the "Guidelines for Human Embryonic Stem Cell Research" established by the National Research Council Institute of Medicine of the National Academies (the "NAS Guidelines").

(iii) For embryonic stem cells created after April 26, 2005 from embryos generated prior to April 26, 2005, and which do not meet the NAS Guidelines, the embryonic stem cells must meet one of the conditions set forth in paragraph (i) above and be created using protocols substantially in compliance with the requirements of the NAS Guidelines.

M. "Licensed Patents" shall refer to and mean those patents and patent applications listed on Appendix B attached hereto, all foreign equivalents and any subsequent patent application owned by or licensed to WARF, but only to the extent it claims priority to an invention claimed in a patent application or patent listed on Appendix B Said pendmg patent applications shall cease to be included in this definition if and when the application is abandoned or a non-appealable rejection of all included claims issues.

N- "Non-Commercial Research Purposes" shall mean the use for internal academic research purposes or other internal not-for-profit or scholarly purposes not involving any: (1) performance of services for a commercial entity or (2) production or manufacture of products for sale to third parties; or (3) research wherein a sponsor receives a right, whether actual or contmgent, to use the results of th research for purposes other than non-commercial research purposes.

O. "Research Products" shall refer to and mean products that: (i) are used as research tools, including in drug discovery and development, and (ii) employ, or are in any way produced or manufactured by, or discovered identified, developed or otherwise arise out of any research involving, the practice of the Licensed Patents or (iii) are covered by the Licensed Patents.

R "Selling Price of Research Products" shall mean the selling price invoiced by Licensee or its Affiliates for the sale of Research Products, net of any rebates, discounts, credits, allowances, chargebacks, and returns actually given to the customer, and net of any taxes, tariffs, duties, and transportation costs actually included in said invoice, and net of any debts uncollectable despie Licensee's commercially reasonable collection efforts.

Q- "Selling Price of Services" shall mean the selling price invoiced by Licensee or its Affiliates for rendering Services, net of the actual costs incurred to render said Services, and net of any rebates, discounts, credits, allowances, and chargebacks actually given to the customer, and net any debts uncollectable despite Licensee's commercially reasonable collection efforts.

R. "Services" shall refer to and mean any service (i) using the Licensed Materials, Derivative Materials, or the inventions claimed in the Licensed Patents, or (ii) that employ or. are in any way provided by the practice of an invention claimed in the Licensed Patents or that would otherwise constitute infringement of any claims of the Licensed Patents.

S. "Sublicensee" is defined in Section 2B(i)(d).

T- "Therapeutic Products" shall refer to and mean products or services that (i) are used in the treatment of disease p_m in humans, and (ii) which employ, or are in any way produced or manufactured by, or discovered, identified, developed or otherwise arise out of any research involving, the practice or use of the inventions of the Licensed Patents, or (hi) that would constitute infringement of any claims of the Licensed Patents.

LICENSED PATENTS

Category	Title	Lead Inventor	WARF Reference Number(s)	Countries	U.S. Publications	Issued Patents (U.S.)
ease	Primate Embryonic Stem Cells	James A. Thomson	P02115; P05206; P06228; P96014; P98222	US; EP; CA; WO	2005-0164381	7,029,913 5,843,780 6,200,806
1	Serum-Free Cultivation of Primate ES Cells	James A. Thomson	P03122; P07322; P99275	US; AU; BR; CA; CN; EP; HK; IL; IN; IS; JP; KR; MX; NO; NZ; SG	2003-0190748	7,217,569 7,005,252
1	Master Human Stem Cell Lines for Gene Expression and Knockdown	Su-Chun Zhang	P07393	US		
Intermediate Differentiation	Methods Of Making Differentiated Cells From Primate Embryonic Stem Cells	James A. Thomson	P08333	US		
	Differentiation of Stem Cells to Endoderm and Pancreatic Lineage	Jon Odorico	P04361; P06310	US	2005-0260749 2007-0259423	
	Hematopoietic Differentiation of hESCs	Dan S. Kaufman	P00032; P02058; P07426	AU; BR; CA; CN; EP; IL; IN; IS; JP; KR; LU; MX; NO; NZ; SE; SG; US; WO		6,280,718 6,613,568
	Method of In Vitro Differentiation of Transplantable Neural Precursor Cells From Primate ES Cells	Su-Chun Zhang	P01258	US		6,887,706
	Endothelial Cells Derived from Primate ES Cells	DanS. Kaufman	P02004	AU; CA; CN; EP; HK; IL; IN; IS; JP; KR; LU; MX; NZ; SE; SG; US	2003-0166273	7,176,023
	Method of Making Embryoid Bodies from Primate ES Cells	James A. Thomson	P03410; P99276	US; AU; BR; CA; CN; EP; HK; IL; IN; IS; JP; KR; MX; NO; NZ; SG	2004-0023376	7,220,584 6,602,711
	Method of Forming Mesenchymal Stem Cells from ES Cells	J. Wesley Pike	P04247	AU; CA; EP; GB; IL; JP; KR; SG; US	2006-0008902	
	Directed Differentiation of hESCs into Mesenchymal/Stromal Cells	Peiman Hematti	P06324	US		
	In Vitro Differentiation of Hematopoietic Cells from Non-Human Primate and Human ES Cells	Deepika Rajesh	P06420	US; WO		
	Generation of Clonal Mesenchymal Cells from hESCs in Serum-Free Conditions	Igor 1. Slukvin	P07264	US		
Media/Growth	Cryopreservation of Pluripotent Stem Cells	Sean P. Palecek	P03369	US	2005-0106554	
	Defined Surfaces Of Self-Assembled Monolayers And Stem Cells	Laura L. Kiessling	P05364	US	2007-0207543	
	Method of Reducing Cell Differentiation	Sean P. Palecek	P03370	US	2005-0106725	
	Improved Culture Of Stem Cells	Veit Bergendahl	P08168	US; WO		
	Physiological Culture Conditions for ES Cells	James A. Thomson	P03274	US	2004-0224401	
	Feeder-Independent Extended Culture of ES Cells	Ren-He Xu	W04001	AU; CA; CN; EP; GB; IL; IN; IS; JP; KR; NZ; SE; SG; US	2006-0014279	
	Cultivation of Primate ES Cells	James A. Thomson	W05007	AU; CA; CN; EP; GB; IL; JP; KR; SG; US	2005-0244962	

Category	Title	Lead Inventor	WARF Reference Number(s)	Countries	U.S. Publications	Issued Patents (U.S.)
Other	Directed Genetic Modifications of Human Stem Cells	Thomas P. Zwaka	P02339; W08003	AU; CA; EP; GB; IL; KR; SG; US	2006-0128018	
	Method for Generating Primate Trophoblasts	Ren-He Xu	W03002; W07001; W08002	AU; CA; CN; EP; HK; IL; IN; IS; JP; KR; MX; NZ; SG; US	2007-0037280	7,148,062
Terminal Differentiation	Method of In Vitro Differentiation of Neural Stem Cells, Motor Neurons, and Dopamine Neurons from Primate ES Cells	Su-Chun Zhang	P04277	US	2005-0095706	
1	Method of Forming Dendritic Cells from ES Cells	Igor 1. Slukvin	P04434	AU; EP; GB; IL; JP; KR; SE; SG; US	2006-0275901	
1	Differentiation of Pluripotent ES Cells	Thomas P. Zwaka	P05101	US	2006-0223179	
	Method of Generating Myelinating Oligodendrocytes from ES Cells	Su-Chun Zhang	P07394	US		
	A Method for Generating Keratinocytes and Keratinocyte Precursors from hESCs	Sean P. Palecek	P07402	US		

WARF ROYALTY REPORT

Licensee:
Inventor:

Period Covered: From:

Prepared By:
Approved By:

Agreement No:
WARF Ref. #:
Through:
Date:
Date:

If license covers several major Service lines, please prepare a separate report for each line, and combine all Service lines into a summary report.

Report Type: □ **Single Service Line Report:_**
□ **Multiproduct Summary Report:** Page 1 of Pages
□ **Service Line Detail.** Line: Tradename: Page:
Report Currency: □ **U.S. Dollars** □ **Other**

The following royalty forecast is non-binding and for WARF's internal planning purposes only:
Royalty Forecast Under This Agreement: Next Quarter:Q2: Q3:

* On a separate page, please indicate the reasons for returns or other adjustments if significant.
Also note any unusual occurrences that affected royalty amounts during this period.
To assist WARF's forecasting, please comment on any significant expected trends in sales volume.

DEVELOPMENT REPORT

A. Date development plan initiated and time period covered by this report.

B. Development Report.

1. Activities completed since last report including the object and parameters of the development, when initiated, when completed and the results.

2. Activities currently under investigation, i.e., ongoing activities including object and parameters of such activities, when initiated, and projected date of completion.

C. Future Development Activities.

1. Activities to be undertaken before next report including, but not limited to, the type and object of any studies conducted and their projected starting and completion dates.

2. Estimated total development time remaining before a Service will be commercialized.

D. Changes to initial development plan.

1. Reasons for change.

2. Variables that may cause additional changes.

E. Items to be provided if applicable:

1. Information relating to Service that has become publicly available, e.g., published articles, competing Services, patents, etc.

2. Development work being performed by third parties other than Licensee to include name of third party, reasons for use of third party, planned future uses of third parties including reasons why and type of work.

3. Update of competitive information trends in industry, government compliance (if applicable) and market plan.

PLEASE SEND DEVELOPMENT REPORTS TO:

WARF

Attn.: Contract Coordinator 614 Walnut Street P.O. Box 7365 Madison, WI 53707-7365

DEVELOPMENT PLAN

Phase
(urdio-lnx services
2 academic collaboration partners via sponsored research projects for cardio-tox development and validation of system with known test compounds Collaboration for development of services and research product hardware, MEA system, electronic data acquisition, hardware validation and robustness development
Start work with **1-2** industrial validation collaborators that will support the testing of the cardio-tox assay and provide known compounds and unknown/undisclosed test compounds
Complete *in vitro* initial cardiac safety validation and finalize SOPs
Commercialization with early industrial adopters of cardio-tox services
2-3 corporate partners for small scale test runs, pilot projects and affirmation by independent validations
Expansion of cardio-tox services possibly with development partners
Estimated full scale commercial rollout - implementation of broader market penetration
Development of cardio-tox research products for sale to Big Pharma
increase of commercial production of research products, improve internal cell storage, implement robotics, address independent accreditation where necessary Partnership for development and marketing of research products with instrument manufacturer, SOP development
Hepato-tox assays services
Sponsored research with **1-2** academic collaborators on further developing the differentiation of hepatocytes
Validation studies with primary tissue sources of hepatocytes for drug metabolism, toxicity and gene expression
Validation with pharmaceutical industrial collaborator including blinded compound runs and SOP finalization
Phase
Commercialization with early adopters of hepato-tox services
1-2 industrial validation collaborator(s) that will support the testing of the hepato-tox assays and provide known compounds and blinded test compounds
Small scale commercial services geared toward possible expansion
Expansion of hepato-tox services
Larger scale commercialization KttH-iskt till cii hjj (iisimii\ mt\ict.s Convert and expand the murine assays to human ES Cell-derived beta-islet cell *in vitro* drug discovery assays Validate human ES Cell systems for normal human beta-islet cell biology
Engage in 1 or more industrial partnerships to run drug discovery as a service for these partners

WARF Agreement No.
WISCONSIN MATERIALS ADDENDUM

This Addendum is made effective the day of , , by and between Wisconsin Alumni Research Foundation (hereinafter called "WARF"), a nonprofit Wisconsin corporation, and . (hereinafter called "Licensee"), a corporation organized and existing under the laws of Wisconsin.

WHEREAS, WARF and Licensee have entered into License Agreement No. , effective, (the "Patent Rights Agreement"), granting Licensee the right under certain LicensedPatents to make, use and receive Licensed Materials for use in Internal Research;

WHEREAS, WARF also holds certain rights in human embryonic stem cell lines developed by James A. Thomson of the University of Wisconsin - Madison, working either alone or with other researchers at the University (the "Wisconsin Materials" as defined below); and

WHEREAS, Licensee desires to obtain from WARF the Wisconsin Materials to maintain and use in accordance with the Patent Rights Agreement and the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the above premises and the mutual covenants contained herein, the Parties further agree as follows:

1. Except as otherwise provided in this Addendum, all terms and conditions previously set forth in the Patent Rights Agreement shall remain in effect as set forth therein. In the event that this Addendum and the Patent Rights Agreement are inconsistent with respect to any terms and conditions pertaining to the Wisconsin Materials, the terms and provisions of this Addendum shall supersede the terms and provisions of the Patent Rights Agreement.

2. "Wisconsin Materials" shall mean any and all embryonic stem cells and cell lines provided to Licensee by WARF or a third party authorized by WARF, including any progeny, unmodified derivatives, genetically modified embryonic stem cells or clones of those cells or cell lines. Within thirty (30) days of the Effective Date of the Patent Rights Agreement, WARF shall provide Licensee, without additional charge, two aliquots each of the following embryonic stem cell lines: HI, H9, H7, HI3b and H14. In addition, Licensee shall be entitled to enroll two of its employees in the three-day Human Embryonic Stem Cell Culture Methods Course offered by the WiCell Research Institute, free of charge.

3. As used in the Patent Rights Agreement, "Licensed Materials" shall further include the Wisconsin Materials; provided, however, that Licensee shall not have the right to:

(a) intermix the Wisconsin Materials with an intact embryo, either human or nonhuman;

(b) implant the Wisconsin Materials or any products of the Wisconsin Materials in a uterus, including Derivative Materials derived from the Wisconsin Materials;

(c) attempting to make whole embryos by any method using the Wisconsin Materials.

(d) use the Wisconsin Materials for therapeutic purposes.

4. Licensee agrees that on or before June 30th of each year in which this Addendum is in effect, License will submit to WARF a signed Annual Certification Statement as set forth on Exhibit A confirming compliance with the above restrictions. Licensee agrees that it will comply with all applicable laws, regulations and government orders with respect to any use of the Wisconsin Materials, and shall, as

appropriate, seek and comply with the decisions and recommendations of any applicable Institutional Review Board or similar body.

5. Wisconsin Materials are the property of WARF and are being made available to Licensee as a service by WARF. Ownership of all Wisconsin Materials, including any progeny or modified versions thereof, shall remain with WARF, regardless of whether such Wisconsin Materials are received from WARF or an authorized third party. Any Wisconsin Materials provided hereunder will be returned to WARF or destroyed upon a material breach of any terms of this Addendum or the Patent Rights Agreement.

6. Licensee agrees to communicate to WARF all publications and/or research results made public by Licensee based on research using the Wisconsin Materials. In addition, any reports, publications, or other disclosure of results obtained with the Wisconsin Materials will acknowledge WARF as the original source of the Wisconsin Materials and, in the event that the Wisconsin Materials were received from an authorized third party, the conditions in which such Wisconsin Materials were maintained prior to their transfer.

7. Licensee may not assign or transfer this Addendum, nor any of the rights granted herein, except pursuant to a Change of Control Event, without the prior written consent of WARF, such consent not to be unreasonably withheld. This Addendum shall be governed by and construed in all respects in accordance with the laws of the State of Wisconsin.

The persons signing on behalf of WARF and Licensee hereby warrant and represent that they have authority to execute this Agreement on behalf of the Party for whom they have signed.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the dates indicated below.

WISCONSIN ALUMNI RESEARCH FOUNDATION

By: Date:

Craig J. Christianson, Director of Licensing

LICENSEE

By: Date:

(insert name)

WARFRef.: Thomson -

EXHIBIT A

ANNUAL CERTIFICATION

. ("Licensee") hereby warrants that it is in compliance with all aspects of Agreement Nosand A between the Wisconsin Alumni Research Foundation ("WARF") and Licensee, including butnot limited to the restrictions on the use, sale or transfer of the Licensed Materials, including the Wisconsin Materials. Licensee urther warrants and certifies that it is not engaged in, and has not been engaged in, any of the following:

(a) mixing of Wisconsin Materials with an intact embryo, either human or non-human;(b) implanting Wisconsin Materials or products of the Wisconsin Materials in a uterus; or(c) attempting to make whole embryos with Wisconsin Materials by any method.

The individual signing for the Licensee, hereby warrants that he or she is a representative legally authorized to sign on behalf of that entity.

LICENSEE.

By: Date:

R **U A R F**

Wisconsin Alumni Research Foundation

PO Box 7365 Madison, Wl 53707-7365 PH: 608-263-2500 FAX: 608-263-1064

www.warf.org

February 12, 2009

Chief Executive Officer VistaGen Therapeutics, Inc. 384 Oyster Point Blvd. #8 South San Francisco, CA 94080

RE: Materials Addendum between Vistagen and the Wisconsin Alumni Research Foundation ("WARF")
WARFRef.: P96014US/Thomson Agreement No.: 09-0092A

Dear Licensee:

Enclosed for your file is a fully signed original of the above referenced amendment between Vistagen and WARF, effective date, February 2,2009. •

I would like to thank you for your interest in University of Wisconsin technology and invite you to contact us if we can be of further assistance.
Tammy/rorbleau Licensing Department E-mail tammy@WARP.org 608-890-2065

Enclosure: One Execution Copy, Amendment 09-0092A

cc: Andy DeTienne
Licensing Manager
Wisconsin Alumni Research Foundation

WARF Agreement No. A

WISCONSIN MATERIALS ADDENDUM

This Addendum is made effective the day of by and between Wisconsin Alumni Research Foundation (hereinafter called "WARF"), a nonprofit Wisconsin corporation, and . (hereinafter called "Licensee"), a corporation organized and existing under the laws of Wisconsin.

WHEREAS, WARF and Licensee have entered into License Agreement No., effective , (the "Patent Rights Agreement"), granting Licensee the right under certain Licensed Patents to make, use and receive Licensed Materials for use in Internal Research;

WHEREAS, WARF also holds certain rights in human embryonic stem cell lines developed by James A. Thomson of the University of Wisconsin - Madison, working either alone or with other researchers at the University (the "Wisconsin Materials" as defined below); and

WHEREAS, Licensee desires to obtain from WARF the Wisconsin Materials to maintain and use in accordance with the Patent Rights Agreement and the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the above premises and the mutual covenants contained herein, the Parties further agree as follows:

1. Except as otherwise provided in this Addendum, all terms and conditions previously set forth in the Patent Rights Agreement shall remain in effect as set forth therein. In the event that this Addendum and the Patent Rights Agreement are inconsistent with respect to any terms and conditions pertaining to the Wisconsin Materials, the terms and provisions of this Addendum shall supersede the terms and provisions of the Patent Rights Agreement.

2. "Wisconsin Materials" shall mean any and all embryonic stem cells and cell lines provided to Licensee by WARF or a third party authorized by WARF, including any progeny,, unmodified derivatives, genetically modified embryonic stem cells or clones of those cells or cell lines. Within thirty (30) days of the Effective Date of the Patent Rights Agreement, WARF shall provide Licensee, without additional charge, two aliquots each of the following embryonic stem cell lines: HI, H9, H7, HI 3b and HI 4. In addition, Licensee shall be entitled to enroll two of its employees in the three-day Human Embryonic Stem Cell Culture Methods Course offered by the WiCell Research Institute, free of charge.

3. As used in the Patent Rights Agreement, "Licensed Materials" shall further include, the Wisconsin Materials; provided, however, that Licensee shall not have the right to:

(a) intermix the Wisconsin Materials with an intact embryo, either human or nonhuman;

(b) implant the Wisconsin Materials or any products of the Wisconsin Materials in a uterus, including Derivative Materials derived from the Wisconsin Materials;

(c) attempting to make whole embryos by any method using the Wisconsin Materials.

(d) use the Wisconsin Materials for therapeutic purposes.

4. Licensee agrees that on or before June 30th of each year in which this Addendum is in effect, License will submit to WARF a signed Annual Certification Statement as set forth on Exhibit A confirming compliance with the above restrictions. Licensee agrees that it will comply with all applicable laws, regulations and government orders with respect to any use of the Wisconsin Materials, and shall, as appropriate, seek and comply with the decisions and recommendations of any applicable Institutional Review Board or similar body.

5. Wisconsin Materials are the property of WARF and are being made available to Licensee as a service by WARF. Ownership of all Wisconsin Materials, including any progeny or modified versions thereof, shall remain with WARF, regardless of whether such Wisconsin Materials are received from WARF or an authorized third party. Any Wisconsin Materials provided hereunder will be returned to WARF or destroyed upon a material breach of any terms of this Addendum or the Patent Rights Agreement.

6. Licensee agrees to communicate to WARF all publications and/or research results made public by Licensee based on research using the Wisconsin Materials. In addition, any reports, publications, or other disclosure of results obtained with the Wisconsin Materials will acknowledge WARF as the original source of the Wisconsin Materials and, in the event that the Wisconsin Materials were received from an authorized Ihird party, the conditions in which such Wisconsin Materials were maintained prior to their transfer.

7. Licensee may not assign or transfer this Addendum, nor any of the rights granted herein, except pursuant to a Change of Control Event, without the prior written consent of WARF, such consent not to be unreasonably withheld. This Addendum shall be governed by and construed in all respects in accordance with the laws of the State of Wisconsin.

The persons signing on behalf of WARF and Licensee hereby warrant and represent that they have authority to execute this Agreement on behalf of the Party for whom they have signed.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the dates indicated below.

WISCONSIN ALUMNI RESEARCH FOUNDATION

LICENSEE
'

Exhibit 10.24

SPONSORED RESEARCH COLLABORATION AGREEMENT

By and Between

University Health Network, an Ontario corporation

and

VistaGen Therapeutics, Inc., a California corporation

SPONSORED RESEARCH COLLABORATION AGREEMENT

This "Agreement" is entered into as of , 2007 (the "Effective Date") by and between University Health Network, an Ontario corporation incorporated under the Toronto Hospital Act 1997, having a principal research office at 610 University Avenue, Ste. 7-504, Toronto, Ontario, Canada M5G 2M9 ("UHN") and VistaGen Therapeutics, Inc., a California corporation, having its address at 384 Oyster Point Blvd., Suite 8, South San Francisco, California 94080 ("VistaGen").

RECITALS

A. For purposes of this Agreement, the terms defined in Exhibit A shall have the defined meaning as set forth in Exhibit A.

B. Gordon Keller, M.D., Ph.D. f"Dr. Keller") is the Director of the McEwen Center for Regenerative Medicine, a center within UHN; and Dr. Keller is involved in developing embryonic stem cell technologies and is involved in the Research Field.

C. VistaGen has previously in-licensed some patentable inventions made by Dr. Keller in the Research Field; and VistaGen is interested in additional research and development in the Research Field.

D. VistaGen, UHN, and Dr. Keller desire to enter into this Agreement for funding and performing certain Research Projects in the Research Field, as further described in this Agreement, in accordance with the terms of this Agreement.

WHEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained in this Agreement, the Parties hereby mutually agree as follows:

1. Definitions. The Parties hereby approve, adopt, and agree to the definitions as set forth in Exhibit A to this Agreement, and to the definitions as otherwise set forth in the body of this Agreement.

2. Research Project One.

2.1 Attached hereto as Exhibit B-l is a description of Research Project One ("Project One"), together with a three-year budget for Project One. UHN and Dr. Keller hereby agree to use reasonable and diligent efforts to perform the Research Work as described in Exhibit B-l, using the Project Scientists listed in Exhibit B-l. UHN shall be responsible for providing all equipment, reagents, materials, facilities, and personnel necessary and appropriate for performing and completing Project One in accordance with Exhibit B-l. If for any reason Dr. Keller ceases to serve as the Principal Investigator for Project One, then the Parties shall use reasonable efforts to select a replacement Principal Investigator, subject to the mutual approval of both VistaGen and UHN. If such a replacement is not promptly approved, the Research Work and funding for Project One shall cease. The scope and nature of Project One as described in Exhibit B-l may be modified only by the written approval of both UHN and VistaGen. UHN and Dr. Keller shall have the authority and responsibility to perform and complete the Research
Work as specified in Exhibit B-l for Project One to the best of their abilities, and VistaGen shall provide such collaborative research support as is specified in Exhibit B-l.

2.2 Project Funding.

VistaGen shall provide the funding to UHN to sponsor and support the Research Work to be performed at UHN for Project One (as described in Exhibit B-l) in an annual amount as set forth in Exhibit B-l for personnel and supplies, plus indirect overhead costs for the fully burdened annual costs for all of the Research Work for Project One (the "Project Funding"; note, all amounts in this Agreement are quoted in US dollars unless otherwise noted). VistaGen shall fund and pay said costs quarterly in advance, while UHN continues to perform the Research Work for Project One. The first such quarterly installment shall be paid within 30 days following the date when VistaGen receives written notice from UHN that UHN has commenced the Research Work pursuant to Exhibit B-l. and similar quarterly installments shall thereafter be paid while the Research Work continues to be performed. In the event of any early termination of the Research Work, UHN shall refund to VistaGen any unearned portion of any prepaid installment.

2.3 Reports.

(a) UHN and Dr. Keller shall furnish to VistaGen periodic oral reports as to the Research Work performed and the resulting data and findings (including, without limitation, details in respect of any potential Resulting IP).

(b) On a semi-annual basis, UHN and Dr. Keller shall furnish to VistaGen a written report summarizing the Research Work performed, and the resulting data, findings, and any potential Resulting IP.

(c) Within sixty (60) days after the completion of the Research Work for Project One or any earlier termination thereof, UHN and Dr. Keller (or Principal Investigator, as appropriate) shall furnish to VistaGen a comprehensive final report summarizing all of the Research Work performed, and the resulting data, findings and any potential Resulting IP.

(d) During the term of this Agreement, representatives of VistaGen may meet with the Project Scientists at mutually convenient times and places to discuss the Research Project and results of the Research Work, as well as ongoing plans and any issues applicable to the continued Research Work for Project One.

3. Option for Research Project Two and Research Project Three.

Attached hereto as Exhibit B-2 and Exhibit B-3 is a summary of two additional Research Projects which the Parties would ultimately like to perform, pursuant to additional funding from VistaGen. For a period of time ending on the first anniversary of the Effective Date, VistaGen shall have the option to elect to have UHN undertake and commence performance of the Research Work for Research Project Two and/or Research Project Three. Upon receipt by UHN and Principal Investigator of the written election by VistaGen to commence any such Research Work, UHN and the Project Scientists (as listed in said Exhibits B-l and/or B-2) shall commence to perform said Research Work. Upon UHN receiving said written election, all of the terms set
forth in Section 2 of this Agreement (including, without limitation, the project funding provisions of Section 2.2 and Exhibits B-2 and B-3) shall be applicable to the Research Project identified in said written election (i.e., in respect of Project Two and/or Project Three).

4. Intellectual Property Matters.

4.1 Ownership. As between the Parties, any and all "Resulting IP" will be solely owned by UHN. To the extent that any Resulting IP may, by operation of law or otherwise, vest in the Project Scientists, each of them shall, at the request (and expense) of UHN irrevocably assign and transfer any and all such right(s), title and interest in said Resulting IP to UHN. For avoidance of doubt, if an employee of VistaGen is a sole inventor or a co-inventor of any patentable invention while he is not acting as a Project Scientist, then VistaGen shall be the sole owner of said inventor's patent rights.

4.2 Invention Disclosure. Each and every Invention in respect of Resulting IP (the "Resulting IP Invention") shall be disclosed, as soon as is reasonably possible, by the Principal Investigator to UHN by way of written report. Upon receipt of such written report, UHN shall disclose the Resulting IP Invention to VistaGen by way of written notice (the "Invention Notice"). Such Invention Notice shall be considered Confidential Information and shall contain sufficient detail and shall be used solely to allow VistaGen to assess the patentability of the Resulting IP Invention.

4.3 Option to Patent and License Invention

(a) VistaGen shall have ninety (90) days after the date upon which VistaGen receives the Invention Notice (the "Invention Notice Period") to determine whether VistaGen will pay for the filing of a patent application (or provisional application) for the Resulting IP Invention. In the event that VistaGen determines that it will pay for a patent application for the Resulting IP Invention disclosed in the Invention Notice, VistaGen shall send a written notice to UHN, within the Invention Notice Period, of VistaGen's intention to file one or more patent applications in respect of said Resulting IP Invention (the "Patent Notice"). Such patent application shall be for such jurisdictions as may be determined by VistaGen (in consultation from UHN), but shall be at least for Canada and the United States. The Parties hereby agree that VistaGen shall cause patent applications to be filed and prosecuted in the name of UHN, at the expense of VistaGen, for those Resulting IP Inventions identified by VistaGen in the Patent Notice (the "Patent Invention"). VistaGen shall provide UHN with a copy of any such patent application.

(b) With respect to each Patent Invention for which VistaGen files a patent application (or provisional application) pursuant to Section 4.3(a), VistaGen shall automatically acquire exclusive license rights to the Patent Rights and all Resulting IP applicable to the Patent Invention, which license rights shall be as set forth in the License Agreement attached hereto as Exhibit C.

(c) Upon the earlier of (i) the expiration of the Invention Notice Period wherein UHN has not received a Patent Notice, (ii) UHN being advised by VistaGen that it shall not be filing a patent application in respect of the Resulting IP Invention, or (iii) UHN being advised by VistaGen that it will be filing a patent application but only on certain aspects of the Resulting IP Invention, UHN may nonetheless file a patent application at its own expense for the Resulting IP Invention (i.e., in respect of (i) and (ii) herein) or those aspects of the Resulting IP Invention in which no patent application has been filed by VistaGen (i.e., in respect of (iii) herein), and VistaGen shall have no further right to license said Resulting IP Invention (or aspects thereof, as appropriate) or any subsequent patent issued in respect of that Resulting IP Invention (or aspects thereof, as appropriate).

5. Confidential Information. Each Party shall maintain the confidentiality of, and shall not disclose or use, the other Party's Confidential Information, except for purposes of performing the activities contemplated by this Agreement or any applicable License Agreement which may be entered into by the Parties.

6. Publishing. UHN Parties may publish or otherwise publicly disclose information gained in the course of the Research Project and shall give VistaGen the option of receiving a co-authorship or sponsorship acknowledgement, as appropriate, in any such publication. Notwithstanding the foregoing, in order to avoid premature disclosure of Resulting IP and Confidential Information and any potential loss of potential Patent Rights as a result of premature public disclosure, the UHN Parties will submit any prepublication drafts to VistaGen for review and comment thirty (30) days prior to their planned submission for publication. If such proposed publication contains information considered by VistaGen to be patentable, the UHN Parties agree to withhold publication for a reasonable time so that a patent application can be prepared and filed, but no longer than sixty (60) days unless otherwise agreed to by UHN Parties in their sole discretion.

7. Term and Termination.

7.1 Term. The term of this Agreement shall be for three (3) years, subject to renewal by mutual agreement, and subject to earlier termination as set forth below, and subject to extensions for the remainder of any three-year term for completion of Project Two or Project Three, if the Section 3 option is exercised.

7.2 Termination for Breach. If either Party materially breaches any provision of this Agreement and fails to remedy such breach within thirty (30) days after receipt of notice in writing of such breach from the other Party (or such other time as the Parties may mutually consent to in writing), such other Party, at its option, may terminate this Agreement by sending written notice of termination of the breaching Party.

7.3 VistaGen Termination for Specific Cause. Subject to the provisions of Section 2.1 in respect of the selection of replacement the Principal Investigator, if Principal Investigator is unable or unwilling to continue to conduct Research Work and otherwise to perform his obligations under this Agreement in connection with the Research Project(s), or, if Principal Investigator's employment with UHN is terminated, or if Principal Investigator fails to use reasonably diligent efforts to conduct the Research Project(s), then VistaGen may terminate this Agreement upon thirty (30) days prior written notice to UHN and Principal Investigator, whereupon VistaGen shall be under no further obligation to make further monetary payments to UHN.

7.4 UHN Termination Resulting From License Agreement Termination UHN may terminate this Agreement without prejudice, in its sole discretion, in the event that any License Agreement hereunder this Agreement is prematurely terminated.

7.5 UHN Termination Resulting From VistaGen Insolvency. UHN may terminate this Agreement without prejudice, in its sole discretion, in the event that VistaGen fails to carry on business in the normal course, files for creditor or other such protection, or becomes insolvent.

7.6 Effect of Termination. In the event of the expiration or earlier termination of this Agreement, all rights and obligations which have already accrued prior to such expiration or termination shall survive and remain in effect, including without limitation those rights and obligations arising under the following Sections: 2.2,2.3, 3 (last sentence), 4, 5, 6,
7.6 and 8.

8. General Provisions.

8.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement to the extent, and for so long as, such failure or delay is caused by or results from Force Majeure events.

8.2 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by one Party to the other Party shall be in writing, delivered by any available means to such other Party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and shall be effective upon receipt by the addressee.

If to UHN: University Health Network
610 University Avenue Suite 7-504 Toronto, Ontario Canada M5G2M9

With Copy to: Director
University Health Network
Office of Technology Development & Commercialization MaRS Centre, Heritage Building 101 College Street, Suite 150 Toronto, Ontario Canada M5G 1L7

If to VistaGen: Chief Executive Officer
VistaGen Therapeutics, Inc. 384 Oyster Point Boulevard Suite 8
South San Francisco, CA 94080
With Copy to: Knox Bell
DLA Piper US LLP
4365 Executive Drive, Suite 1100
San Diego, CA 92121

8.3 Indemnification. Subject to Section 8.4, each Party agrees to be responsible and to assume liability for its acts or omissions, and those of its officers, directors, agents, employees, students, affiliates, and sublicensees arising out of or as a result of, or in connection with the conduct of the Research Project(s) (including, without limitation, the Research Work), to the full extent required by law. A Party that is negligent or that breaches this Agreement agrees to indemnify, defend and hold the other Party harmless from liability resulting from the negligence or breach, including, without limitation, legal fees and costs, and each party agrees to maintain reasonable insurance coverage for such liabilities.

8.4 Further Representations, Warrantees & Liability.

(a) VistaGen represents and warrants to UHN that VistaGen has the power to enter into this Agreement and to perform its obligations, and that VistaGen has taken necessary action for the execution of this Agreement to constitute a binding obligation enforceable against VistaGen.

(b) UHN represents and warrants to VistaGen that UHN has the power to enter into this Agreement and to perform its obligations, and that UHN has taken necessary action for the execution of this Agreement to constitute a binding obligation enforceable against UHN.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, UHN AND THE PRINCIPAL INVESTIGATOR MAKE NO CONDITIONS, WARRANTEES, UNDERTAKINGS OF ANY KIND, INCLUDING WITHOUT LIMITATION, THE ORIGINALITY OR ACCURACY OF THE RESEARCH PROJECT(S) AND RESEARCH WORK, INTELLECTUAL PROPERTY, INVENTION(S) (INCLUDING, WITHOUT LIMITATION, RESULTING IP INVENTION(S)), PATENT(S), OR PRODUCT(S) ARISING UNDER THIS AGREEMENT OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH PROJECT(S), RESEARCH WORK, INTELLECTUAL PROPERTY, INVENTION(S), PATENT(S) OR PRODUCT(S) ARISING THEREFROM.

(d) UHN AND THE PRINCIPAL INVESTIGATOR SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES SUFFERED BY VISTAGEN (AND ITS AFFILIATE(S) AND SUBLICENSEES) OR ANY OTHERS RESULTING FROM THE USE OF THE RESULTS OF, AND PRODUCTS ARISING FROM, THE RESEARCH PROJECT(S), RESEARCH WORK, INTELLECTUAL PROPERTY, INVENTION(S) (INCLUDING, WITHOUT LIMITATION, RESULTING IP INVENTION(S)), AND PATENTS. THE ENTIRE RISK AS TO THE DESIGN, DEVELOPMENT, MANUFACTURE, SALE OR OTHER DISPOSITION AND PERFORMANCE OF ITS PRODUCTS, OR ANY OTHER USE OR EXPLOITATION OF THE RESULTS OF, AND PRODUCTS ARISING FROM, THE RESEARCH PROJECT(S),
RESEARCH WORK, INTELLECTUAL PROPERTY, INVENTION(S) (INCLUDING, WITHOUT LIMITATION, RESULTING IP INVENTION(S)), AND PATENTS IS ASSUMED BY VISTAGEN.

8.5 Dispute Resolution.

(a) The Parties agree to use reasonable best efforts to amicably resolve among themselves any dispute arising out of this Agreement.

(b) If the Parties are unable to resolve the dispute under Section 8.5(a), the dispute shall be referred to the Vice President, Research of UHN or the Vice President's designate and the designate of VistaGen for their discussion and resolution. The Parties may agree to mediation of the dispute (procedural details and process to be determined by the Parties).

(c) Any dispute which cannot be amicably settled by the Parties as provided in Sections 8.5(a) and (b) shall be submitted to arbitration in accordance with the provisions of the (Ontario) Arbitration Act, 1991, S.O. 1991, c.17, as amended from time to time. The arbitration will take place in the city of Toronto (Ontario, Canada).

(d) Notwithstanding the foregoing, either Party shall have the right, without waiving any right or remedy available to such Party under this Agreement or otherwise, to seek and obtain from any court of competent jurisdiction any interim or provisional relief that is necessary or desirable to protect the rights or property of such Party, pending the selection of the mediator(s) or arbitrator(s) hereunder, or pending the mediator(s)' or arbitrator(s)' determination of any dispute, controversy or claim hereunder.

8.6 Assignment. VistaGen shall not assign its rights or obligations under this Agreement without the prior written consent of UHN; provided, however, that VistaGen may, without such consent, assign this Agreement and its rights and obligations hereunder (a) to any Affiliate, or (b) in connection with the transfer or sale of all or substantially all of its business to which this Agreement relates, or in the event of its merger, consolidation, change in control or similar transaction. Any permitted assignee shall assume all obligations of its assignor under this Agreement.

8.7 Waivers and Amendments. No change, modification, extension, termination or waiver of this Agreement, or any of the provisions herein contained, shall be valid unless made in writing and signed by duly authorized representatives of the parties hereto.

8.8 Entire Agreement. This Agreement embodies the entire agreement between the parties and supersedes any prior representations, understandings and agreements between the parties regarding the subject matter hereof. There are no representations, understandings or agreements, oral or written, between the parties regarding the subject matter hereof that are not fully expressed herein.

8.9 Severability. Any of the provisions of this Agreement which are determined to be invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability in such jurisdiction, without rendering invalid or unenforceable the remaining provisions hereof and without affecting the validity or enforceability of any of the terms of this Agreement in any other jurisdiction.

8.10 Waiver. The waiver by either Party hereto of any right hereunder or the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

8.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Evidence of the execution and delivery of this Agreement may be by a telecopy transmission to a Party of the other Party's signed copy of this Agreement.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the Effective Date.

Christopher J. **Paige, PhD Vice President, Research University Health Network**

EXHIBIT A

DEFINITIONS

"Confidential Information" shall mean, with respect to a Party, all information (and all tangible and intangible embodiments thereof), that is owned or controlled by such Party, is disclosed by or on behalf of such Party to the other Party pursuant to this Agreement, and (if disclosed in writing or other tangible medium) is marked or identified as confidential at the time of disclosure to the receiving Party or (if otherwise disclosed) is identified as confidential at the time of disclosure to the receiving Party. Notwithstanding the foregoing, Confidential Information of a Party shall not include information which, and only to the extent the receiving Party can establish by written documentation, (a) has been generally known prior to disclosure of such information by the disclosing Party to the receiving Party; (b) has become generally known, without the fault of the receiving Party, subsequent to disclosure of such information by the disclosing Party to the receiving Party; (c) has been received by the receiving Party at any time from a source other than the disclosing Party, rightfully having possession of and the right to disclose such information free of confidentiality obligations; (d) has been otherwise known by the receiving Party free of confidentiality obligations prior to disclosure of such information by the disclosing Party to the receiving Party; or (e) has been independently developed by employees or others on behalf of the receiving Party without use of such information disclosed by the disclosing Party to the receiving Party (each of the aforementioned (a) to (e) a "Confidentiality Exception").

"Dr. Keller" shall mean Gordon Keller, M.D., Ph.D..

"Effective Date" shall have the meaning set forth in the preamble to this Agreement.

"Force Majeure" means an event or circumstance arising outside of the reasonable control of a party, such as any act of God, flood, natural disaster, embargo, acts of civil or military authorities, terrorism, labor strikes, governmental embargos, and governmental orders.

"Intellectual Property" or "IP" shall mean all inventions (whether or not patentable), discoveries, trade secrets, Confidential Information, Know-How, data, technology, formulae, methods, processes, protocols, techniques, compositions, and other protectible intangible rights, together with all related Patent Rights, copyrights, trade secret rights, and other legally enforceable rights.

"Invention" shall mean any invention, discovery, know-how, technology or other enhancement, whether or not patentable that is made or conceived by employees or others on behalf of UHN or VistaGen, or both, in connection with the performance of, and during the term of, the Research Project.

"Invention Notice" shall have the meaning as defined in Section 4.2.

"Invention Notice Period" shall have the meaning as defined in Section 4.3.

"Know-How" shall mean all trade secrets, know-how, data, information, compositions and other technology (including, but not limited to, formulae, procedures, protocols, techniques and results of experimentation and testing) which are necessary or useful to make, use, develop, sell or seek regulatory approval to market a composition, or to practice any method or process, at any time claimed or disclosed in any issued patent or pending patent application directly applicable to the Resulting IP, the Licensed Patent, the Licensed IP, or the Licensed Products.

"License Agreement" shall mean the license agreement (in the form attached hereto as Exhibit C) which is activated upon VistaGen exercising its option to license as set forth in Section 4.3, pursuant to which VistaGen is the "Licensee" and UHN is the "Licensor".

"Licensed Patent" shall have the meaning as defined in the form License Agreement attached hereto this Agreement as Exhibit C.

"Licensed IP" shall have the meaning as defined in the form License Agreement attached hereto this Agreement as Exhibit C.

"Licensed Products" shall have the meaning as defined in the form License Agreement attached hereto this Agreement as Exhibit C.

"Party" shall mean either VistaGen or UHN; and "Parties" shall mean both VistaGen and UHN.

"Patent Rights" shall mean (a) all patents and patent applications worldwide arising from Research Work, (b) all divisions, continuations, continuations-in-part, that claim priority to, or common priority with, the patent applications listed in clause (a) above or the patent applications that resulted in the patents described in clause (a) above, and (c) all patents that have issued or in the future issue from any of the foregoing patent applications, including utility, model and design patents and certificates of invention, together with any reissues, renewals, extensions or additions thereto worldwide.

"Patent Notice" shall have the meaning as defined in Section 4.3.

"Patent Inventions" shall have the meaning as defined in Section 4.3.

"Person" shall mean an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"Principal Investigator" shall initially mean Gordon Keller, M.D., Ph.D., or thereafter such other person as may be approved by both Parties to have primary responsibility for performing the Research Work.

"Project Scientists" shall mean the Principal Investigator, and all other persons who perform the Research Work of the Research Project(s) at UHN (but excluding a VistaGen employee or consultant who is working in a VistaGen laboratory or facility).

"Project Funding" shall mean the funding to be furnished by VistaGen to UHN pursuant to, and as described in, Section 2.2 and as further detailed in Exhibits B-l, B-2 and B-3 in respect of the Research Projects.

"Project One" shall mean the Research Project described in Exhibit B-l.

"Project Two" shall mean the Research Project described in Exhibit B-2.

"Project Three" shall mean the Research Project described in Exhibit B-3.

"Research Field" shall mean research involving embryonic stem cell technologies relevant to the differentiation, growth, and expansion of embryonic stem (ES) cells into mature cell types and cellular systems suitable for human and veterinarian therapeutic applications and for applications in discovery, screening, and development of drugs and/or other medical products useful for humans and/or animals.

"Research Project(s)" shall mean the research performed by Project Scientists in the Research Field as further specifically described in Exhibit A, consisting initially of Project One, and if VistaGen exercises its option under Section 3, then also including Project Two and/or Project Three.

"Research Work" shall mean the research activities to be performed at UHN by the Project Scientists directly and specifically in the performance of the Research Project(s) described in Exhibit B-l (and/or Exhibit B-2 and/or Exhibit B-3).

"Resulting IP" shall mean all Intellectual Property that results from the performance of the Research Work by the Project Scientists.

"UHN Parties" shall mean UHN and the Project Scientists.

EXHIBIT B-l

RESEARCH PROJECT ONE

1. Development of Drug Discovery and Screening Approaches with hESC-derived Cardiomyocytes

The overall goal of these studies is to establish methods and applications for the use of human embryonic stem cell (hESC)-derived cardiomyocytes in drug discovery, drug screening and drug toxicology assessment. The predominate cell lines to be used are HI (NIH code WA01) and HES2 (NIH code ES02). The overall goal of these studies is to establish methods and applications for the use of human embryonic stem cell (hESC)-derived cardiomyocytes in drug discovery, drug screening and drug toxicology platforms. This project builds on recent studies from our lab that developed new methods for the efficient and reproducible generation of cardiomyocytes from hESC. The project will focus on addressing the following issues: 1) to characterize the functional and maturational status of the hESC-derived cardiomyocytes in vitro, 2) to develop methods for the large scale use of hESC-derived cardiomyocytes in drug discovery and screening, 3) provide cells and methods for the study of response of cardiomyocytes to select known and compounds that effect their biology and functional activity, 4) provide cells and methods for the use and validation of cardiomyocytes as predictive toxicology screening assays. This project builds on recent studies from our lab that developed new methods for the efficient and reproducible generation of cardiomyocytes from hESC. The project will focus on addressing the following issues: 1) to characterize the functional and maturational status of the hESC-derived cardiomyocytes in vitro, 2) to develop methods for the large scale use of hESC-derived cardiomyocytes in drug discovery and screening, 3) provide cells and methods for the study of response of cardiomyocytes to select known and compounds that effect their biology and functional activity, 4) provide cells and methods for the use and validation of cardiomyocytes as predictive toxicology screening assays.

2. Payment Schedule:

(a) $ 175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT B-2

RESEARCH PROJECT TWO

1. Human ES Cell-derived Hepatocytes. Work Plan to be specified later, subject to mutual approval by both parties and Principal Investigator.

2. Payment Schedule:

(a) $ 175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT B-3

RESEARCH PROJECT THREE

1. Human ES Cell-derived Beta-islet Cells. Work Plan to be specified later, subject to mutual approval by both parties and Principal Investigator.

2. Payment Schedule:

(a) $ 175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT C LICENSE AGREEMENT

LICENSE AGREEMENT
dated , 2007

between

UNIVERSITY HEALTH NETWORK (as "Licensor")

and

VistaGen THERAPEUTICS, INC. (as "Licensee")

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is dated as of (the "Effective Date"), and is entered into by and between (i) University Health Network, an Ontario corporation, incorporated under the Toronto Hospital Act 1997 ("Licensor"), having a research office at 610 University Avenue, Suite 7-504, Toronto, Ontario, Canada M5G 2M9, and (ii) VistaGen Therapeutics, Inc., a California corporation ("Licensee"), having a place of business at 384 Oyster Point Boulevard, Suite 8, South San Francisco, California 94080.

WHEREAS, Licensor owns or has rights in the Licensed IP (as defined in Exhibit B).

WHEREAS, Licensee desires to obtain an exclusive license under Licensor's rights in the Technology on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the terms defined in Exhibit A shall have the defined meanings set forth in Exhibit A. Unless otherwise noted, all dollar amounts are quoted in US dollars.

2. REPRESENTATIONS AND WARRANTIES

2.1 Mutual Representations and Warranties. Each Party hereby represents and warrants to the other Party as follows:

2.1.1 Such Party is a corporation duly organized, validly existing and in good standing under the laws of the state, province or country in which it is incorporated.

2.1.2 Such Party (a) has the corporate power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (b) has taken all necessary corporate action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, binding obligation, enforceable against such Party in accordance with its terms.

2.1.3 All necessary consents, approvals and authorizations of all governmental authorities and other Persons required to be obtained by such Party in connection with this Agreement have been obtained.

2.1.4 The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of applicable laws or regulations, and (b) do not conflict with, or constitute a default under, any contractual obligation of it.

2.2 Licensor Representations and Warranties. Licensor hereby represents andwarrants to Licensee that, as of the Effective Date, Licensor, to the best of its knowledge, (a) isthe sole owner of the Licensed IP, and (b) other than as noted in Exhibit C, has not granted to any Third Party any license or other interest in the Licensed IP, and (c) is not aware of any Third Party patent, patent application or other intellectual property rights (other than any inventions identified as prior art in the patents or patent applications licensed to Licensee hereunder) that would be infringed (i) by practicing any process or method or by making, using or selling any composition which is claimed or disclosed in the Licensed IP, or (ii) by making, using or selling Licensed Products (but only to the extent that the making, using or selling of Licensed Products is covered by Licensed IP), and (d) is not aware of any infringement or misappropriation by a Third Party of the Licensed IP. Notwithstanding the foregoing, Licensor is under no duty , obligation or requirement to perform or conduct any legal inquiry or other search, analyses or assessment pertaining to patentability, validity, infringement and/or legal status in respect of any Licensed IP and Licensed Patents.

3. LICENSE GRANT

3.1 Licensed IP. Subject to Section 3.3, Licensor hereby grants to Licensee an exclusive license (with the right to grant sublicenses through multiple tiers) under the Licensed IP to conduct research and to develop, make, have made, use, offer for sale, sell and import Licensed Products, worldwide and for all fields of use. Licensee shall promptly provide to Licensor a copy of any Sublicense Agreement. The grant of any such Sublicense Agreement will not relieve Licensee of its obligations under this Agreement.

3.2 Availability of the Licensed IP. Licensor shall provide to Licensee with a copy of all information available to Licensor relating to the Licensed IP.

3.3 Reserved Right. Licensor reserves and retains the non-exclusive, sublicenseable right to use the Licensed IP for non-commercial research purposes and/or academic educational purposes, without any financial obligation to Licensee for so using the Licensed IP.

4. FINANCIAL CONSIDERATIONS

4.1 Development-Based Milestone Payments. At such time as Licensee (or its Affiliates or Sublicensees) achieve a Milestone Event as described below for a specific Licensed Product, Licensee shall pay to Licensor the Milestone Payment specified below. The specified milestone payment shall be made within thirty (30) days after the occurrence of the Milestone Event.

A. "Milestone Event" for Therapeutic- "MilestoneRelated Licensed Product *Payment" OJS$)

(1) Acceptance by FDA (first country) of$ 150,000
filing ofIND
(2) First patient enrolled for Phase II Clinical$250,000
Trial
(3) First patient enrolled for Phase III Clinical$ 1,500,000
Trial
(4) FDA (first country) Final Approval of$2,000,000
NDA for Licensed Product

B. "Milestone Event" for Service-Related "Milestone Licensed ProductPayment" (US$)

(1) First anniversary of execution of an $50,000 ** agreement in respect of (in whole or in part) a Service-Related Licensed Product.

For the purpose of this Section 4.1 "Final Approval" shall mean approval by the FDA for marketing a Therapeutic-Related Licensed Product that is not conditioned on any other event (or if an approval is conditioned upon an event, then the occurrence of that event), provided, however, such other events shall specifically not include FDA requirements to conduct post marketing studies and any requirement for such post marketing studies shall not be deemed to delay the Final Approval.

* Once a Milestone Payment has been made for a specific Licensed Product, if there are later modifications, improvements, reformulations, combinations, or other changes using the same molecule which constitutes said Licensed Product (i.e., a "Related Product"), then no duplicate Milestone Payment will be owed when that Related Product achieves the same Milestone Event for which the Milestone Payment was previously made for said specific Licensed Product. Similarly, if there is a failure in product development, resulting in the substitution or replacement of the failed molecule with a new molecule, to the extent that a Milestone Event had previously been achieved by the failed molecule and the corresponding Milestone Payment paid, then no duplicate Milestone Payment will be owed when the new molecule achieves the same Milestone Event for which the Milestone Payment was previously made for the failed molecule.

** But not more than 10% of the annual revenues received from said agreement, continuing annually until the cumulative aggregate of said 10% payments reach $50,000.

4.2 Royalties.

4.2.1 Royalty Rate. Licensee shall pay to Licensor three percent (3%) of the first $25 million of Revenues received by Licensee or its Affiliates, and two percent (2%) of
all additional Revenues received by Licensee or its Affiliates, subject to reductions pursuant to Sections 4.2.2 and 4.2.3.

4.2.2 Third Party Royalties. If Licensee or its Affiliates is required to pay royalties to any Third Party that are, in the opinion of an independent patent attorney (reasonably acceptable to both parties), necessary to practice the inventions claimed in the Licensed IP, then Licensee shall have the right to credit such Third Party royalty payments against the royalties owing to Licensor under Section 4.2.1; provided, however, that the foregoing credits shall not reduce the amount of the royalties payable to Licensor under Section 4.2.1 above by more than fifty percent (50%).

4.2.3 Combination Products. If a Product consists of (i) components that are covered by Licensor's Valid Claims, plus (ii) additional active pharmaceutical agents, or functional components reasonable necessary for formulation or delivery of the Product that are not covered by a Valid Claim, but that are covered by a valid claim of a Third Party patent, then for purposes of the royalty payments under Section 4.2.1, the Revenues shall be equitably allocated between the components covered by Licensor's Valid Claim and the components covered by the Third Party patent, with only the portion of Revenues allocated to Licensor's Valid Claims being used for purposes of the royalty calculation in Section 4.2.1 for such combination Product. To the extent the parties are unable to agree on the equitable allocation described above, any dispute shall be resolved in accordance with Section 12.3 of this Agreement. Notwithstanding the aforementioned, the foregoing allocation shall not reduce the amount of the royalties payable to Licensor under Section 4.2.1 above by more than fifty percent (50%).

5. ROYALTY REPORTS. PAYMENTS. AND ACCOUNTING

5.1 Royalty Reports. Within sixty (60) days after the end of each calendar quarter during the term of this Agreement following the receipt by Licensee or its Affiliates of Revenues, Licensee shall furnish to Licensor a quarterly written report showing in reasonably specific detail (a) the calculation of Revenues for such quarter; and (b) the calculation of the royalties that shall have accrued based upon such Revenues.

5.2 Payment Terms. Royalties shown to have accrued by each royalty report provided for under Section 5.1 above shall be due on the date such royalty report is due.

5.3 Audits.

5.3.1 Upon the written request of Licensor and not more than once in each calendar year, Licensee and its Affiliates shall permit an independent certified public accounting firm of nationally recognized standing selected by Licensor and reasonably acceptable to Licensee, at Licensor's expense, to have access during normal business hours to such of the financial records of Licensee and its Affiliates as may be reasonably necessary to verify the accuracy of the payment reports hereunder for the eight (8) calendar quarters immediately prior to the date of such request (other than records for which Licensor has already conducted an audit under this Section).

5.3.2 If such accounting firm concludes that additional amounts were owed during the audited period, Licensee shall pay such additional amounts within thirty (30) days after the date Licensor delivers to Licensee such accounting firm's written report so concluding. The fees charged by such accounting firm shall be paid by Licensor; provided, however, if the audit discloses that the royalties paid by Licensee for such period were more than seven percent (7%) below the royalties actually due and payable for such period, then Licensee shall pay the reasonable fees and expenses charged by such accounting firm.

5.3.3 Licensor shall cause its accounting firm to retain all financial information subject to review under this Section 5.3 in strict confidence; provided, however, that Licensee shall have the right to require that such accounting firm, prior to conducting such audit, enter into an appropriate non-disclosure agreement with Licensee regarding such financial information. The accounting firm shall disclose to Licensor only whether the reports are correct or not and the amount of any discrepancy. No other information shall be shared. Licensor shall treat all such financial information as Licensee's Confidential Information

6. RESEARCH AND DEVELOPMENT OBLIGATIONS

6.1 Research and Development Efforts. Licensee (together with its Affiliates and Sublicensees) shall use its commercially reasonable efforts to conduct such research, development and preclinical and human clinical trials as Licensee reasonably determines are necessary or desirable to obtain regulatory approval to manufacture and market such Licensed Products as Licensee reasonably determines are commercially feasible; and Licensee (together with its Affiliates and Sublicensees) shall use its commercially reasonable efforts to obtain regulatory approval to market, and following approval to commence marketing and to market each such Licensed Product as Licensee reasonably determines are commercially feasible.

6.2 R&D Plan. Within three (3) months after the Effective Date, Licensee shall furnish to Licensor a copy of Licensee's Research and Development Plan ("R&D Plan") for Licensed Products; and a status and progress report as to Licensee's implementation of the R&D Plan shall be furnished to Licensor annually thereafter, together with an update for the R&D Plan for the next year. The parties acknowledge that the R&D Plan will represent the optimal and desired goals and timeline for development of the Licensed Products, and that there is no guarantee of achieving the goals within said timeline.

6.3 Records. Licensee shall maintain records, in sufficient detail and in good scientific manner, which shall reflect all work done and results achieved in the performance of its research and development regarding the Licensed Products.

6.4 Reports. By April 1 of each calendar year during the term of this Agreement, Licensee shall prepare and deliver to Licensor a written summary report which shall describe (a) the research performed to date employing the Licensed IP, (b) the progress of the development, and testing of Licensed Products in clinical trials, and (c) the status of obtaining regulatory approvals to market Licensed Products.

7. CONFIDENTIALITY

7.1 Confidential Information. The reports finished by Licensee to Licensor pursuant to Sections 4, 5 and 6 shall be treated as Licensee's Confidential Information. During the term of this Agreement, and for a period of five (5) years following the expiration or earlier termination hereof, Licensor shall maintain in confidence all Confidential Information of Licensee that is disclosed to Licensor, and shall not use, disclose or grant the use of the Confidential Information except on a need-to-know basis to those directors, officers, employees and agents, to the extent such disclosure is reasonably necessary in connection with exercising its rights under this Agreement.

7.2 Terms of this Agreement. Except as otherwise required by applicable laws, Licensor and Licensee shall not disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party. Notwithstanding the foregoing, Licensor may disclose the existence of this Agreement and the general nature of the Licensed IP covered by this Agreement (without disclosing any financial terms); and Licensee may disclose the term of this Agreement to any existing or prospective investor or business associate who has a need to know, subject to a customary confidentiality agreement.

8. PATENTS

8.1 Patent Prosecution and Maintenance. Licensee shall have the right to control, at its sole cost, the preparation, filing, prosecution and maintenance of all patents and patent
applications in respect of Licensed Patents in the Territory and shall be solely responsible for all costs incurred in the preparation, filing, prosecution and maintenance of such patents and patent applications from the Effective Date through the termination of this Agreement. All such applications in respect of Licensed Patents shall be filed in the name of Licensor. Licensee shall give Licensor an opportunity to review and comment on the text of each patent application subject to this Section 8.1 before filing, and shall supply Licensor with a copy of such patent application as filed, together with notice of its filing date and serial number. Licensor shall cooperate with Licensee, execute all lawful papers and instruments and make all rightful oaths and declarations as may be necessary in the preparation, prosecution and maintenance of all patents and other filings referred to in this Section 8.1. If Licensee, in its sole discretion, decides to abandon the preparation, filing, prosecution or maintenance of any patent or patent application in respect of Licensed Patents, then Licensee shall notify Licensor in writing thereof and following the date of such notice (a) Licensor shall be responsible for and shall control, at its sole cost, the preparation, filing, prosecution and maintenance of such patents and patent applications, and (b) Licensee shall thereafter have no license under this Agreement to such patent or patent application.

8.2 Notification of Infringement. Each Party shall notify the other Party of any substantial infringement known to such Party of any Licensed Patents and shall provide the other Party with the available evidence, if any, of such infringement.

8.3 Enforcement of Patent Rights. Licensee, at its sole expense, shall have the right to determine the appropriate course of action to enforce Licensed Patents or otherwise abate the infringement thereof, to take (or refrain from taking) appropriate action to enforceLicensed Patents, to defend any declaratory judgments seeking to invalidate or hold the Licensed Patents unenforceable, to control any litigation or other enforcement action and to enter into, or permit, the settlement of any such litigation, declaratory judgments or other enforcement action with respect to Licensed Patents, in each case in Licensee's own name and, if necessary for standing purposes, in the name of Licensor and shall consider, in good faith, the interests of Licensor in so doing. If Licensee does not, within six (6) months after receipt of notice from Licensor, abate the infringement or file suit to enforce the Licensed Patents against at least one infringing Party , Licensor shall have the right to take whatever action it deems appropriate to enforce the Licensed Patents; provided, however, that, within thirty (30) days after receipt of notice of Licensor's intent to file such suit, Licensee shall have the right to jointly prosecute such suit and to fund up to one-half *(V2)* the costs of such suit. The Party controlling any such joint enforcement action shall not settle the action or otherwise consent to an adverse judgment in such joint action that diminishes the rights or interests of the non-controlling Party without the prior written consent of the other Party. All monies recovered upon the final judgment or settlement of any such suit to enforce the Licensed Patents shall be shared in relation to the damages (including attorneys' fees and expenses for the enforcement action) incurred by each Party as a result of such infringement; and such recovery shall not be treated as Revenues for purposes of Section 4.2.1. Notwithstanding the foregoing, to the extent any part of the recovery includes a reasonable royalty payable to Licensee, such royalty amounts shall be deemed Revenue on which Licensee will pay a royalty to Licensor in accordance with Section 4.2.1.

8.4 Cooperation. In any suit to enforce and/or defend the Licensed Patents pursuant to this Section 8, the Party not in control of such suit shall, at the request and expense of the controlling Party, reasonably cooperate and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

9. TERMINATION

9.1 Expiration. Subject to Sections 9.3 and 9.4 below, this Agreement shall expire on the expiration of Licensee's obligation to make payments to Licensor under Section 4 above. The license grant under Section 3.1 shall be effective at all times prior to such expiration.

9.2 Termination by Mutual Consent. The Parties may terminate this Agreement at any time by mutual consent, which consent shall be evidenced by a written agreement or other such documentation duly executed by both Parties.

9.3 Termination by Licensee. Licensee may terminate this Agreement, in its sole discretion, upon thirty (30) days prior written notice to Licensor, provided, however, Licensee shall remain liable for any payments accrued under this Agreement prior to the date of termination.

9.4 Termination for Cause. Except as otherwise provided in Section 11, Licensor may terminate this Agreement upon or after the breach of any material provision of this Agreement by Licensee, if Licensee has not cured such breach within ninety (90) days after receipt of express written notice thereof by Licensor; provided, however, if any default is not capable of being cured within such ninety (90) day period and Licensee is diligently undertaking
to cure such default as soon as commercially feasible thereafter under the circumstances, Licensor shall have no right to terminate this Agreement.

9.5 Termination Upon Licensee Insolvency. This Agreement shall terminate at least one day prior to the occurrence of any of the following events: (i) the Licensee files a voluntary petition in bankruptcy or insolvency or shall petition for reorganization under the bankruptcy law, or makes a general assignment for the benefit of creditors, or otherwise acknowledges insolvency or is adjudged bankrupt; (ii) the Licensee consents to an involuntary petition in bankruptcy or if a receiving order is given against it under any applicable bankruptcy/insolvency law in a jurisdiction; (iii) the appointment of a receiver or other similar representative for the Licensee by a court of competent jurisdiction; or (iv) Licensee fails to carry on business in the normal course.

9.6 Effect of Expiration or Termination. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination, and the provisions of Sections 1, 2, 5,7, 9.1, 9.6, 10 and 12 shall survive the expiration or termination of this Agreement. Upon any termination of this Agreement, Licensor shall grant a direct license to any sublicense of Licensee hereunder having the same scope as such sublicense and on terms and conditions no less favorable to such Sublicensee than the terms and conditions of this Agreement, provided that such Sublicensee is not in default of any applicable obligations under this Agreement and agrees in writing to be bound by the terms and conditions of such direct license. Upon any termination of this Agreement, for a period of six (6) months thereafter, Licensee (and its Affiliates and Sublicensees) shall continue to be entitled to finish production of any Products which were in process at the time of termination, and Licensee (and its Affiliates and Sublicensees) shall be entitled to sell all Products which were in inventory or in process at the time of termination, so long as Licensee (and its Affiliates and Sublicensees) continues to make the reports and pay the scheduled royalties for said sales as set forth in this Agreement.

10. INDEMNIFICATION

10.1 Indemnification. Licensee shall defend, indemnify and hold Licensor (which for purposes of clarity, is recognized to include, without limitation, its directors, officers, employees, research trainees, students and agents) harmless from all losses, liabilities, damages and expenses (including attorneys' fees and costs) incurred as a result of any claim, demand, action or proceeding arising out of any breach of this Agreement by Licensee, any damages or personal injury resulting from the use, application of, distribution, sale or other exploitation of the Licensed IP, Licensed Patents and the Licensed Product by Licensee, its Affiliates or Sublicensees, or the gross negligence or willful misconduct of Licensee in the performance of its obligations under this Agreement, except in each case to the extent arising from the gross negligence or willful misconduct of Licensor or the breach of this Agreement by Licensor.

10.2 Procedure. Licensor promptly shall notify Licensee of any liability or action in respect of which Licensor intends to claim such indemnification, and Licensee shall have the right to assume the defense thereof with counsel selected by Licensee. The indemnity agreement in this Section 10 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of Licensee, which consent shall not be withheld unreasonably. The failure to deliver notice to Licensee within a reasonable time after the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve Licensee of any liability to Licensor under this Section 10, but the omission so to deliver notice to Licensee will not relieve it of any liability that it may have to Licensor otherwise than under this Section 10. Licensor under this Section 10, its employees and agents, shall cooperate fully with Licensee and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification.

10.3 Insurance. During the term of this Agreement, Licensee shall maintain at its own expense:

10.3.1 Comprehensive general liability insurance for claims for damages arising from bodily injury (including death) and property damages caused by, or arising out of, acts or omissions of its employees, in such amounts as are customary and reasonable in the Licensee's industry.

10.3.2 Product liability insurance in such amounts as are customary and reasonable in the Licensee's industry.

10.3.3 Maintenance of such insurance coverage shall not relieve Licensee of any responsibility under this Agreement for damage in excess of the insurance limits.

10.4 Certificates of Insurance. Licensee shall furnish or cause to be furnished to Licensor a certificate of such insurance promptly upon request by Licensor. Each such certificate shall name Licensor an additional named insured.

10.5 Notice of Cancellation or Expiration. Any such insurance policy shall provide that the insurer will give Licensor at least sixty (60) days prior written notice of any impending cancellation, nonrenewal, expiration, or reduction in coverage of the insurance.

11. FORCE MAJEURE

Neither Party shall be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement to the extent, and for so long as, such failure or delay is caused by or results from Force Majeure events.

12. GENERAL PROVISIONS

12.1 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by one Party to the other Party shall be in writing, delivered by any available means to such other Party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and shall be effective upon receipt by the addressee.

If to Licensor:

University Health Network 610 University Avenue
Suite 7-504 Toronto, Ontario Canada M5G 2M9
With Copy to:

Director
University Health Network
Office of Technology Development & Commercialization MaRS Centre, Heritage Building 101 College Street, Suite 150 Toronto, Ontario Canada M5G 1L7
If to Licensee:

Chief Executive Officer VistaGen Therapeutics, Inc. 384 Oyster Point Boulevard Suite 8
South San Francisco, CA 94080

With Copy to:

Knox Bell
DLA Piper US LLP
4365 Executive Drive, Suite 1100
San Diego, CA 92121

12.2 Further Representations, Warranties & Liability.

(a) Licensee represents and warrants to Licensor that Licensee has the power to enter into this Agreement and to perform its obligations, and that Licensee has taken necessary action for the execution of this Agreement to constitute a binding obligation enforceable against Licensee.

(b) Licensor represents and warrants to Licensee that Licensor has the power to enter into this Agreement and to perform its obligations, and that Licensor has taken necessary action for the execution of this Agreement to constitute a binding obligation enforceable against Licensor.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, LICENSOR MAKES NO CONDITIONS, WARRANTEES, UNDERTAKINGS OF ANY KIND, INCLUDING WITHOUT LIMITATION, THE ORIGINALITY OR ACCURACY OR PATENTABILITY OR VALIDITY OR NONINFRINGEMENT OF THE LICENSED PATENT(S), LICENSED IP, OR LICENSED PRODUCT(S) ARISING UNDER, OR OTHERWISE THE SUBJECT MATTER OF, THIS AGREEMENT OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE LICENSED PATENT(S), LICENSED IP, OR LICENSED PRODUCT(S) ARISING UNDER, OR OTHERWISE THE SUBJECT MATTER OF THIS AGREEMENT.

(d) LICENSOR SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, OR OTHER DAMAGES SUFFERED BY LICENSEE (AND ITS AFFILIATE(S) AND SUBLICENSEES) OR ANY OTHERS RESULTING FROM THE USE OF THE OF THE LICENSED PATENT(S), LICENSED IP, OR LICENSED PRODUCT(S) ARISING UNDER, OR OTHERWISE THE SUBJECT MATTER OF THIS AGREEMENT. THE ENTIRE RISK AS TO THE DESIGN, DEVELOPMENT, USE, EXPLOITATION, MANUFACTURE, SALE OR OTHER DISPOSITION AND PERFORMANCE IN RESPECT OF THE LICENSED PATENT(S), LICENSED IP, OR LICENSED PRODUCT(S) ARISING UNDER, OR OTHERWISE THE SUBJECT MATTER OF THIS AGREEMENT IS ASSUMED BY LICENSEE.

12.3 Dispute Resolution.

(a) The Parties agree to use reasonable best efforts to amicably resolve among themselves any dispute arising out of this Agreement.

(b) If the Parties are unable to resolve the dispute under Section 8.5(a), the dispute shall be referred to the Vice President, Research of Licensor or the Vice President's designate and the designate of Licensee for their discussion and resolution. The Parties may agree to mediation of the dispute (procedural details and process to be determined by the Parties).

(c) Any dispute which cannot be amicably settled by the Parties as provided in Sections 8.5(a) and (b) shall be submitted to arbitration in accordance with the provisions of the (Ontario) Arbitration Act, 1991, S.O. 1991, c. 17, as amended from time to time. The arbitration will take place in the city of Toronto (Ontario, Canada).

(d) Notwithstanding the foregoing, either Party shall have the right, without waiving any right or remedy available to such Party under this Agreement or otherwise, to seek and obtain from any court of competent jurisdiction any interim or provisional relief that is necessary or desirable to protect the rights or property of such Party, pending the selection of the mediator(s) or arbitrator(s) hereunder, or pending the mediator(s)' or arbitrator(s)' determination of any dispute, controversy or claim hereunder.

12.4 Assignment. Licensee shall not assign its rights or obligations under this Agreement without the prior written consent of Licensor;provided, however, that Licensee may, without such consent, assign this Agreement and its rights and obligations hereunder (a) to any Affiliate, or (b) in connection with the transfer or sale of all or substantially all of its business to which this Agreement relates, or in the event of its merger, consolidation, change in control or similar transaction. Notwithstanding the aforementioned, Licensee shall remain responsible for the performance of all obligations under this Agreement (including, without limitation, the payment of royalties to Licensor).

12.5 Waivers and Amendments. No change, modification, extension, termination or waiver of this Agreement, or any of the provisions herein contained, shall be valid unless made in writing and signed by duly authorized representatives of the parties hereto.

12.6 Entire Agreement. This Agreement embodies the entire agreement between the parties and supersedes any prior representations, understandings and agreements between the parties regarding the subject matter hereof. There are no representations, understandings or agreements, oral or written, between the parties regarding the subject matter hereof that are not fully expressed herein.

12.7 Severability. Any of the provisions of this Agreement which are determined to be invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such
invalidity or unenforceability in such jurisdiction, without rendering invalid or unenforceable the remaining provisions hereof and without affecting the validity or enforceability of any of the terms of this Agreement in any other jurisdiction.

12.8 Waiver. The waiver by either Party hereto of any right hereunder or the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

12.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Evidence of the execution and delivery of this Agreement may be by a telecopy transmission to a Party of the other Party's signed copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the Effective Date.

LICENSOR: University of Health Network

By:

Name:

Title

LICENSEE: VistaGen Therapeutics, Inc.

By:
Name:

Title

EXHIBIT A

DEFINITIONS

"Affiliate" shall mean, with respect to any Person, any other Person which directly or indirectly controls, is controlled by, or is under common control with, such Person. A Person shall be regarded as in control of another Person if it owns, or directly or indirectly controls, at least fifty percent (50%) of the voting stock or other ownership interest of the other Person, or if it directly or indirectly possesses the power to direct or cause the direction of the management and policies of the other Person by any means whatsoever.

"Confidential Information" shall mean, with respect to a Party, all information (and all tangible and intangible embodiments thereof), that is owned or controlled by such Party, is disclosed by or on behalf of such Party to the other Party pursuant to this Agreement, and (if disclosed in writing or other tangible medium) is marked or identified as confidential at the time of disclosure to the receiving Party or (if otherwise disclosed) is identified as confidential at the time of disclosure to the receiving Party and described as such in writing within thirty (30) days after such disclosure. Notwithstanding the foregoing, Confidential Information of a Party shall not include information which, and only to the extent the receiving Party can establish by written documentation, (a) has been generally known prior to disclosure of such information by the disclosing Party to the receiving Party; (b) has become generally known, without the fault of the receiving Party, subsequent to disclosure of such information by the disclosing Party to the receiving Party; (c) has been received by the receiving Party at any time from a source other than the disclosing Party, rightfully having possession of and the right to disclose such information free of confidentiality obligations; (d) has been otherwise known by the receiving Party free of confidentiality obligations prior to disclosure of such information by the disclosing Party to the receiving Party; or (e) has been independently developed by employees or others on behalf of the receiving Party without use of such information disclosed by the disclosing Party to the receiving Party (each of the aforementioned (a) to (e) a "Confidentiality Exception").

"Effective Date" shall have the meaning set forth in the preamble to this Agreement.

"FDA" shall mean the Food and Drug Administration of the United States, or the successor thereto,**or** its foreign equivalent in Canada, the EU or elsewhere.

"Force Majeure" means an event or circumstance arising outside of the reasonable control of a party, such as any act of God, flood, natural disaster, embargo, acts of civil or military authorities, terrorism, labor strikes, governmental embargos, and governmental orders.

"IND" shall mean an investigational new drug application or similar application which is required to be filed with the FDA prior to commencing a clinical investigation of a drug pursuant to (US) 21 C.F.R. 312, **or** its foreign equivalent in Canada, the EU or elsewhere.

"Intellectual Property" or "IP" shall mean all inventions (whether or not patentable), discoveries, trade secrets, Confidential Information, Know-How, data, technology, formulae, methods, processes, protocols, techniques, compositions, and other protectible intangible rights, together with all related Patent Rights, copyrights, trade secret rights, and other legally enforceable rights.

"Know-How" shall mean all trade secrets, know-how, data, information, compositions and other technology (including, but not limited to, formulae, procedures, protocols, techniques and results of experimentation and testing) which are necessary or useful to make, use, develop, sell or seek regulatory approval to market a composition, or to practice any method or process, at any time claimed or disclosed in any issued patent or pending patent application directly and specifically applicable to the Licensed Patents, the Licensed IP, or the Licensed Products.

"Licensed IP" shall have the meaning as defined in Exhibit B.

"Licensed Patents" shall mean the Patent Rights applicable to the Licensed IP.

"Licensed Product(s)" shall mean any product or service that if made, used, provided, offered to be provided, sold, offered for sale or imported would infringe (but for the License Agreement) a Valid Claim of the Licensed Patents, or that otherwise uses or incorporates the Licensed IP.

"Milestone Event" shall have the meaning as defined in Section 4.1.

"Milestone Payment" shall have the meaning as defined in Section 4.1.

"NDA" shall mean a New Drug Application, or similar application for marketing approval of a Product for use in the Field submitted to the FDA, **or** its foreign equivalent in Canada, the EU or elsewhere.

"Net Sales" shall mean, with respect to any Therapeutic-Related Licensed Product, the gross sales price of such Therapeutic-Related Licensed Product invoiced by Licensee or its Affiliates to customers who are not Affiliates (or are Affiliates but are the end users of such Therapeutic-Related Licensed Product) less, to the extent actually paid or accrued by License or its Affiliate (as applicable), (a) reasonable credits, allowances, discounts and rebates to, and chargebacks from the account of, such customers for nonconforming, damaged, out-dated and returned Therapeutic-Related Licensed Product; (b) freight and insurance costs incurred by License or its Affiliate (as applicable) in transporting such Therapeutic-Related Licensed Product to such customers; (c) reasonable cash, quantity and trade discounts, rebates and other price reductions for such Therapeutic-Related Licensed Product given to such customers under price reduction programs; (d) sales, use, value-added and other direct taxes incurred on the sale of such Therapeutic-Related Licensed Product to such customers; (e) customs duties, tariffs, surcharges and other governmental charges incurred in exporting or importing such Therapeutic-Relatedlicensed Product to such customers; and (f) a reasonable allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles.

"Party" shall mean either VistaGen or UHN; and "Parties" shall mean both VistaGen and UHN.

"Patent Rights" shall mean (a) all patents and patent applications worldwide describing the Licensed IP listed on Exhibit B hereto, (b) all divisions, continuations, continuations-in-part, that claim priority to, or common priority with, the patent applications listed in clause (a) above or the patent applications that resulted in the patents described in clause (a) above, and (c) all patents that have issued or in the future issue from any of the foregoing patent applications, including utility, model and design patents and certificates of invention, together with any reissues, renewals, extensions or additions thereto worldwide.

"Person" shall mean an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"Phase I Clinical Trial" shall mean a human clinical trial that is intended to initially evaluate the safety and/or pharmacological effect of a Product in subjects or that would otherwise satisfy requirements of (US) 21 C.F.R. 312.21(a), **or** its foreign equivalent in Canada, the EU or elsewhere.

"Phase II Clinical Trial" shall mean a human clinical trial in any country that is intended to initially evaluate the effectiveness of a Product for a particular indication or indications in patients with the disease or indication under study or would otherwise satisfy requirements of (US) 21 C.F.R. 312.21(b), **or** its foreign equivalent in Canada, the EU or elsewhere.

"Phase III Clinical Trial" shall mean a human clinical trial in any country, the results of which could be used to establish safety and efficacy of a Product as a basis for an NDA or would otherwise satisfy requirements of (US) 21 C.F.R. 312.21(c), **or** its foreign equivalent in Canada, the EU or elsewhere.

"Revenues" shall mean (i)Net Sales of Therapeutic-Related Licensed Product(s) sold by Licensee and its Affiliates, (ii) Sublicensing Consideration received by Licensee and its Affiliates from Sublicense Agreements, and (iii) Service Sales in respect of Service-Related Licensed Product(s).

"Service-Related Licensed Product" shall mean a Licensed Product (i) that is used in and/or for the provision of a research, development or other service to a third party, or (ii) for use in, or as part of, a diagnostic kit or service.

"Service Sales" shall mean, with respect to any Service-Related Licensed Product, the gross amount of monies received for, associated with, or in respect of Service-Related Licensed Product(s) invoiced by Licensee or its Affiliates to customers or otherwise to third parties who are not Affiliates (or are Affiliates but are the end users, beneficiaries, or otherwise recipients of such Service-Related Licensed Product(s)).

"Sublicense Agreement" shall mean any agreement or commitment pursuant to which any of the rights of Licensee under this Agreement are sublicensed or otherwise extended, granted or given to a Third Party (a Sublicensee).

"Sublicensee" shall mean any Third Party to whom Licensee (or its Affiliates) grants rights to use some of Licensee's rights under this Agreement.

"Sublicensing Consideration" shall mean the aggregate consideration received by Licensee or its Affiliates in consideration for granting sublicense rights to a Sublicensee under the Licensed IP, including without limitation license fees, milestone fees, minimum royalties, and earned royalties, but excluding (a) amounts received to fund or reimburse Licensee's or its Affiliates' cost to perform research, development or similar services specifically and directly associated with Licensed Products, (b) amounts received in reimbursement of Licensed IP patent or other Licensed IP-related out-of-pocket expenses specifically and directly associated with Licensed Products; and (c) amounts received in consideration for the sale of any debt or securities of Licensee or its Affiliates.

"Therapeutic-Related Licensed Product" shall mean a Licensed Product that forms a constituent part of a therapeutic agent for use in human medical or veterinary purposes.

"Third Party" shall mean any Person other than Licensor, Licensee and their respective Affiliates.

"Valid Claim" shall mean a claim of an issued and unexpired patent included within the Licensed Patent, which has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

EXHIBIT B LICENSED IP [TO BE COMPLETED]

EXHIBIT C THIRD PARTY LICENSE RIGHTS
[TO BE COMPLETED]

AMENDMENT NO. 1

TO

SPONSORED RESEARCH COLLABORATION AGREEMENT

This Amendment No. 1 to Sponsored Research Collaboration Agreement (the "Amendment") is entered into as of April 19, 2010 by and between **University Health Network,** an Ontario corporation incorporated under the *University Health Network Act 1997,* having a principal research office at 610 University Avenue, Suite 7-504, Toronto, Ontario, Canada MSG 2M9 ("UHN"), and **VistaGen Therapeutics, Inc.,** a California corporation having its principal address at 384 Oyster Point Blvd., Suite 8, South San Francisco, California 94080 ("VistaGen").

RECITALS

WHEREAS, VistaGen and UHN entered into that certain Sponsored Research Collaboration Agreement, dated September 18, 2007 (the "Agreement"), pursuant to which VistaGen is funding a research project ("Project One") and had the option to fund two additional research projects (the "Options") involving embryonic stem cell technologies, with each such research project principally performed or to be principally performed by Gordon Keller, Ph.D., Director of the McEwen Center for Regenerative Medicine, a stem cell research center within UHN;

WHEREAS, VistaGen and UHN now desire to amend the Agreement to extend the term thereof and the time during which VistaGen may exercise the Options such that (i) the term of the Agreement shall be five (5) years from the Effective Date (as defined in the Agreement), provided however, that with respect to each Option, the term of the Agreement shall be extended three (3) years from the date of exercise of such Option by VistaGen and (ii) VistaGen shall have until December 31, 2010 to exercise the Options; and

WHEREAS, Section 8.7 of the Agreement provides that it may be amended only with the written consent of VistaGen and UHN.
NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, VistaGen and UHN hereby agree to amend the Agreement as follows:

AMENDMENT

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendment. Section 3 of the Agreement shall be deleted in its entirety and amended to read in its entirety as follows:
"Attached hereto as Exhibit B-2 and Exhibit B-3 is a summary of two additional Research Projects which the Parties would ultimately like to perform, pursuant to additional funding from VistaGen. For a period of time ending on December 31, 2010, VistaGen shall have the option to elect to have UHN undertake and commence performance of the Research Work for Project Two and/or Project Three. Upon receipt by UHN and Principal Investigator of the written election by VistaGen to commence any such Research Work, UHN and the Project Scientists (as listed in said Exhibits B-l and/or B-2) shall commence to perform said Research Work. Upon UHN receiving said written election, all of the terms set forth in Section 2 of this Agreement (including, without limitation, the project funding provisions of Section 2.2 and Exhibits B-2 and ^*3)* shall be applicable to the Research Project identified in said written election (i.e. in respect of Project Two and/or Project Three)."

3. Amendment. Section 7.1 of the Agreement shall be deleted in its entirety and amended to read in its entirety as follows:
"Subject to earlier termination as provided below, the term of this Agreement shall be for five (5) years, provided however, in the event that VistaGen exercises either or both of its options on Project Two and Project Three as described in Section 3 above, the term of the Agreement shall automatically be extended to the date that is three (3) years from the date of exercise of such option by VistaGen. Notwithstanding the foregoing, this Agreement may be renewed or extended by mutual agreement of the parties."

4. Research Project One. With respect to the three-year budget for Project One attached to the Agreement asExhibit B-l, UHN and VistaGen acknowledge and agree that after third anniversary of the Effective Date of the Agreement, the annual payments set forth in the Payment Schedule in Exhibit B-l shall continue to apply for the term of the Agreement as extended by this Amendment.

5. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

6. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

7. Entire Agreement. This Amendment and Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement and this Amendment. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

[Signature Page to Follow]

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

UNIVERSITY HEALTH NETWORK
- Research
By: ^^*Jr*^
Christopher J. Paige, Ph.D., VP -

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 2

TO

SPONSORED RESEARCH COLLABORATION AGREEMENT

This Amendment No. 2 to Sponsored Research Collaboration Agreement ("Amendment No. 2") is entered into as of December **J£,** 2010 by and between **University Health Network,** an Ontario corporation incorporated under the Toronto Hospital Act 1997, having a principal research office at 610 University Avenue, Suite 7-504, Toronto, Ontario, Canada MSG 2M9 ("UHN"). and **VistaGen Therapeutics, Inc.,** a California corporation having its principal address at 384 Oyster Point Blvd., Suite 8, South San Francisco, California 94080 ("VistaGen"),

RECITALS

WHEREAS, VistaGen and UHN entered into that certain Sponsored Research Collaboration Agreement, dated September 18, 2007 (the Agreement"), pursuant to which VistaGen is funding a research project ("Project One") and had the option to fund two additional research projects (the 'Options") involving embryonic stem cell technologies, with each such research project principally performed or to be principally performed by or under the direction of Gordon Keller, Ph.D., Director of the McEwen Center for Regenerative Medicine (the "McEwen Centre"), a stem cell research center within UHN;

WHEREAS, pursuant to Amendment No. 1 to the Agreement ("Amendment No. 1"), VistaGen and UHN extended the term of the Agreement and the time during which VistaGen may exercise the Options such that (i) the term of the Agreement is now five (5) years from the Effective Date (as defined in the Agreement), provided however, that with respect to each Option, the term of the Agreement was extended three (3) years from the date of exercise of such Option by VistaGen and (ii) VistaGen now has until December 31, 2010 to exercise the Options;

WHEREAS, VistaGen and UHN now desire to enter into this Amendment No. 2 to (A) included induced pluripotent stem ("iPS") cell technology, (B) further extend the term of the Agreement and the time during which VistaGen may exercise the Options such that (i) the term of the Agreement shall be ten (10) years from the Effective Date (as defined in the Agreement), provided however, that with respect to each Option, the term of the Agreement shall be extended seven (7) years from the date of exercise of such Option by VistaGen and (ii) VistaGen shall have until December 31,2011 to exercise the Options and (C) include an additional option to fund research projects other than Project One and the Options and provide greater discretion and flexibility for VistaGen, UHN and Dr. Gordon Keller, as Director of the McEwen Centre, to direct and redirect funding under the Agreement among a wider range of research projects involving scientists at the McEwen Centre beyond the currently predictable scope of Project One and the two additional research projects covered by the Options;

WHEREAS, VistaGen and UHN believe it is advisable and consistent with the long term mutual strategic interests of the parties and the McEwen Centre for VistaGen to issue Seven Hundred Thousand (700,000) shares of VistaGen Common Stock to UHN solely for the benefit of, and to support future research and development at, the McEwen Centre in connection with this Amendment No. 2; and

WHEREAS, Section 8.7 of the Agreement provides that the Agreement may be amended only With the written consent of VistaGen and UHN.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, VistaGen and UHN hereby agree to amend the Agreement as follows:

AMENDMENT

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Strategic Equity Issuance. As additional consideration for its rights and privileges under this Agreement, as soon as practicable following the parties' execution and delivery of this Amendment, VistaGen shall issue, or cause its stock transfer agent to issue, to UHN, exclusively for the benefit of the McEwen Centre, a total of seven hundred thousand (700,000) shares of VistaGen Common Stock (the "Shares"). The parties hereby acknowledge that the current fair market value of the Shares is One Million Fifty Thousand Dollars ($1,050,000). In connection with the issuance of the Shares, UHN hereby agrees to execute and deliver such additional documents as shall be reasonably requested by VistaGen's legal counsel for the issuance of the Shares to be effected in compliance with applicable United States and Canadian securities laws and regulations (the "Securities Documents"). UHN hereby acknowledges that one or more of the Securities Documents will include provisions (i) relating to, among other things, reasonable limitations on UHN's ability to resell the Shares from time-to-time and (ii) acknowledging that proceeds from all such resales shall be used to fund research activities at the McEwen Centre.

3. Amendment. Recital B of the Agreement shall be deleted in its entirety and amended to read in its entirety as follows:

"B. Gordon Keller, M.D., Ph.D. *("Dr.* **Keller") is the director of the McEwen Centre of Regenerative Medicine, a center within UHN; Dr. Keller is involved in developing pluripotent stem cell technologies and is involved in the Research Field."**

4. Amendment. Section 3 of the Agreement shall be deleted in its entirety and amended to read in its entirety as follows:

"3. Option for Research Project Two, Research Project Three and Option for Future Research Projects

3.1 Option for Research Project Two and Research Project Three.

Attached hereto as Exhibit B-2 and Exhibit B-3 is a summary of two additional Research Projects which the Parties would ultimately like to perform, pursuant to additional funding from VistaGen. For a period of time ending on December 31, 2011, VistaGen shall have the option to elect to have UHN undertake and commence performance of the Research Work for Research Project Two and/or Research Project Three. Upon receipt by UHN and Principal Investigator of the written election by VistaGen to commence any such Research Work, UHN and the Project Scientists (as shall be listed in said Exhibits B-2 and/or Bj;3 as the case may be) shall commence to perform said Research Work. Upon UHN receiving said written election, all of the terms set forth in Section 2 of this Agreement (including, without limitation, the project funding provisions of Section 2.2 and Exhibits B-2 and B-3) shall be applicable to the Research Project identified in said written election (i.e. in respect of Research Project Two and/or Research Project Three). Research Project One, Research Project Two and Research Project Three are referred to collectively as the "Core Research Projects".

3.2 Option for Future Research Projects

VistaGen, UHN and Dr. Keller acknowledge their mutual interest in developing a process to enable VistaGen and Dr. Keller to review, and to enable VistaGen to consider funding, a wide range of future research projects, other than the Core Research Projects, involving Dr. Keller and/or other McEwen Centre scientists (each such project a "Future Research Project"), including, but not limited to, the potential future projects described in Exhibit B-4 attached hereto. During the term of this Agreement, VistaGen and Dr. Keller shall discuss regularly, but no less frequently than monthly, potential sponsored research opportunities arising from time-to-time and involving Dr. Keller and/or other McEwen Centre scientists, each of which sponsored research opportunities could become a Future Research Project. If (i) VistaGen and Dr. Keller are mutually interested in pursuing a Future Research Project, (ii) VistaGen agrees to fund such Future Research Project, and (iii) each of (a) the nature and scope of the Future Research Project, (b) VistaGen's and Dr. Keller's mutual interest in such Future Research Project, and (c) VistaGen's commitment to fund such Future Research Project are expressed in writing to UHN, then, upon UHN's receipt of such written expression of interest and commitment from VistaGen, all of the terms set forth in Section 2 of this Agreement shall be applicable to each such Future Research Project."

5. Amendment. Section 7.1 of the Agreement shall be deleted in its entirety and amended to read in its entirety as follows:

"Subject to earlier termination as provided below, the term of this Agreement shall be for ten (10) years, provided, however, in the event that (i) VistaGen exercises either or both of its options on Research Project Two and Research Project Three as described in Section 3 above, or (ii) VistaGen agrees to fund a Future Research Project, the term of the Agreement shall automatically be extended to the date that is three (3) years from the date of exercise of such option or agreement by VistaGen. Notwithstanding the foregoing, this Agreement may be renewed or extended by mutual agreement of the parties."

6. Amendment. Exhibit A to the Agreement shall be amended to include the following additional definition:

"Pluripotent stem cell" shall mean a stem cell that has the potential to differentiate into any of the more than 200 types of cells in the human body, can be expanded readily, and has diverse medical, research, drug development and therapeutic applications, including, but not limited to, an embryonic stem cell and an induced pluripotent stem cell."

7. Amendment. Exhibit B-l, Exhibit B-2 and Exhibit B-3 to the Agreement shall be deleted in their entirety and amended to read in their entirety as Exhibit B-l, Exhibit B-2 and Exhibit B-3 attached to this Amendment.

8. Research Project One. With respect to the three-year budget for Project One attached to the Agreement as Exhibit B-l as amended hereby, UHN and VistaGen acknowledge and agree that after third anniversary of the Effective Date of the Agreement, the annual payments set forth in the Payment Schedule in Exhibit B-l shall continue to apply for the term of the Agreement as extended by this Amendment, unless and until the parties agree otherwise in writing.

9. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

10. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

11. Entire Agreement. This Amendment and Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement and this Amendment. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 as of the date first above written.

UNIVERSITY HEALTH NETWORK
Vice President, Research University Health Network

VISTAGEN THERAPEUTICS, INC.

EXHIBIT B-l RESEARCH PROJECT ONE

1. Development of Drug Discovery and Screening Approaches with Pluripotent Stem Cell -derived Cardiomyocytes

The overall goal of these studies is to establish improved methods for the production of mature of human pluripotent stem cell (hPSC)-derived cardiomyocytes suitable for use in drug discovery, drug screening, drug toxicology assessment, and drug rescue. This project builds on recent advancements from Dr. Keller's lab relating to new methods for the efficient and reproducible generation of cardiomyocytes from hPSC. The project will focus on addressing the following issues: 1) to characterize the functional and fhaturational status of the hPSC-derived cardiomyocytes in vitro; 2) to develop methods for the large scale production of hPSC-derived cardiomyocytes suitable for use in drug discovery and screening; 3) provide cells and methods for the study of response of Cardiomyocytes to select known and compounds that effect their biology and functional activity; and 4) provide cells and methods for the use and validation of cardiomyocytes as predictive toxicology screening assays.

2. Payment Schedule:

(a) $175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT B-2

RESEARCH PROJECT TWO

1. Human Pluripotent Stem Cell-derived Hepatocytes. The overall goal of these studies is to establish improved methods for the production of mature of human pluripotent stem cell (hPSC)-derived hepatocytes suitable for use in drug discovery, drug screening, drug toxicology assessment, and drug rescue. This project builds on recent advancements from Dr. Keller's lab relating to improved methods for the efficient and reproducible generation of endodetmal cells from hPSC. The project will focus on addressing the following issues: 1) to characterize the functional and maturational status of the hPSC-derived hepatocytes in vitro;
2) to develop methods to produce mature hPSC-derived hepatocytes expressing mature adult levels Of functional P450 enzymes for drug metabolism studies; 3) to develop methods for the large scale production of hPSC-derived hepatocytes suitable for drug metabolism and toxicity screening.

2. Payment Schedule:

(a) $175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT B-3

RESEARCH PROJECT THREE

1. Human ES Cell-derived Beta-islet Cells. The overall goal of these studies is to establish improved methods for the production of mature of human pluripotent stem cell (hPSC)-derived (3-islet cells suitable for use in drug discovery, drug screening, and drug rescue. This project builds on recent advancements from Dr. Keller's lab relating to improved methods for the efficient and reproducible generation of endodermal cells from hPSC. The project will focus on addressing the following issues: 1) to characterize the functional and maturational status of the hPSC-derived |3-islet cells in vitro; 2) to develop methods to produce mature glucose-responsive hPSC-derived (3-islet cells expressing adult levels of insulin; 3) to develop methods for the large scale production of hPSC-derived |3-islet potentially suitable for in vivo transplantation studies.

2. Payment Schedule:

(a) $ 175,000 per year for personnel and supplies
(b) $ 70,000 per year for 40% indirect overhead costs
(c) $245,000 total fully burdened annual costs
(d) VistaGen shall make quarterly payments in the sum of $61,250, payable quarterly in advance

EXHIBIT B-4

FUTURE RESEARCH PROJECTS

During the term of this Agreement, VistaGen and Dr. Keller shall consult regularly, at least once per month, about potential Future Research Projects, including, but not limited to, one or more of the following:

> Generation and development of induced pluripotent stem ("iPS") cells for potential uses in predictive toxicology screening, drug rescue, drug discovery and therapeutics applications;
> Human pluripotent stem cell ("hPSC")-derived gut endocrine cells suitable for potential uses in diabetes drug discovery and therapies;
> hPSC-derived osteoblast cells suitable for potential uses in osteoporosis drug discovery and therapies; and
> hPSC-derived skin cells suitable for potential uses in cosmaceutical screening, drug discovery and therapeutic applications.

Exhibit 10.25

VistaGen Therapeutics, Inc.
384 Oyster Point Blvd. #8

South San Francisco, CA 94080 650.244.9990 fax: 650.244.9979 www.vistagen.com

VistaGen

February 12, 2010

. Ahmad Hakim-Elahi, Ph.D., J.D. Executive Director, Research Administration Office of Research University of California, Davis 1850 Research Park Drive Suite 300 Davis, CA 95618

Re: Payment of Amounts Invoiced to VistaGen by UC Davis under the UC Davis/VistaGen Sponsored Research Collaboration Agreement, dated March 1. 2008 fthe "Agreement")

Dear Ahmad,

This letter is intended to replace and supersede our letter agreement, dated October 12, 2009, with respect to the captioned matter (the "October Agreement").

Since October 2009, we have done the following pursuant to the October Agreement:

1. Paid $15,000 to the Regents of the University of California ("University") upon our mutual execution and delivery of the October Agreement;

2. Issued a 10% promissory note payable to the University in the principal amount of $90,000 ("Note 1")

a. You will recall that the principal amount of Note 1 is equal to the following:

i. the approximate balance owed for the first and second quarterly payments under the Agreement ($75,000, the amount remaining after deducting the $15,000 payment noted above); and

ii. a special administrative premium of $ 15,000.

3. **Paid $30,000 under Note 1** (Installments 1 and 2).

So, since we delivered the October Agreement, we have paid $45,000 to the University. The approximate balance remaining under Note 1 is $60,000.

To continue to demonstrate our good faith efforts towards building a long term relationship with the University, we are prepared to do the following within five (5) business days of our receipt of the University's countersignature to this letter and our receipt of original Note 1 for cancellation:

- Acknowledge that the reports, as submitted to us by the University on December 14, 2009 comply with all requirements of the Agreement;
- Issue a new 10% promissory note payable to the University in the principal amount of $ 170,000 (the "New Note"). The principal amount of the New Note includes the following:
  - o $60,000 (the approximate outstanding balance of Note 1);
  - o $90,000 (the amounts invoiced by the University for the third and fourth quarterly periods under the Agreement); and
  - o $20,000 (a special administrative premium).

The New Note shall be payable in the following installments:

1. $ 15,000 on or before February 15,2010;
2. $15,000 on or before April 30,2010;
3. $15,000 on or before May 31,2010; and
4. $ 125,000, plus all accrued interest, on or before June 30,2010.

Notwithstanding the installment payment schedule above, if we complete our initial public offering ("IPO") in Canada prior to June 30,2010, we agree to pay the then outstanding balance of the New Note in full within ten (10) business days after the date on which we complete the IPO. At present, we expect to complete the IPO on or about April 15, 2010.

The proposed arrangement is intended to (a) settle all matters with respect to the reports required under the Agreement, (b) generate an aggregate $35,000 special administrative premium for the University under the Agreement ($15,000 included in Note 1 and an additional $20,000 to be included with that initial premium in the New Note), and (c) improve our ability to complete our IPO. I appreciate your considerations of the above.

Should you have any further questions, please do not hesitate to contact me. Very truly yours,
Name:
Ahmad Hakfm-Elahi, Ph.D J D
Title: **Executive Director, Research Administration**

Exhibit 10.26

LICENSE AGREEMENT
between
UNIVERSITY OF MARYLAND, BALTIMORE
and
CORNELL RESEARCH FOUNDATION, INC,
and
ARTEMIS NEUROSCIENCE, INC,

This License Agreement: (“Agreement") made effective (Ms 24th day of October, 2001 (the "Effective Date") by and between the University of Maryland. Baltimore, a constituent institution of the University System of Maryland, an agency of the State of Maryland having as address at 520 West Lombard Street, Baltimore, Maryland 21201 ("UM"), Cornell Research Foundation, Inc., a wholly owned subsidiary of Cornell University, located at Cornell Business & Technology Park, 20 Thornwood Drive, Suite 105, Ithaca, NY 14850 ("CRF") and Artemis Neurosciences. Inc., (ARTEMIS) a corporation of the State of Maryland, U.S.A., with its principal place of business at 9850 Key West Avenue, Suite 400, Rockvile, MD 20850 ("Company"),

WITNESSETH:
WHEREAS, as a public research and education institution* UM is interested in licensing Patent Rights (as defined below) in a manner that will benefit the public by facilitating the distribution of useful products and the utilization of new methods, and
lacks capacity to commercially develop, manufacture, and distribute such products or methods; and
WHEREAS, subject to certain rights retained by die federal government in federally sponsored research, UM and Astra AKticbolag of 5-151 85 Sodertaye, Sweden ("Astra"), were joint owners by assignment from the Inventors, listed in Exhibit A, of the entire right, title, and interest in the U.S. Patent* and Patent Applications listed in Exhibit A and in any foreign patent applications and patents corresponding thereto, and m the inventions described and claimed therein, and any divisions, continuations, continuations in part, re-examinations, Or reissues thereof ("UM Patent Rights"); and

WHEREAS, by an assignment agreement executed October 19,1998, Astra granted UM all of Astra's right, title, and interest ia UM Patent Rights, and

WHEREAS, swbject to certain rights retained by the federal government in federally sponsored research, UM and CRF are joint owners by assignment from the Inventors, listed in Exhibit 6, of the entire right, title., and interest in the U.S. Patents and Patent Applications listed in Exhibit B and in any foreign patent applications and patents corresponding thereto, and in the inventions described and claimed therein, and any divisions, continuations, continuations in pari, reexaminations, or reissues thereof ("UM/CRF Patent Rights"), and

WHEREAS, by an lotcr-Tnstitutionai Agreement executed May 11, 1999, UM and CRF have agreed to act jointly in licensing UM/CRF Patent Rights; and

WHEREAS, Aventis Pharmaceuticals, Incorporated (formerly Hoescht Marion Roussel) of Route 202-206, B ridge watet, NX 08807 ("Aventis"), is the owner by assignment from the Inventors, listed in Exhibit C, of the entire right, title, and interest in the U.S. Patents and Patent Applications listed in Exhibit C and in any foreign patent applications and patents corresponding thereto, and in the inventions described and claimed therein, and any divisions, continuations, continuations in part, re-examinations, or reissues thereof ("Aventis Patent Rights"); and

WHEREAS, by an agreement effective September 28,2000, Aventis has granted UM a license with rights to exclusively sublicense Aventis Patent Rights to a third party licensee ("Aventis License", Exhibit C in the Contribution Agreement, defined below); and

WHEREAS, Company desires to obtain a worldwide, exclusive, royalty-bearing license to the aforementioned UM Patent Rights, UM/CRF Patent Rights, and Aventis Patent Rights (all, collectively, "Patent Rights"), to make, have made, use, lease, offer to sell, sell, and import products embodying the Patent Rights; and

WHEREAS, by a Contribution Agreement executed on April 5, 2001, UM and Caso Holding Company ("CHC"), of 200 WestPark Corporate Center, 4364 S. Alston Avenue, Durham, NC 27713, have agreed to support Company in its efforts to develop Patent Rights, which Contribution Agreement is incorporated herein by reference as Exhibit D;

NOW, THEREFORE, in consideration of the foregoing premises and the following mutual agreements, and other good and valuable consideration, the parties agree as follows:

ARTICLE I, DEFINITIONS
For the purpose of this Agreement, the following words and phrases have the following meanings:
1.1 "Affiliate" means any entity which directly or indirecllly controls, is controlled by, or is under common control with Company. "Control" means the right to exercise more than 50% of the voting rights of a controlled corporation or limited liability company or the power to direct or cause the direction of the management or policies of any other controlled entity.

1.2 "Aventis Improvement" means any Improvement (as defined below) made solely by one or more employees of, or owned solely by, Aventis or Aventis" Affiliates.

1.3 "Combination Product" means a product in a form containing a Licensed Product (as defined below) and one or more component(s) that is not a Licensed Product and is sold separately by Company or its Affiliate in at least one country,

1 .04 "'Company Improvement" means any Improvement (as defined below? . made solely by one or more employees of, or owned solely by, Company or Company's Affiliates.

1.05 "Confidential Information" means information relating to the subject matter of the Patent Rights (as defined below) which has not been made public or which is not generally known and includes, without limitation, any documents, drawings, sketches, models, designs, data, memoranda, tapes, records, formulae and algorithms, either orally, in hard copy form or in electronic form, which Company receives from UM, CHC, or CRF, or UM, CHC, or CRF, receives from Company.

1.6 "First Commercial Sale" means the initial transfer of a Licensed Product for compensation by Company, an Affiliate or a Sublicensee to a Third Party (defined below).

1.7 "Improvement" means any patentable discoveries or inventions related to Patent Rights in the Licensed Field, reasonably necessary for the practice of Patent Rights by Company under this Agreement, which is or may be patentable or otherwise protected under law.

1.8 "Joint Improvement" means an Improvement made by one or more employees of, or owned by, Company or Company's Affiliates, and: 1) one or more employees of, or owned by, UM and/or, 2) one or more employees of, or owned by, Aventis and/or, 3) one or more employees of, or owned by CRF.

1.9 "Licensed Field" means all human and veterinary therapeutic and diagnostic uses and therapeutic neuroprotective properties of a compound in the treatment and diagnosis in humans and animals of epilepsy, neurodegenerative diseases, ischemic/hypoxic/hypoglycemic damage to cerebral tissue, anxiety, migraines and pain.

1.10 "Licensed Product" means any product, including but not limited to a Combination Product, using any Patent Rights, including any product containing a compound that is covered by Patent Rights.

1.11 "Net Sales" means the gross sales revenues and fees billed by Company, an Affiliate or a Sublicensee for the sale of Licensed Products, less the sum of the following:
(a) customary trade, quantity and cash discounts actually allowed and taken;
(b) sales or use taxes, excise taxes and customs duties included in the invoiced amount;
(c) outbound transportation prepared or allowed if separately itemized on the invoice to the customer; and
(d) amounts actually allowed or credited on returns of Licensed Products.
(e) "Net Sales" does not include any further downstream sales of a Licensed Product alter the first sale thereof by Company, an Affiliate or a Sublicensee to a Third Party purchaser. No deductions will be made for commissions paid to individuals, whether they be with independent sales agencies or regularly employed on the payroll by Company, its Affiliate(s) or Sublicensee(s), or for cost of collections. Licensed Products will be considered sold when billed out or invoiced, whichever is first.

1.12 "Patent Rights" means:

(a) U.S. and foreign patent applications and patents listed in Exhibits A, B, and C as they may be amended from time to time in accordance with Article 17;
(b) U.S. and foreign patents issuing from the applications listed in Exhibits A, B, and C, and as they may be amended, and from all divisions and continuations of these applications;
(c) claims of U.S. and foreign continuation-in-part applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. and foreign applications listed in Exhibits A, B, and C, as amended;
(d) claims of all foreign patent applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. patents and patent applications described in (a), (b), or (c) above; and
(e) any reissues, reexaminations and extensions, or the foreign equivalent of these of U.S. and foreign patents described in (a), (b), or (c) above.
1.13 "Research Agreement" means a separate agreement between Company and UM under which UM will assist Company in conducting unspecified research.
1.14 "Sublicensee" means a person or entity, including an Affiliate, to which Company transfers all or some of the Patent Rights through a sublicense.
1.15 "Third Party" means any entity or person other than UM, Company, an Affiliate, Sublicensee, the inventors, CRF, or Aventis.
1.16 "UM Improvement" means any Improvement, made solely by one or more employees of, or owned solely by, UM.

ARTICLE 2. GRANT OF LICENSE

2.1 Subject to the rights of the United States under its earlier grant to UM and pursuant to 35 U.S.C. Section 201 et__s_cq. and all implementing regulations, UM grants to Company, and Company accepts, a sole and exclusive worldwide license, with rights to sublicense, under UM rights in Patent Rights to make, have made, use, lease, offer to sell, sell and import the Licensed Products within the Licensed Field for the term of this Agreement.

2.2 Subject to the rights of the United States under its earlier grant to CRF and pursuant to 35 U.S.C. Section 201 et seq. and all implementing regulations, CRF grants to Company, and Company accepts, a sole and exclusive worldwide license, with rights to sublicense, under CRF rights in Patent Rights to make, have made, use, lease, offer to sell, sell and import the Licensed Products within the Licensed Field for the term of this Agreement.

2.3 Company may transfer its rights to an Affiliate through agreements that are consistent with this Agreement, provided Company is responsible for the operation of its Affiliate relevant to this Agreement as if operations were carried Out by Company, including the payment of royalties, whether or not paid to Company by Affiliate.

2.4 Company may grant sublicenses consistent with this Agreement provided Company is responsible for the operation of its Sublicensees relevant to this Agreement as if the operations were carried out by Company, including the payment of royalties, whether or not paid to Company by Sublicensees.

2-05 Company will identify its Affiliates and in Sublicensees hereunder to UM by name, address and field of sublicense (both as to geography and subject matter), and will promptly provide to UM a copy of each sublicense and a copy of each agreement or document designating or establishing an Affiliate.

2.06 If Company intends to accept from Affiliates or Sublicensees anything of value in lieu of cash in consideration for any sublicense or other transfer of rights under this Agreement, Company must first obtain UM's written approval.

2.7 UM specifically reserves the rights:
(a) to practice Patent Rights and to make and use the Licensed Products on a royally-free basis solely for research and education, and to license other non-profit educational and research institutions to practice Patent Rights for the same purposes;
(b) to provide information and material covered by Patent Rights to universities, colleges and other research Or educational institutions, but only for noncommercial research and educational purposes and uses and not for any commercial purposes or uses; and
(c) to publish the general scientific findings from research related to Patent Rights,

2.8 CRF specifically reserves the rights:
(a) IO practice under the UM/CRF Patent Rights and io make and use the Licensed Products on a royalty-free basis solely for research and education, and lo license other non-profit educational and research institutions to practice the UM/CRF Patent Rights for the same purposes;
(b) to provide information and material covered by the UM/CRF Patent Rights to universities, colleges and other research or educational institutions, but only for noncommercial research and educational purposes and uses and not for any commercial purposes or uses; and
(c) to publish the general scientific findings from research related to UM/CRF Patent Rights.

2.9 Aventis specifically reserves the rights to use Aventis Patent Rights in the Field of Use for research purposes only. Aventis retains all rights to use Aventis Patent Rights for applications not included in the Field of Use,

2.10 UM Improvements are owned by UM. Aventis Improvements are owned by Aventis. Joint Improvements are owned jointly. Company Improvements are owned by Company, subject to a grant to UM of a non-exclusive, non-transferable, irrevocable, and royalty-free license to practice Company Improvements in any field of use for research and education but not for commercial purposes.

ARTICLE 3. COMPANY'S OBLIGATIONS

3.1 Within 180 days of the date of legal formation of Company in the State of Maryland, Company will deliver to UM a research and development plan and a business plan. The research and development plan will show the amount of money and time budgeted and planned for technical development of Patent Rights, and a proposed commercialization scheme for Patent Rights. The business plan will show the amount of money, time, number and kind of personnel budgeted, and activities planned, for each phase of commercialization of Patent Rights and Licensed Product development, including but not limited to: clinical studies, regulatory approval, marketing, manufacturing and further sub-licensing of Licensed Products. Prior to the First Commercial Sale of a Licensed Product, Company will provide progress reports to UM once every 3 months comparing actual progress to the research and development plan, and the business plan. UM will provide the research and development plan to Aventis as Confidential Information- UM may provide the progress reports, research and development plan, and the business plan to CRF as Confidential Information.

3.2 Company will use commercially reasonable efforts io bring one or more Licensed Products to market in each country in which Licensed Products arc licensed if, in the reasonable judgment of the Company's management, there is sufficient commercial justification to do so.

3.3 Company will have full legal and financial responsibility for all costs that are incurred mid all activities that are undertaken after the signing of this Agreement which are related to development, safely, and required periodic reporting to the FDA and such equivalent regulatory agencies, marketing, regulatory approvals, price registrations, compliance with all applicable laws and regulations and other activities required by or of Company or its Affiliates or Sublicensees (or their respective agents or distributors) elsewhere to obtain appropriate governmental approvals for, and to commercialize, Licensed Product.

3.4 The use and disclosure of technical information acquired pursuant to this Agreement and the exercise of Patent Rights governed by this Agreement are subject to the export, assets, and financial control regulations of the United States of America, including, but not limited to, restrictions under regulations of the United States that may be applicable to direct or indirect re-exportation of such technical information or of equipment, products, or services directly produced by use of such technical information. Company is responsible for taking any steps necessary to comply with such regulations.

3.5 Company assumes all "Obligations of Company" in the Contribution Agreement (Exhibit D). The 20% ownership stake in Company granted to UM by Company is given in partial consideration for the license of Patent Rights under this Agreement.

3.6 Company, Affiliates, and Sublicensees will provide prompt notice to UM of any inquiries as to any Patent Rights which have claims to manufacturing processes, which inquiries are provided pursuant to 35 USC § 271 (g), and will cooperate with respect to responses thereto.

ARTICLE 4. EQUITY TRANSACTION AND MANAGEMENT OF COMPANY

4.1 Within 60 days after the Effective Date, Company will deliver to UM a number of common shares sufficient to provide UM 20% ownership stake in the Company following such issuance, for and in consideration of this Agreement. Shares issued to UM will have the same rights as those issued to other founder shareholders and in the event of future dilution of equity, founders' shares will be diluted equally. UM shares will be issued under the name of "University System of Maryland to use of University of Maryland, Baltimore."

4.2 No later than the Effective Date, UM will designate 1 voting director and 1 non-voting observer who will serve on the Board of Directors of Company. UM will have the right to designate 1 director and 1 observer for so long as this Agreement is in effect.

ARTICLE 5. PAYMENTS AND ROYALTIES

5.01 No up-front license fee, milestone fee, or license maintenance fees will be paid for Patent Rights.

5.02 There will be no minimum royalties paid for Patent Rights.

5.3 A royalty rate of 2% will be paid by Company for Net Sales of Licensed Products excluding Combination Products and a royalty rate of 1% will be paid by Company for Net Sales of Combination Products.

5.4 Running royalty payments due and payable for each calendar quarter wjj] he made within 30 days after the close of each calendar quarter. If no royalties are due for any quarter. Company will send a statement to such effect to UM.

5.05 Company will pay running royalties on a country-by-country basis as provided in paragraph 5.03 in each country for Licensed Products covered in that country under Patent Rights, until the later of: (i) disallowance, expiration or invalidation of all claims in the Patent Rights of that country that cover the Licensed Products or fii) 10 years following First Commercial Sale of the first Licensed Product in any country.

5.06
(a) Royalties are payable from the country in which they are earned and are subject to foreign exchange regulations then prevailing in that country. Royalty payments must be paid to UM in United States Dollars by check or checks drawn to the order of UM or by electronic funds transfers to an account designated by UM. To the extent sales may have been made by Company, its Affiliates or Sublicensees in a foreign country, those royalties will be first determined in the currency of the country in which the royalties are earned and then converted to their equivalent in United States Dollars. The buying rates of exchange for converting the currencies involved into the currency of the United States will be based on rates as quoted by the Morgan Guaranty Trust Company of New York, New York, averaged on the last business day of each of 3 consecutive calendar months constituting the calendar quarter in which the royalties were earned, will be used to determine any such conversion. Company will bear any loss of exchange or value and pay any expenses incurred in the transfer or conversion to U.S. dollars.
(b) To the extent that statutes, laws, codes, or government regulations (including currency exchange regulations) prevent or limit royalty payments by Company, its Affiliates or its Sublicensees in any country, Company will render to UM annual reports of sales of the Licensed Product in such country. All monies due and owing UM as provided in the annual reports at UM's option (1) will promptly be deposited by Company, its Affiliates or its Sublicensees, as the case may be, in a local bank in such country in an account to be designated by UM in writing or (2) will be paid promptly to UM or deposited in its account, as directed in writing by UM in any other country where the payment or deposit is lawful under the currency restrictions.

Interest is due on any payments to UM required by any Section of this
Agreement that are more than 30 days late. The interest rate is 6% simple interest per annum.

5.08 Royalties received by UM on Net Sales of Licensed Product incorporating UM/CRF Patent Rights will be divided with UM receiving a 60% share and CRF receiving a 40% share. On March 31, .Tune 30, September 30, and December 31 of each year, UM will pay to CRF an amount equal to 40% of all royalties received by UM on Net Sales of Licensed Product incorporating UM/CRF Patent Rights. If no royalties are earned during a calendar quarter, UM will so report. Each party is responsible for paying to its inventors, colleges, schools or departments such share of royalties attributable to the inventor's invention as is customary under the party's policies and practices.

ARTICLE 6. PATENT PROSECUTION AND PUBLICATIONS

6.1 UM is responsible for filing patent applications for UM Patent Rights and UM/CRF Patent Rights. Aventis is responsible for filing patent applications for Aventis Patent Rights.

6.2 Company will promptly report to UM in writing each Company Improvement. All reports of Company Improvements are Confidential Information. Such reports will be in sufficient detail to determine inventorship. Inventorship will be determined in accordance with the patent laws of the United States. UM is responsible for filing patent applications on UM Improvements, Company Improvements, and Joint Improvements arising out of UM Patent Rights, UM/CRF Patent Rights and Aventis Patent Rights. Aventis is responsible for filing patent applications for Aventis Improvements.

6.3 When UM is responsible for filing a patent application, Company must reimburse to UM within 30 days of UM's request all reasonable costs and fees incurred by UM and CRF in connection with the prosecution and maintenance of the application, including all costs associated with preparation, filing, prosecution, issuance, reissuance, reexamination, interference, and maintenance of all United States applications, patents, divisions, etc. and those reasonable costs and fees associated with corresponding foreign applications and patent fees, including ail costs and fees associated with the preparation, filing, prosecution, opposition proceedings and revocation proceedings and further including fees or costs incurred by UM prior to the Effective Date. Within 30 days after the Effective Date, Company will designate foreign countries in which patent applications are to be filed, such filings to be made by UM and UM's choice of patent counsel with concurring approval by Company, not to be unreasonably withheld, at Company's expense. The foreign countries will specifically include Canada and the UK. However, in accordance with Section 7.2 of the Contribution Agreement (Exhibit D), so long as Company performs its obligations under the Contribution Agreement, UM will not request reimbursement from Company for any patent costs or fees incurred by UM or CRF until $500,000 in funding has been raised hy Company. UM may file, at its own expense, applications in foreign countries not designated by Company, and Company's license of Patent Rights will not extend to those countries.

6.4 Company, UM and Aventis will cooperate to limit the expenditures associated with filing patent applications, while ensuring that the Patent Rights cover all items of commercial interest and importance. The party responsible for filing a patent application, ("Filing Party") is solely responsible for making decisions regarding whether or not a patent application is to be filed, scope and content of U.S. and foreign patent applications and prosecution of the applications, but when the Filing Party is UM, UM will give Company reasonable opportunity to advise UM. Company will cooperate with the Filing Party in the prosecution, filing, and maintenance of any patent applications and when the Filing Party is UM, UM will promptly advise Company as to all developments with respect to the applications and prosecution and copies of all papers received and filed in connection with such prosecution will be provided promptly to enable Company to advise UM thereon, but only as to those countries designated by Company pursuant to Section 6.03.

6.5 The scope of patent coverage within Patent Rights will not be significantly modified by UM without prior review by Company, but any modification will not require the approval of Company, and Company will not control the prosecution of Patent Rights. Company may wish to relieve itself of any obligation to pay for the future expenses of preparation, filing, prosecution, issuance, reissuance, reexamination, interferences, or maintenance of any Patent Rights in any country or countries except the U.S., Canada and the UK, by giving 90 days advance notice to UM. Thereafter this license and any sublicenses hereunder are terminated with respect to those Patent Rights in each country where Company has elected to discontinue support of such Patent Rights, but only with respect to the Patent Rights Company has elected to discontinue. This license and any sublicenses hereunder will continue in full force and effect with respect to all other Patent Rights. Company will reimburse the Filing Party for all expenses incurred prior to, or as a result of, irrevocable action taken prior to its notice to the Filing Party.

6.6 In order to safeguard Patent Rights, CRF and Company will take reasonable steps to postpone the publication of any results or other public disclosure of research performed by inventors who are their employees, relating to the licensed Patent Rights, until such time as materials containing those results are first submitted by the party employing the inventor to UM for review, comment, and consideration of appropriate patent action. UM will take reasonable steps to postpone the publication of any results or other public disclosure of the results of research performed by inventors who are its employees, relating to Patent Rights, until such time as the materials containing those results ate first submitted by UM to Company for review, comment, and consideration of appropriate patent action, and, if the publication or other disclosure relates to CRF rights in Patent Rights, to CRF. Such materials relating to a planned written publication or other public disclosure will be submitted by the party that plans to publish or disclose for review at least 60 days prior to the date of the planned submission for written publication. The party receiving the materials will notify the party that has submitted the materials, within 30 days after receipt of the materials, indicating whether or not patent applications need to be filed in connection with obtaining or maintaining Patent Rights. Written publication or public disclosure by UM, CRF and Company will be deferred up to a maximum of 90 days after the date the receiving party receives the materials to enable patent applications to be filed as deemed necessary by the Filing Party.

6.07 Upon the initiation of a Phase III clinical trial of a Licensed Product by Company, an Affiliate, or Sublicensee, Company will reimburse Aventis for any patent expenses incurred by Aventis up to the date of initiation of the Phase III clinical trial, to a maximum amount of two hundred fifty thousand dollars ($250,000), and will reimburse Aventis for all patent expenses subsequently incurred for Aventis Patents.

ARTICLE 7. ABATEMENT OF INFRINGEMENT

7.1 Company will enforce UM and UM/CRF Patents within licensed Patent Rights against any infringement or alleged infringement, and will at all times keep UM informed as to the status of the infringement claims. Company may, in its sole judgment and at its own expense, institute suit against any infringer or alleged infringer and control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement and recover any resulting damages, awards, or settlements, subject to Section 7.03. This right to sue for infringement will not be used in an arbitrary or capricious manner. UM will reasonably cooperate in the litigation with prior approval of Company, at Company's expense.

7.2 If Company is aware of any patent infringement, Company will advise UM of the infringement. If UM is aware of any patent infringement, UM will advise Company of the infringement. If CRF is aware of any patent infringement, CRF will advise UM. If Company does not enforce any UM or UM/CRF patent within Patent Rights, the patent owner in its sole judgment and at its own expense may do so, and may control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement, and recover, for its own account, any resulting damages, awards, or settlements. Company will reasonably cooperate in the litigation.

7.3 Any compensatory damages received by Company as a judicial award and any cash or non-cash settlement received by Company to resolve a claim or litigation as discussed under Section 7.0] will be deemed to reflect loss of Net Sales of Licensed Products, and Company will pay UM a royally on the lost Net Sales of Licensed Products in accordance with this Agreement, net of all reasonable costs and expenses (including but not limited to reasonable attorneys' fees and disbursements, experts' fees and disbursements, court costs, stenographers' fees and disbursements, and any other such reasonable fees and disbursements associated with the suit and pre-litigation activities and legal opinions in connection therewith). However, if punitive damages are awarded to Company, then the reasonable costs and expenses will be deducted first from punitive damages and any balance will be deducted from compensatory damages. If there are punitive damages remaining after the deduction of the litigation expenses, UM and Company will share equally in the remaining funds.

7.4 Any compensatory damages received by Company in an action as described in Section 7.01 that are specified hy court order of damages as compensation for injury other than loss of Net Sales of Licensed Products will not be considered part of Net Sales of Licensed Product.

7.5 Aventis has the first Option, but not the obligation, to enforce Aventis (Patent Rights against any infringement or alleged infringement. If Aventj.s declines to enforce Aventis Patent Rights. UM has the option to enforce such rights. If UM declines. Company has the option to enforce such rights at its own expense. The party enforcing Aventis Patent Rights may, in its sole judgment and at its own expense, institute suit against any infringer or alleged infringer and control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement and recover any resulting damages, awards, or settlements. Aventis, UM and Company will recover their respective actual out-of-pocket expenses, or equitable proportions thereof associated with any litigation or settlement made by any party. This right to sue for infringement will not be used in an arbitrary or capricious manner. Aventis, UM and Company will keep each other informed of the status of and of their respective activities regarding any litigation or settlement thereof concerning Aventis Patent Rights and will reasonably cooperate in the litigation at the request of the party enforcing Aventis Patent Rights, without expense to the requesting party.

7.6 Company will defend, indemnify and hold harmless UM, CRF, the State of Maryland, and inventors of Patent Rights and Improvements with respect to costs of defense and any and all liabilities resulting from suits, countersuits, or legal actions of any nature that may be asserted against UM, CRF, the State of Maryland, and the Inventors in response to or as a result of the filing of an action by Company pursuant to Section 7.01.

7.7 Company will provide UM (i) notice of patents relevant to a U.S. NDA prior to the time the NDA is filed and (ii) immediate notice of the issuance of any other patents relevant to a U.S. NDA and Company, UM and Aventis will jointly decide within 30 days of the patent date, if the patent is to be listed pursuant to any Drug Approval Application (particularly in Canada) and any pending or approved Health Registration or NDA in the U.S. for Licensed Product.

ARTICLE 8. CONFIDENTIALITY

8.01 It may be necessary Cor UM, Company and CRF to disclose to each other certain Confidential Information. Confidential Information received from another party may be disclosed by the receiving party only in accordance with the following provisions:
(a) Except as hereafter specifically authorized in writing by the disclosing party, the receiving party will not, for a period of 5 years after the date of receipt of Confidential Information, disclose Confidential Information to a person not bound to confidentiality under this Agreement, or use the Confidential Information for any purpose outside the scope of this Agreement.
(b) These obligations of non-disclosure and non-use will not apply to any Confidential Information which the receiving party can demonstrate by reliable writU'n evidence:
(i) was generally available to the public at the time of disclosure to the receiving party; or
(ii) was already in the possession of the receiving party at the time of the disclosure, other than pursuant to a confidential disclosure agreement between the parties and not due to any unauthorized act by the receiving party; or
(iii) was developed by the receiving party prior to the disclosure; or
(iv) the receiving party is required by law to discJose.
(c) These obligations of non-disclosure and non-use will not continue to apply to any Confidential Information which the receiving party can demonstrate by reliable written evidence:

(i) has become generally available to the public other than through a breach of this Agreement by the receiving party;
(ii) has been acquired by the receiving party on a nonconfidential basis from any third party having a lawful right to disclose it to the receiving party; or
(iii) corresponds to information developed by the receiving party
(iv) independent of and with no reliance upon the disclosing party's Confidential Information.
(d) If a party relies upon a fact or facts described in part (b) or (c) of this Section as justification for disclosure of Confidential Information during the Confidential Period, that party bears the burden of proof with respect to the fact or facts relied upon.

8.2 Each party will use that level of care to prevent the use or disclosure of another party's Confidential Information as it exercises in protecting its own Confidential Information. Company recognizes that UM and CRF are educational institutions with standards and practices for protection of Confidential Information which differs from Company's standards and practices. By this Agreement UM and CRF undertake to use reasonable efforts to protect the confidentiality of Company's Confidential Information. Company agrees that, provided such efforts are made, it will not seek to hold UM, CRF or their personnel liable in the event of disclosure of Company's Confidential Information notwithstanding reasonable efforts to prevent the occurrences.

8.3 Company recognizes that the records of UM are subject to the Maryland Access to Public Records Law. Company asserts that any Confidential Information of Company provided to UM under this Agreement is confidential, proprietary, and trade secret information, not subject to disclosure under Maryland's Access to Public Records Law. UM will assert this position in response to any request for public information applicable to Company's Confidential Information, and will promptly notify Company upon receipt of any requests for the information. The Maryland Access to Public Records Law is at Title 10, Subtitle 6, Part II, State Government Article, Annotated Code of Maryland.

8.4 All Confidential Information disclosed in written form will be clearly marked by the disclosing party as "Confidential." All Confidential Information disclosed orally or in any other form will be summarized by the disclosing party and delivered to the receiving party within 30 clays, in a written document clearly marked as "Confidential", or will otherwise be clearly identified in writing by the disclosing party as confidential.

8.5 Upon termination of this Agreement for any reason other than a material breach, each party will return to the other all material received which is Confidential Information, together with all copies and other forms of reproduction, except that a single archive copy may be kept in the receiving party's legal files. Each party agrees that termination of this Agreement does not alter the 5 year obligation of confidentiality set forth in this Section.

ARTICLE 9. REPORTS AND ACCOUNTING

9.1 During the term of this Agreement and for 5 years after its termination, Company will keep, and require each Affiliate and Sublicensee to keep, complete, true, and accurate records containing all the particulars that may be necessary to enable consideration payable to UM to be determined, and permit said records to be inspected at any time during regular business hours, upon reasonable notice, by an independent auditor appointed by UM for this purpose and reasonably acceptable to Company. The auditor will report to UM only the amount of consideration payable under this Agreement. This audit will be at UM's expense unless the audit shows an underpayment in amounts due to UM in relation to amounts paid to UM by 5% or more for any 3 month royalty period in the periods subject to audit, in which case the audit expense will be borne by Company.

9.2 Within 20 calendar days after each March 31, June 30, September 30 and December 31, Company will deliver to UM a true and accurate report, giving particulars of the business conducted by Company, its Affiliates and its Sublicensees, if any, in the preceding 3 month period that are pertinent to any accounting for royalty or other payments under this Agreement. These reports will include at least the following information for the 3 month reporting period:

(a) number of Licensed Products manufactured and sold by Company and by each Affiliate and each Sublicensee;
(b) total billings for Licensed Products sold by Company and by each Affiliate and by "each Sublicensee;
(c) total billings for Combination Products sold hy each Affiliate and each Sublicensee.
(d) accounting for all Licensed Products used or sold;
(e) deductions as provided in Section 1.11; and
(f) names and addresses of all Affiliates and Sublicensees of Company.

For items (a), (b), (c), and (d) above, Company will specify the Patent Right or Rights that cover each Licensed Product manufactured, sold, or used.

9.3 Within 30 days after each March 31, June 30, September 30, and December 31, Company must pay to UM the royalties due and payable under this Agreement for the calendar quarter covered by the report required by Section 9.02. If no royalties are due, Company will so report.

9.4 Company will forward to UM a copy of each report received by Company from an Affiliate or Sublicensee promptly after Company's receipt of such report. In no event will Affiliate or Sublicensee reports be due to Company less often than quarterly.

9.5 Any tax required to be withheld under the laws of any country on royalties payable to UM by Company or its Sublicensees under this Agreement will be promptly paid by Company or its Affiliates and its Sublicensees for and on behalf of UM to the appropriate governmental authority, and Company will furnish UM with proof of payment of the tax together with official or other appropriate evidence issued by the competent governmental authority sufficient to enable UM to support a claim for tax credit with respect to any sum so withheld. Any tax required to be withheld on payments by Company to UM will be an expense of and be borne solely by UM, and Company's royalty payment(s) to UM following the withholding of the tax will be decreased by the amount of such tax withholding. Company will cooperate with UM in the event UM elects to assert, at its own expense, exemption from any tax.

9.6 Company will report to UM the date of First Commercial Sale by Company and each Affiliate and Sublicensee within 20 calendar days of the First Commercial Sale.

ARTICLE 10. TERM AND TERMINATION

10.1 Unless sooner terminated in accordance with any of the succeeding provisions of this Article 10, this Agreement will continue in full force and effect until the later of: (a) expiration or invalidation of the last Patent Right anywhere which is licensed under this Agreement, or (b) 10 years after the First Commercial Sale of the first Licensed Product.

10.2 Should Company fail to pay UM any sum due and payable under this Agreement or the Contribution Agreement, UM may terminate this Agreement on 30 days written notice, unless Company pays UM within the 30 day period all delinquent sums together with interest due and unpaid. Upon expiration of the 30 day period, if Company has not paid all sums and interest due and payable, the rights, privileges, and license granted hereunder terminate.

10.3 If the Contribution Agreement is terminated, UM may terminate this Agreement on 30 days written notice.

10.4 If by November 9, 2002, Company has not started development activities for a Licensed Product covered by Aventis Patent Rights or sublicensed its rights in Aventis Patent Rights io a Sublicensee that has started development activities of Aventis Patent Rights, this Agreement is terminated and all rights will revert to the respective grantors of Patent Rights.

10.05 Prior to the First Commercial Sale of a Licensed Product, Company is considered diligent with regard to development of a Licensed Product if Company provides updates and reports as described in Section 3.01 and in Article 9 and Company continues to provide the necessary financial and other resources which are required to develop or maintain availability of Licensed Products.

10.6 If UM declares Company not diligent in development or sales of Licensed Product based upon the criteria set forth in Section 10.05 for any reason other than the withholding by a regulatory agency of marketing approval in spite of Company's diligent effort to obtain such approval, then UM may terminate this Agreement as to the Patent Rights in question upon 30 days written notice.

10.7 Company and UM anticipate entering into a separate research agreement under which UM will assist Company in compiling and analyzing existing data from non¬clinical and pre-formulation and formulation data. Provided UM and Company execute such a research agreement, if Company fails to fulfill its obligations to UM under the research agreement, UM may terminate this Agreement on 30 days written notice, unless Company cures its breach of the research agreement within the 30 day period. Upon expiration of the 30 day period, if Company has not cured its breach of the research agreement, UM may terminate the rights, privileges, and license granted hereunder.

10.8 Company's failure to perform its obligations in accordance with Article 26 of this Agreement is deemed to be a material pre-pctition incurable default and breach under this Agreement upon which UM may terminate this Agreement and any sublicense granted hereunder, with no option to cure and no notice to Company.

10.9 Except as set forth in Sections 10.02, 10.03, 10.04, 10.06, 10.07, and 10.08, in the event that any provision of this Agreement is breached by Company, any Affiliate or any Sublicensee, UM may terminate this Agreement and any sublicenses granted hereunder upon 90 days written notice to Company. However, if the breach is corrected within the 90 day period and UM is reimbursed for all damages directly resulting from the breach, the Agreement and any sublicenses will continue in full force and effect and UM will so notify Company in writing.

10.10 Company may terminate this Agreement at any time by giving UM 90 days written notice of termination, and upon payment to UM of all payments maturing through the effective date of the termination.

10.11 Termination does not relieve either party of any obligation which arises before termination including obligations under Article 4, Article 5, Article 6, Article 7, Article 8, Article 11, Article 13, Article 14, Article 15, Article 25, and Article 27.

10.12 Upon termination of this Agreement for any reason, any Sublicensee that is not in default may seek a license from UM.

10.13 Upon and effective as of the date of termination of this Agreement, Company grants to UM a non-exclusive royalty-free license, with the right to sublicense others, with respect to Company Improvements and Company's interest in Joint Improvements.

10.14 Within 120 days of the date of the termination of this Agreement for any reason, UM may make written request to Company for transfer to UM or its designee of Company's rights to trademarks and trade names associated solely with Licensed Products. Upon UM's request, Company will provide to UM all written document(s) necessary to accomplish such a transfer.

10.15 Upon termination of this Agreement, except as provided in Section 10.16, Company, Affiliates and Sublicensees must discontinue the use, distribution and sale of Licensed Products and upon direction of UM, return or destroy any remaining Licensed Products.

10.16 Subject to all terms and conditions of the license, including payment of royalties, for a period of 60 days after expiration or termination of this Agreement, Company may market any Licensed Products on hand at the time of expiration or termination.

ARTICLE 11. CONSENT FOR ADVERTISING

Neither Company, CRF or UM will use the name of the other or of Aventis or CMC, or any adaptation thereof, or the names of employees of the other, in any advertising, promotional, or sales literature without prior written consent obtained from the other party, or from the entity whose name will be used. Either party may publicize the fact that the parties have made this Agreement and the general nature of the license.

ARTICLE 12. ASSIGNABILITY

12.1 This Agreement and the rights granted to Company arc not assignable or otherwise transferable by Company without the prior written consent of UM, which will not be unreasonably withheld.

12.2 This Agreement is not assignable or otherwise transferable by UM or CRF without the prior written consent of Company, which will not be unreasonably withheld.

ARTICLE 13. APPLICABLE LAW; SEVERABILITY

13.1 This Agreement is made and construed in accordance with the laws of the State of Maryland without regard to choice of law issues, except that all questions concerning the construction or effect of patents will be decided in accordance with the laws of the country in which the particular patent concerned has been granted.

13.2 Company submits itself to the jurisdiction of the State courts of the State of Maryland and Federal courts within the State of Maryland for purposes of any suit relating to this Agreemeni and agrees ihal the Stale and Federal courts located in Baltimore City, Maryland provide a proper venue for determining any legal action relating to this Agreement.

ARTICLE 14. INTEGRATION AND INTERPRETATION

14.1 This Agreement, together with any Exhibits specifically referenced and attached, embodies the entire understanding between Company and UM, and Company and CRF. There are no contracts, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter hereof which are not merged herein.

14.2 This Agreement is negotiated as an arm's-length business transaction. Draftsmanship will not be taken into account in construing the Agreement.

14.3 If any condition or provision in any Article of this Agreement is held to be invalid or illegal or contrary to public policy by a court of competent jurisdiction from which there is no appeal, this Agreement will be construed as though the provision or condition did not appear. The remaining provisions of this Agreement will continue in full force and effect.

ARTICLE 15. INDEMNITY/INSURANCE

15.1 UM and its officers and employees acting within the scope of their employment by UM are subject to the Maryland Tort Claims Act ("the Act"), Title 12, Subtitle I, State Government Article, Annotated Code of Maryland, which permits claims in tort against the State of Maryland under certain circumstances. In order to file a claim under the Act, a claimant must submit a written claim to the Treasurer of the State of Maryland or a designee of that office within one year after the injury to the person or property that is the basis of the claim.

15.2 Company warrants and represents that comprehensive liability and property damage insurance coverage is, or will be, in place for itself and its officers, employees and agents by the Effective Date. Prior to Licensed Product entering clinical trials, Company will acquire additional insurance coverage as necessary to maintain the following minimum amounts per policy period:

(a) Comprehensive liability (including product liability): (bodily injury and loss of life) S1,000,000 per claim; $2,000,000 in the aggregate;
(b) Property damage: $ 1,500,000 in the aggregate.

15.3 Company will defend, indemnify, and hold harmless UM, the University System of Maryland, and the Slate of Maryland, the regents, officers, employees, students, and agents of UM; CRF, its officers, employees and agents; and Aventis, its officers, employees and agents (all, collectively "Indemnitees") against any and all claims, costs, or liabilities, including attorney's fees and court costs at both trial and appellate levels, for any loss, damage, personal injury, or loss of life, (a) caused by the actions of Company or its officers, servants, or agents, or third parties acting on behalf of or under authorization from Company in the performance of this Agreement; (b) arising out of use by Company or by any third party acting on behalf of or under authorization from Company of products or processes (including licensed Patent Rights) or arising from sales and use of Licensed Products; or (c) arising out of use, by UM, CRF, or Aventis or their personnel, of products, processes, or protocols developed by Company or its officers, servants, or agents, or by third parties acting on behalf of or under authorization from Company; provided, that (a) the Indemnitee receiving notice of any claim promptly notifies Company in writing after receiving notice of a claim; and (b) the Indemnitee subject to the claim fully cooperates with Company in the defense of any such claim. The foregoing obligation will not apply to any claim, cost, or liability attributable solely to the negligence of Indemnitee personnel.

15.4 UM, CRF and Company further agree that nothing in this Agreement will be interpreted as: (a) a denial to either party of any remedy or defense available to it under the laws of the State of Maryland; (b) the consent of the State of Maryland or its agents and agencies to be sued; or (c) a waiver of sovereign immunity or any other governmental immunity of the State of Maryland and the UM beyond the extent of any waiver provided by law.

15.5 Company will require all of its Affiliates and Sublicensees using licensed Patent Rights to Indemnify the Indemnitees and insure for that obligation, consistent with the requirements of Section 15.02 and 15.03.

ARTICLE 16. REPRESENTATIONS AND WARRANTIES

16.1 UM represents that as of the date its officer executes this Agreement, that officer believes on the basis of facts reported to UM thai (a) UM is authorized to license UM Patent Rights (subject 10 the rights of the United States under its earlier contract with UM and pursuant to 35 U.S.C. Section 201 et seq. and all implementing regulations), UM rights in UM/CRF Patent Rights, and Aventis Patent Rights; and (b) UM is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of Company under this Agreement. UM EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITFIOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND PATENT VALIDITY; (c) the Patent Rights do not constitute the subject matter of any currently pending litigation, and UM has not been informed of any related litigation contemplated by CRF, Aventis or any Third Party; and (d) UM has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.

16.2 CRF represents that as of the dale its officer executes this Agreement, that officer believes on the basis of facts reported to CRF that (a) CRF is authorized to license CRF rights in Patent Rights (subject to the rights of the United States pursuant to 35 U.S.C. Section 201 et seq. and all implementing regulations) and (b) CRF is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of Company under this Agreement. CRF EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND PATENT VALIDITY; (c) the UM/CRF Patent Rights do not constitute the subject matter of any currently pending litigation, and CRF has not been informed of any related litigation contemplated by UM, Aventis or any Third Party; and (d) CRF has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.

16.03 Company hereby represents and warrants to UM and CRF that: (a) Company is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of UM or CRF under this Agreement, (b) Company has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement; and (c) the execution, delivery and performance by Company of this Agreement do not contravene or constitute a default under any provision of applicable law or of any agreement, judgment, injunction, order, decree, or other instrument binding upon Company.

ARTICLE 17. AGREEMENT AMENDMENTS

This Agreement may not be amended, nor may any right or remedy of either party be waived, unless the amendment or waiver is in writing and signed by a duly authorized representative of each party.

ARTICLE 18. RECITALS The Recitals in this Agreement will be included as part of the Agreement.

ARTICLE 19. FORCE MAJEURE

No party is liable for failure or delay in performing any of its obligations under this Agreement if the failure or delay is required in order to comply with any governmental regulation, request or order, or necessitated by other circumstances beyond the reasonable control of the party so failing or delaying, including but not limited to Acts of God, war (declared or undeclared), insurrection, fire, flood, accident, labor strikes, work stoppage or slowdown (whether or not such labor event is within the reasonable control of the parties), or inability to obtain raw materials, supplies, power or equipment necessary to enable such party to perform its obligations. Each party will: (a) promptly notify the other party in writing of an event of force majeure, the expected duration of the event and its anticipated effect on the ability of the party to perform its obligations; and (b) make reasonable efforts to remedy the event of force majeure.

ARTICLE 20. NO WAIVER

A failure or delay bv a party in exercising any of its rights or remedies under this Agreement docs not constitute a waiver of the rights or remedies, nor docs any single or partial exercise of any right, or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of the parties provided t in this Agreement arc cumulative and not exclusive of any rights or remedies provided by law.

ARTICLE 21. LEGAL RELATIONSHIP OF PARTIES

21.1 UM, CRF, and Company are not (and nothing in this Agreement may be construed to constitute them as) partners, joint venturers, agents, representatives or employees of the other, nor is there any status or relationship between them other than that of independent contractors. No party has any responsibility or liability for the actions of the other party except as specifically provided in this Agreement. No party has any right or authority to bind or obligate the other party in any manner or make any representation or warranty on behalf of the other party.

21.2 This Agreement will be only for the benefit of Aventis, the undersigned parties and their permitted successors and assigns, and no one other than Indemnitees and only for the purposes described in sub-section 15.03 of this Agreement, will be deemed to be a third party beneficiary of this Agreement.

ARTICLE 22. MISCELLANEOUS COSTS
Unless otherwise provided, all costs and expenses incurred in connection with this Agreement will be paid by the party which incurs the cost or expense, and the other party has no liability for the cost or expense.

ARTICLE 23. SIGNED IN TRIPLICATE; HEADINGS
This Agreement is signed in three identical originals. The headings used in this Agreement are for convenience of reference only and do not affect the meaning or construction of this Agreement.

ARTICLE 24. NO LICENSE
No license or right is granted by implication or otherwise with respect to any patent application or patent owned by either party, unless specifically set forth in this Agreement.

ARTICLE 25. EMPLOYMENT OF UM STAFF

25.01 Company will not knowingly employ or compensate, directly or indirectly, any person working in the Licensed Field while the person is employed by UM or for 2 years thereafter, unless UM provides Company with prior written consent of the UM President to the employment or compensation by Company. "Compensation" includes but is not limited to: stock option or stock purchase agreements, consulting agreements, any other form of agreement executed between a UM employee and Company, and cash payments. "Employment" includes both uncompensated and compensated service to Company. A request to employ or compensate a UM employee will be considered by UM as provided in the Public/Private Partnership Act, which is ! Section 15-523 of the Maryland Public Ethics Law (Title 15, Subtitle 5, State Government Article. Annotated Code of Maryland).

25.02 This provision is not intended to prevent an inventor employed by UM ("UM Inventor") from owning stock of Company received by UM Inventor from UM, or from Company at UM's direction, as a distribution of licensing revenues under the University System of Maryland Patent Policy. As a Company stockholder, UM Inventor may receive dividends and enjoy other benefits of stock ownership, subject to any terms and conditions the University may require in order to satisfy conflict of interest concerns. Should such terms and conditions be relevant to the relationship of Company to UM Inventor, as a shareholder, the University will advise Company of them. This provision is not intended to prevent Company from placing any restrictions upon UM Inventor's stock that may be necessary to satisfy federal or state laws or regulations applicable to Company or to development of Licensed Products.

ARTICLE 26. COMPANY PETITION IN BANKRUPTCY

Company will provide written notice to UM at least 90 days prior to the filing of a petition in bankruptcy of Company's intention to file a voluntary petition in bankruptcy or, if known by Company through statements or letters from a creditor or otherwise, of a Third Party's intention to file an involuntary petition in bankruptcy against Company. Company's failure to perform this obligation is deemed to be a material pre-petition incurable default and breach under this Agreement.

ARTICLE 27. DISPUTE RESOLUTION

The parties recognize that disputes may arise from time to time during the term of this Agreement relating to a party's rights or obligations. In the event of a dispute, a parly, by notice to the other parties, may have the dispute referred to the parties' respective officers designated below or their successors for attempted resolution by good faith negotiations within 30 days after the notice is received. The designated officers are as follows:

For COMPANY: President and Chief Executive Officer
For UM: Vice President, Academic Affairs
For CRF: President

In the event the designated officers are not able to resolve the dispute within this 30 day period, or any agreed extension, they will confer in good faith with respect to the possibility of resolving the matter through mediation with a mutually acceptable Third Party or a national mediation organization. The parties agree that they will participate in any mediation sessions in good faith in an effort to resolve the dispute in an informal and inexpensive manner. All expenses of the mediator will be shared equally by the parties. The parlies agree to loll any applicable statute of limitations during the pendency of the dispute resolution process initiated under this Agreement. The parties agree that evidence of anything said or any admission made in the course of any mediation will not be s admissible in evidence in any civil action between them. In addition, the parties agree that no document prepared for the purpose of, or in the course of, or pursuant to. the mediation, or copy thereof, will be admissible in evidence in any civil action between them. However, the parties agree that this Section does not limit the admissibility of evidence if all parties who participated in the mediation consent to its disclosure.

ARTICLE 28. NOTICES AND CORRESPONDENCE

All notices, consents and other communications required or allowed under this Agreement must be in writing and are effective upon receipt: (a) when delivered by hand; or (b) when received by the addressee after being mailed by registered or certified mail (air mail if mailed overseas), return receipt requested; or (c) when received by the addressee, by Express Mail, Federal Express or other express delivery service (return receipt requested). Notice in each case must be addressed to the party's representative at the party's address set forth below (or to another representative and/or address that a party may later designate as to itself by notice to the other party):

If to UM; Executive Director
Office of Research and Development University of Maryland, Baltimore 515 West Lombard Street, Suite 500 Baltimore, Maryland 21201-1602

Copy to: University Counsel
University of Maryland, Baltimore 520 West Lombard Street, Second Floor Baltimore, Maryland 21201-1627

If to CRF: President
Cornell Research Foundation, Inc. Cornell Business & Technology Park 20Thornwood Drive, Suite 105 Ithaca, New York 14850

If to COMPANY: President
Artemis Neuroscience, Inc. 9850 Key West Avenue Suite 400
Rockville, MD 20850

Date:

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

BY:

ATTEST:

Allen Cato, M.D., Ph.D. Chairman

Date; _

CORNELL RESEARCH FOUNDATION, INC.

BY:

EXHIBIT A UM Patent Rights:

Country	Application Serial No.	Filing Date	Known As	Status	Inventors	UMTech ID Docket No.
US	08/433,339	5/4/95	3-HANA derivatives (compound claim)	ISSUED 5,661,183	Susanna K.M. Bjork, Sodertalje SE; Birgitta K. Gotthammar, Stockholm, SE; Mats T. Linderberg, Sodertalje, SE; iohan P. Luthman, Gnesta, SE; Kcrstin M.l. Persson, Nyvam, SE; Robert Schwartz, Baltimore, MD156	IRS RS99042
EP	94908556.7	8/1/95	3-HANA derivatives	ISSUED 0686144 61	Susanna K.M. Bjork, Sodertalje SE; Birgitta K. Gotmammar, Stockholm, SE; Mats T. Linderberg, Sodertalje, SE; iohan P. Luthman, Gnesta, SE; Kerstin M.I. Persson, Nyvam, SE; Robert Schwarcz, Baltimore, MDI56	IRS RS99042
CA	2,156,079	8/1/95	3-HANA Uei'iva lives	PENDING	Susanna KM. Bjcirfc, Sodertalje SE; BirgiUn K. Gollhammar, Stockholm, SE; Mais T. Linderberg, Sodertalje, SE; .fohan P. Luthman, Gnesta, SE; Kerstin M.l. Persson, Nyvam, SE; Robert Schwarcz, Baltimore, MDI561	RS RS99042
US	08/770,488	12/20/96	3-HANA derivatives (compound claim)	ISSUED 5,688,945	Susanna K.M. Bjork, Sodertalje SE; Birgitta K. Gotthammar, Stockholm, SE; Mats T. Linderberg. Sodertalje, SE; Johan V. Luihman. Oncsia, SE; Kerstin M.l. Persson, Nyvarn, SE; Robert Schwarcz, Baltimore, MD156	IRS RS99042

EXHIBIT B UM/CRF Patent Rights:

Country	Application Serial No.	Filing Date	Known As	Status	Inventors	UMTech ID	Dockel No.
US	08/201,213	2/24/94	New Compounds (compound ciaiml	ISSUED 5,523,475	Susanna K.M. Bjork, Sodertalje SE; Barry K. Carpenter, New York, NY; Birgitla K. Gotthammar, Stockholm, SE". Mats T. Linderbcrg, Sodertalje, SE; Johan P. Luthman, Gnesta. SE; Kerstin M.I. Persson, Nyvarn, SE; Robert Schwarcz, Baltimore, MD	1560RS	RS99043
US	08/433,337	5/4/95	New Compounds (compound claim)	ISSUED 5,883,129	Susanna K.M. Bjork, Sodertalje SE; Barry K. Carpenter, New York, NY; Birgitta K. Gotthammar, Stockholm, SE; Mats T. Linderbcrg, Sodertalje, SE; Johan P. Lulhman, Gnesta, SE; Kerstin M.I. Persson, Nyvarn, SE; Robert Schwarcz, Baltimore, MD	1560RS	CiP RS99043
EP CA :	94908557.5	8/1/95	New Compounds (compound claim)	ISSUED 0686145 Bl	Susanna K.M. Bjork, Sodertalje SE; Barry K. Carpenter. New York, NY; Birgitta K. Gotthammar, Stockholm, SE; Mats T. Linderbcrg, Sodertalje, SE; Johan P. Lulhman, Gnesta, SE; Kerstin M.I. Persson, Nyvarn, SE; Robert Schwarcz, Baltimore, MD	1560RS	RS99043
	2,155,666	8/1/95	New Compounds (compound claim)	PENDING	Susanna K.M. Bjork, Sodertalje SE, Barry K. Carpenter, New York, NY; Birgitta K. Gotlhammar, Stockholm, SE. Mais T. Linderbcrg, Sodertalje, SE; Johan P. Luthman, Gnesta, SE; Kerstin M.I. Persson, Nyvarn, SE; Robert Schwarcz, Baltimore,	MDI560RS	RS99043

EXHIBITC Aventis Patent Rights:

Country	Application Serial No.	Filing Date	Known As	Status	Inventors	UMTech ID Docket No.
EP	92103066.4	2/24/92	NMDA Antagonists	ISSUED 0501378Bl	Michael G. Palfreyman, Cincinnati. OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwarcz, Baltimore. MD	1196RS RS94036
GB	92103066.^1	2/24/92	NMDA Antagonists	PENDING	Michael G. Palfreyman, Cincinnati, OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwartz, Baltimore, MD	M96RS RS94036
CA	2,061,836	2/25/92	NMDA Antagonists	PENDING	Michael G. Palfreyman, Cincinnati, OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwarcz, Baltimore, MD	II96RS RS94036
US	08/165,144	12710/93	NMDA Antagonists (tnclhod nf using 4 or 4,6 TRP)	ISSUED 5,484,814	Michael G. Palfreyman, Cincinnati, OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwarcz, Baltimore, MD	1196RS DIV RS94036
US	08/187,353	1/25/94	NMDA Antagonists (Claims 4.6TRH1	ISSUED 5,360,814	Michael G, Palfreyman, Cincinnati. OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwarcz, Baltimore, MD; Bruce M. Baron, Cincinnati, OH	1I96RS CON2 RS94036
US	^08/261.609	6/17/94	NMDA An (agonists (4.6 KYN & method)	ISSUED 5,470,870	Michael G. Palfreyman, Cincinnati, OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Roberi Schwarcz, Baltimore, MD; Bruce M. Baron, Cincinnati, OH	1I96RS DIV2 RS94036
US	08/502,980	7/17/95	NMDA Antagonists (method of using 4,6 KYN)	ISSUED 5,547,991	Michael G. Palfreyman, Cincinnati, OH; Ian Alexander McDonald, Loveland OH; Francesco G. Salituro, Fairfield, OH; Robert Schwarcz. Baltimore, MD	1196RS Div3 RS94036

EXHIBIT D Contribution Agreement

CONFIDENTIAL s University ut'Maryland
\ Contribution Aereiimciil
CONTRIBUTION AGREEMENT

This Contribution Agreement ("Agreement" J made effective this _J~f_ day of March. 200! (the ""Effective Date") by and between the University of Maryland. Baltimore, a constituent institution of the University System of Maryland, an agency of the State of Maryland ("UM"), and Cato Holding Company. Incorporated, a corporation of the State of North Carolina, with its principal place of business at 200 Westpark Corporate Center, 4364 South Alston Avenue. Durham, North Carolina 27713 ("CHC").

WITNESSETH:

WHEREAS, UM and CHC wish to coordinate their efforts in support of a new company ("Company") that will be established in order to advance the development of UM\s rights in patents related to certain NMDA antagonist and 3-HAO inhibitor technologies in the area of all human and veterinary therapeutic and diagnostic uses and therapeutic neuroprotective properties of a compound in the treatment and diagnosis in humans and animals of epilepsy, neurodegenerative diseases, ischcmic/hypoxic/hypoglycemic damage to cerebral tissue, anxiety, migraines and pain ("Field""): and

WHEREAS, CHC is willing to provide to Company certain capital and in-kind contributions, on certain conditions, including but not limited to. that CHC receive a majority ownership interest in Company; and

WHEREAS, UM is willing to provide to Company certain UM rights in patents on certain conditions, including but not limited to. that UM receive an ownership interest in Company: and

WHEREAS, CHC and UM have previously executed a Confidential Disclosure Agreement, effective August 24. 1998, which agreement is incorporated herein by reference (Exhibit A);

NOW THEREFORE, in consideration of the premises and the mutual covenants and representations hereinafter stated, the parties agree as follows: .CONl'lDUNTlAl.

ARTICLE 1. FORMATION OF COMPANY

LOI Company will be established in the state of Maryland. Company will have as its
principal place of business the office of Cato Research Washington, currently located at 15020 Shady Grove Road, Suite 301, Rockville, Maryland 20850.
1.2 The structure of Company will be determined by CHC with input from UM.
1.3 The equity distribution of the Company will be allocated as follows: (1) 80% to CHC. and (2) 20% to UM. Shares issued to UM will have the same rights as those issued to other founder shareholders.

1.4 Operation of Company will be directed by a Board of Directors, or another appropriate governing body, consisting of two nominees and one designated observer selected by CHC, and one nominee and one designated observer selected by UM. Each nominee will have one vote. Observers will participate at Board of Director meetings but will not vote.
1.5 Officers of the Company will be determined by the Board of Directors.
1.6 The Chief Executive Officer of the Company will be chosen by unanimous vote of the Board of Directors.
1.7 CHC will be responsible for management of day-to-day Company operations.

1.8 A Scientific Advisory Board (SAB) will be formed. The composition of the SAB will be determined by the Board of Directors.

ARTICLE 2. ADDITIONAL RECAPITALIZATION OF COMPANY

2.1 Company Board of Directors may authorize the issue of additional shares in Company.
2.2 UM and CHC will share equally in future dilution of equity resulting from distribution of shares to other investors.

ARTICLE 3. UM CONTRIBUTIONS

3.1 UM will grant Company exclusive, worldwide rights to UM Patents ("UM Patents". Exhibit B. Table 1) in the Field pursuant to a license agreement containing appropriate reporting and due diligence requirements related to product development and business development. License terms will include, but are not limited to those in Exhibit C.
3.2 UM has obtained rights from the Cornell Research Foundation ("CRFT") to lead in negotiating a license agreement for patents jointly owned by UM and CRF ("UM/CRF Patents". Exhibit B. Table 2). UM and CRF, respectively, will grant Company exclusive, worldwide rights to their rights in UM/CRF Patents in the Field, pursuant to a license agreement containing appropriate reporting and due diligence requirements related to product development and business development. License terms will include, but are not limited to those in Exhibit C.
3.3 UM has obtained rights from Aventis Pharmaceuticals, Inc. [formerly, Hoescht Marion Roussell, Incorporated] to patents owned by Aventis ("Aventis Patents". Exhibit A, Table 3 and see Exhibit D - "Copy of License Agreement between UM and Aventis'"). UM will grant Company exclusive, worldwide rights to Aventis Patents in the Field pursuant to a license agreement containing appropriate reporting and due diligence recmirements related to product development and business development. License terms will include, but arc not limited to those in Exhibit C.
3.4 The license to UM Patents and UM/CRF Patents, and the sublicense to Aventis Patents (collectively, '"Patents'"), will constitute UM's consideration for UM's shares in Company.
3.5 UM will use reasonable efforts to assist or provide consultation at Company's expense in support of the development and commercialization of Patents, but in its discretion may limit its resources and assistance.
3.6 UM will assist Company in identifying candidates for Chief Executive Officer of Company and members of the Scientific Advisory Board.
3.7 UM will provide Company with scientific and technical information about Patents, as necessary to assist Company in its efforts to access "seed money"' from various state and local economic development programs.
3.08 When funding is made available by Company to UM, UM will negotiate a research agreement with Company providing for UM's faculty inventors, including, but not limited to, Dr. Robert Schwarcz, to conduct research experiments and preclinical pharmacology and toxicology studies for which UM has existing in-house expertise, resources, and facilities. Costs of research will be paid by Company and will be based on UM's actual out-of-pocket expenses, personnel costs, and overhead.

ARTICLE 4. CHC CONTRIBUTIONS

4.1 CHC will contribute $300,000 to Company in cash and in-kind services, including, but not limited to, the services itemized in sections 4.05 and 4.06 below. Additional cash and in-kind services will be provided by CHC to Company if they are deemed reasonably necessary by the Company Board of Directors.
4.2 $300,000 of CHC's cash and in-kind services contribution, calculated in accordance with section 4.03, will constitute CHC's consideration for CHC's shares in Company. Cash, in-kind services, and direct expenses paid by CHC on behalf of Company in excess of $300,000 may be accrued as indebtedness of Company at the discretion of the Board of Directors.

4.03" Fees for services will be calculated according to CHC's standard hourly service rates (Exhibit E).

4.04 CHC services and cash expenditures accrued as indebtedness of Company, prior to Company receiving funding from corporate sponsorship and other sources, will be at CHC*s risk. CHC will be eligible for reimbursement when adequate funds, as determined by the Company Board of Directors, are raised by Company. The amount and timing of reimbursements will depend on terms negotiated with business partners providing funding to Company.

-t.05 CHC will pay all expenses associated with legal formation of Company. CHC will prepare documents and do all other work required to form Company in accordance with this Agreement, including, but not limited to, drafting organizational documents. All legal documents will be submitted to UM for review and approval before execution, and UM will respond promptly. CHC will make all reasonable efforts to establish Company as soon as possible after execution of this Agreement, in order to expedite application for funding from
Maryland Department.of Business and Economic Development (DBED). UM will receive evidence from CHC that CHC has caused Company to be legally formed and that the Company Board of Directors has been constituted, in accordance with Section 1.04.
a) CHC shares will be issued under the name of "Cato Holding Company. Incorporated."
b) UM shares will be issued under the name of'"University System of Maryland to use of University of Maryland. Baltimore."

4.06 In-kind services to be provided by CHC to Company will include:
a) Manage the activities necessary to organize and form Company and provide services to manage the daily operating requirements of the Company, including legal, accounting, and tax requirements:
b) Provide the services of professional staff from CMC's subsidiary. Cato Research, Ltd.. to provide expertise and know-how required to advance the development of Patents according to U.S. regulatory requirements;
c) Provide Company with the services of a professional staff member to serve as interim Chief Executive Officer for Company. When funding becomes available, CHC and UM will identify a permanent Chief Executive Officer;
d) Provide Company with the services of a dedicated project team to manage product development activities, and a business team to manage corporate development activities;

c) Prepare a complete inventory and assessment of all intellectual property held by Company and conduct appropriate background research to identify and compile relevant supporting documentation;

0 Assemble, assess, and summarize all existing and relevant non-clinical, pre-formulation and formulation information, working with input from UM and Dr. Robert Schwarcz:

gi Prepare a business plan for Company and a research and development plan, a technology brochure, and a manufacturing plan for the lead technology, within 180 days of Company formation;

h) Identify potential investors and/or collaborators for Company;

i) Initiate efforts to secure adequate funding for Company in the form of investments, corporate sponsorships, grants, venture capital, or licensing opportunities, to commercialize and market Patents;

j) Prepare due diligence evaluation packages and manage assessments by potential investors, corporate sponsors, or licensing partners;

k) Prepare and manage presentations and lead negotiations with potential investors, sponsors, and partners;

1) Identify lead technologies and develop indication selection criteria for the lead technologies;

m) Develop a regulatory strategy for the lead technology;

n) Explore and develop a manufacturing process for cost effective manufacture and packaging of clinical trial quantities of lead compounds under good manufacturing practices (GMP) conditions;

o) Identify and initiate additional pharmacology studies required to show proof-of-concept and identify and initiate appropriate toxicology studies required for an IND (and subsequent NDA submission).

4.07 During the term of this Agreement and for 5 years after its expiration or termination. CHC will keep complete, true, and accurate records containing all the particulars that
may he necessary for UM to determine [hat CMC's contributions have been made in accordance with this Aercemcnt.

ARTICLE 5. STRATEGIC OBJECTIVES

5.01 The initial strategic objectives of the Company will be as follows:

a) Establishment of a governing structure for Company and SAB;
b) Development of a research and development plan to outline the pathway to demonstrate initial safety and efficacy, and move to clinical trials;
c) Development of a business plan for nonclinical and clinical phases in sufficient derail to allow Company io raise funds to pursue early clinical trials;
d) Development of a synthesis plan for the trial compounds and production plan for manufacture of sufficient materials for clinical trials, under FDA approved GMPs:
e) Identification of potential partners for the manufacturing and marketing requirements and negotiations of advantageous business relationships;
f) Procurement of financing to facilitate the development and commercialization of UM patents;
g) Utilization of minimal administrative support to accomplish these tasks.

ARTICLE 6. ADDITIONAL AGREEMENTS

6.01 Services provided by UM, and by Dr. Schwarcz as an employee of UM, will be under a separate Research Agreement between UM and Company. The Research Agreement will provide for UM to assist Company in compiling and analyzing existing data from non-clinical and pre-formulation and formulation data. Grant money, corporate sponsorships, and other sources of funding made available to Company will be used in part to support IJM's work under the research agreement.

. 6.02 Services provided by Dr. Robert Schwarcz to Company as an independent consultant will be under a separate consulting agreement between Dr. Schwarcz and Company. The consulting relationship is subject to review and approval bv UM in accordance with the Maryland Public/Private Partnership Act.
aiNHDHNTIAl.

ARTICLE 7. OBLIGATIONS OF COMPANY

7.1 Company will provide evidence to UM and CHC that stock has been issued and is authorized for delivery to UM and CHC in accordance with Section 1.03. Such evidence will include a certificate, dated no later than 90 days after the Effective Date of this Agreement, from the Department of Assessments and Taxation of the S'ate of Maryland io the effect that Company is duly established and in good standing in the State of Maryland.

7.2 At the time $500,000 in funding has been raised by Company, Company will reimburse UM for ali past expenses incurred by UM or CRF on UM Patents and UM/CRF Patents (See Exhibit F). Additionally, Company will pay UM for all actual future fees and costs associated with maintenance and prosecution of UM and UM/CRF Patents in the United States, Canada, and the United Kingdom and any other countries selected by Company for patent prosecution and maintenance.

Upon the initiation of a Phase III clinical trial of a Licensed Product by Company, or a Company Affiliate or Sublicensee, Company will reimburse Aventis for all past patent expenses incurred by Aventis that are associated with maintenance and prosecution of Aventis Patents in the United States, Canada, and the United Kingdom and any other countries selected by Company for patent prosecution or maintenance, up to the date of initiation of the Phase III clinical trial, to a maximum amount of $250,000. Additionally, Company will begin reimbursing Aventis for all actual fees and costs incurred by Aventis that are associated with maintenance and prosecution of Aventis Patents in the United States, Canada, and the United Kingdom and any other countries selected by Company for patent prosecution or maintenance.

7.3 Company will: a) apply for funding from the Maryland Department of Business and Economic Development (DBED) as soon as reasonably possible after Company is established, and b) apply for Maryland Industrial Partnerships (MIPS) funding in cooperation with UM, and in the process commit $5,000 cash plus £45,000 in-kind services to obtain matching funds of 550,000, by the first MIPS application deadline occurring more than 90 days after the Effective Date of this Agreement.

7.04

Company will pay all travel expenses for Company. UM, and CHC personnel participating in Company fund-raising efforts. Travel expenses must be pre-authorized by Company.

7.5 Company will make every effort in negotiations with sponsors and funding sources to assure that all of Company's accrued indebtedness to CHC can be recovered, but it is understood that CHC may not be reimbursed in full.

7.6 All funds received from federal and state grants awarded to Company that are designated to be used for research and development will be allocated to support research and development efforts for technologies covered by the Patents.

7.7 Company will designate Cato Research. Ltd. as the exclusive source for all clinical and regulatory development services.

7.8 Company, at Company's expense and with the consent of UM, will offer to use UM, the University ofMaryland Medical System, or the Maryland Psychiatric Research Center as an investigational site for any suitable clinical trials undertaken in the Licensed Field during the term of the Patent license agreement, subject to agreement on terms and conditions, including compensation, negotiated in good faith.

ARTICLE 8. CONDITIONS TO OBLIGATIONS OF THE PARTIES

8.01 This Agreement is effective subject to the satisfaction of the following conditions.
unless waived in writing by the party to whom performance of the obligation is owed:

a) The representations and warranties made by CHC and UM in this Agreement, including any corresponding Exhibits, will be true and correct in all material respects at and as of the Effective Date of this Agreement.

b) CHC and UM will have performed all obligations required to be performed by them prior to or upon execution of this Agreement, and complied with all covenants for which compliance by them is required under this Agreement, prior to or upon execution.

c) CHC will receive evidence from UM that UM and CRF have executed a license agreement granting exclusive rights in UM/CRF Patents to Company.

The License Agreement will be in the form of, or substantially similar to, Exhibit C.

d) The form of all instruments, certificates and documents to be executed and delivered pursuant to this Agreement and all legal matters in respect of the transactions as herein contemplated will be reasonably satisfactory to UM and CHC. and Company, none of whose approval will be unreasonably withheld or delayed.

ARTICLE 9. REPRESENTATIONS AND WARRANTIES

9.1 UM hereby represents that to the knowledge of the executing UM officer, as of the date of execution by the officer: (a) UM has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement; and fb) the execution, delivery and performance by UM of this Agreement do not contravene or constitute a default under any provision of applicable law or of any agreement, judgment, injunction, order, decree, or other instrument binding upon UM.
9.2 CMC hereby represents and warrants to UM that: (a) CHC has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement; (b) the execution, delivery and performance by CHC of this Agreement do not contravene or constitute a default under any provision of applicable law or of any agreement, judgment, injunction, order, decree, or other instrument binding upon CHC.

9.03 Each party represents that no action, suit or other proceeding is pending or threatened before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law. decree or regulation of any governmental authority or court will have been entered challenging the legality, validity or propriety of. or otherwise relating to. this Agreement or the transactions contemplated hereby, or prohibiting, restraining or otherwise preventing the consummation of the transactions contemplated hereby.

ARTICLE 10. TERM AND TERMINATION

10.1 This agreement may be terminated if any one or more of thefollowing occur:

a) The failure of UM or CHC to satisfy all of the conditions of this Agreement as provided in Article 8 hereof;
b) The substantial breach, inaccuracy or untruth of any of the representations or warranties of UM or CHC contained herein; or
c) The substantial failure of UM or CHC to perform any other covenants or agreements which they are required to perform hereunder.
10.2 Upon the occurrence of any of the events set forth in Section 10.01 above, the terminating party will give written notice to the other party of the default, and the non-terminating party will have 30 days in which to cure the default. If the non-terminating party fails to cure the default within the 30 day period, then this Agreement may be terminated.
10.3 CHC may terminate this Agreement at any time by giving UM 90 days written notice of termination, and upon payment to UM of all payments maturing through the effective date of the termination.

ARTICLE II. INDEMNIFICATION AND OTHER REMEDIES

11.1 UM and its officers and employees acting within the scope of their employment by UM are subject to the Maryland Tort Claims Act ("the Act"), Title 12, Subtitle 1, State Government Article, Annotated Code of Maryland, which permits claims in tort against the State of Maryland under certain circumstances. In order to file a claim under the Act, a claimant must submit a written claim to the Treasurer of the State of Maryland or a designee of that office within one year after (he injury to the person or property that is the basis of the claim.

11.2 CHC hereby agrees to defend, indemnify, and hold harmless UM, the University System of Maryland, and the State of Maryland, the regents, officers, employees, students, and agents of UM (collectively "Indemnitees") against any and all claims, costs, or liabilities, including attorney's fees and court costs at both trial and appellate levels, for any loss, damage, personal injury, or loss of life caused by negligence in the actions oi~ CHC or its officers, servants, or agents, or third

parties acting on behalf of or under authorization from CHC in the performance of this Agreement; and to defend, indemnify and hold Indemnitees harmless from any liability arising out of or caused by any negligence in actions or omissions of CHC with respect to obligations incurred under this Agreement. The foregoing obligation will not apply to any claim, cost, or liability attributable solely to the negligence of Indemnitee personnel.

11.03 UM and CHC further agree that nothing in this Agreement will be interpreted as: (a) a denial to either party of any remedy or defense available to it under the laws of the States of Maryland or North Carolina; (b) the consent of the State of Maryland or its agents and agencies to be sued; or (c) a waiver of sovereign immunity or any other governmental immunity of the State of Maryland and UM beyond the extent of any waiver provided by law.

ARTICLE 12. MISCELLANEOUS

12.1 This Agreement constitutes the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements or warranties between the parties other than those set forth herein.
12.2 This Agreement, including Exhibits, may not be amended, nor may any right or remedy of either party be waived, unless the amendment or waiver is in writing and signed by a duly authorized representative of each party.
12.3 This Agreement will be construed and enforced under the laws of the State of Maryland.
12.4 The parties will cooperate fully with each other and with their respective counsel in connection with any steps required to be taken as part of their respective obligations under this Agreement, and agree that they will execute instruments and documents as are or may become reasonably necessary to effectuate and carry out she purposes of this Agreement.
12.5 Unless otherwise provided, all costs and expenses incurred in connection with this Agreement will be paid by the party which incurs the cost or expense, and the other party has no liability for such cost or expense.
12.6 Neither party will use the name of the other or any of its employees or personnel, ur any adaptation thereof- in any advertising, promotional, or sales literature without prior written consent obtained from the other party. Either party may publicize the fact that the parties have made this Agreement.

12.07 Neither party may assign or transfer this Agreement without the prior written consent of the other party.
12.8 This Agreement will be only for the benefit of the undersigned parties and their permitted successors and assigns, and no one will be deemed to be a third party beneficiary of this Agreement.
12.9 UM and CHC are not (and nothing in this Agreement may be construed to constitute them as) partners, joint venturers, agents, representatives or employees of the other, nor is there any status or relationship between them other than that of independent contractors. Neither party has any responsibility or liability for the actions of the other party except as specifically provided in this Agreement. Neither party has any right or authority to bind or obligate the other party in any manner or make any representation or warranty on behalf of the other party.
12.10 This Agreement is signed in duplicate originals. The headings used in this Agreement are for convenience of reference only and do not affect the meaning or construction of this Agreement.

12.11 All notices, consents and other communications required or allowed under this Agreement must be in writing and are elective upon receipt: (a) when delivered by hand; or (b) when received by the addressee after being mailed by registered or certified mail (air mail if mailed overseas), return receipt requested; or (c) when received by the addressee, by delivery service (return receipt requested), in each case addressed to the party at its address set forth below (or to another address that a party may later designate by notice to the other parry):

If to UM: Executive Director
Office of Research and Development University of Maryland, Baltimore 515 West Lombard Street. Suite 500 Baltimore. Mary land 21201 -1602

Copy to: University Counsel
University ofMaryland, Baltimore 520 West Lombard Street. Second Floor Baltimore. Maryland 21201-1 627

EXHIBIT A

CONFIDENTIALITY AGREEMENT

CONFIDENTIAL DISCLOSURE AGREEMENT

THIS AGREEMENT is made effective the 2-3 ^ day of August, 1998, by and between the University of Maryland, Baltimore ("UM"), a public institution of higher education of the State of Maryland, and Cato Holding Company ("Company"), a corporation organized under the laws of the State of North Carolina.

Recitals

UM is in possession of information which UM considers confidential and in which UM has a proprietary interest, which is generally described as Dr. Schwarcz's "NMDA Antagonists" Company is in possession of information which Company considers confidential relating to the proposed business dealings of UM with Company. (Hereinafter the proprietary information of each party is collectively termed the "Information.") UM and Company each wish to receive a disclosure of the Information from the other and agrees to hold that disclosure in confidence during the term of this Agreement subject to the conditions set forth herein. UM is willing to make its disclosure in order to permit the Company to evaluate its opportunities to support research at UM involving the Information, to license UM intellectual property comprising or related to the Information, and/or to support applications for letters patent and other legal protection for its Information. Company is willing to make its disclosure in order to permit UM to better evaluate business opportunities for UM technology.

NOW THEREFORE, the parries agree as follows:

1. The respective Information of each parry is a valuable asset of such party. Each party has an exclusive proprietary right and interest in its respective Information. The Information includes any documents, drawings, sketches, models, designs, data, memoranda, tapes, records, and other material provided by UM to Company or by Company to UM.
2. Each party will use the other's Information only during the term of the agreement and only for technical and economic evaluation as described in the Recitals and not for its commercial benefit. Neither party will use the Information for any other purpose.
3. The parties will disclose the Information to each other upon the following conditions, which are accepted by both:

(a) Each party's Information shall be held in confidence by the other for a five (5) year period (the "Term") beginning on the effective date of this Agreement. The Company shall have the right to disclose the Information to its subsidiaries or parent company subject to the obligations of this Agreement.

(b) The Company shall take such steps as may be reasonably necessary to protect all documents, drawings, sketches, models, designs, data, memoranda, tapes, records and other material provided by UM as part of the Information, or made by Company containing Information, from being made available in any form to any person other than authorized Company or UM employees without prior written consent from UM during the term of the Agreement.
(c) The Company agrees to obligate any and all employees who may have access to any portion of the Information, in any form, to protect the confidential and proprietary nature of the Information.
(d) The Company recognizes that UM is an educational institution with standards and practices for protection of confidential information which differ from Company's standards and practices. By this Agreement UM undertakes to use reasonable efforts to protect the confidentiality of Company's information.
(e) All Information disclosed to either party in written form shall be clearly marked as confidential. AU Information disclosed orally or in any other form shall be clearly identified as confidential and summarized in a written document provided to the receiving party within thirty (30) days of initial
_ disclosure clearly marked as confidential.
4. The obligations of confidentiality set forth in paragraph 3 shall not apply to any part of the Information:

(a) which at the time of disclosure is information already generally available to the public or which after disclosure becomes generally available to the public. other than through a party hereto who received it under this Agreement; or
(b) which either party can show by reliable written evidence was acquired by such party on a non-conii den rial basis from any third party having a bona fide right to disclose it to said party; or
(c) which either party can demonstrate by written record was or is subsequently developed by such party independently of the disclosure of the Information by the other party.
5. Following the expiration of the Term, neither party shall have an obligation pursuant to this Agreement restricting its disclosure and use of the Information.
6. The Company shall notify UM within one hundred eighty (180) days from the date it receives LfM's Information whether or not the Company has any interest in pursuing a research or licensing agreement with UM. If (a) the Company notifies UM that the Company has no such interest, or (b) the Company later determines that it has no such interest, and notifies UM of such determination, both parties shall, upon
,» written request, will return all documents, drawings, sketches, models, designs, data, memoranda, tapes, records, and other material provided as part of the Information

Lombard^Building, Fifth Floor 515 W. Lombard Street Baltimore, Maryland 21201-1691 Tel. (410) 706-6631 FAX (410)706-6630
11. This Agreement shall be governed by the laws of the State of Maryland and, to the extent applicable, by the laws of the United States. Any dispute between the parties concerning the terms of this Agreement shall be decided in a court of competent jurisdiction over the parties and subject matter located in Baltimore City, Maryland.
12. This Agreement constitutes the entire agreement of the parries concerning the matters discussed herein. This Agreement may be amended only by a written instrument executed by authorized representatives of the parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives as of the date first above written.

CATO HOLDING COMPANY
BY:
Allen Cato, M.D., Ph.D. President
DATE: _
UNIVERSITY OF MARYLAND, BALTIMORE
B Y:
Marjorie Forster Executive Director Office of Research and Development
DATE:

University of Maryland

EXHIBIT B

PATENTS

EXHIBIT C

DRAFT LICENSE BETWEEN UiVI, CRF AND NEW COMPANY ("ARTEMIS")
LICENSE AGREEMENT between
UNIVERSITY OF MARYLAND. BALTIMORE and
CORNELL RESEARCH FOUNDATION, INC. and
ARTEMIS NEUROSCIENCE, INC.

This License Agreement ("Agreement") made effective this day of , 2001 (the "Effective Date") by and between the University ofMaryland, Baltimore, a constituent institution of the University System ofMaryland, an agency of the State of Maryland ("UM"), CORNELL RESEARCH FOUNDATION, INC., a wholly owned subsidiary of Cornell University, located at Cornell Business & Technology Park, 20 Thornwood Drive, Suite 105, Ithaca, NY 14850 ("CRF') and ARTEMIS NEUROSC1ENCE, INC., (ARTEMIS) a corporation of the State ofMaryland, U.S.A., with its principal place of business at ("Company"),

WITNESSETH:

WHEREAS, as a public research and education institution, UM is interested in licensing Patent Rights (as defined below) in a manner that will benefit the public by facilitating the distribution of useful products and the utilization of new methods, and lacks capacity to commercially develop, manufacture, and distribute such products or methods: and

WHEREAS, subject to certain rights retained by the federal government in federally sponsored research, UM and Astra Aktiebolag of S-151 85 Sodertalje, Sweden ("Astra"), were joint owners by assignment from the Inventors, listed in Exhibit A, of the entire right, title, arid interest in the U.S. Patents and Patent Applications listed in Exhibit A and in any foreign patent applications and patents corresponding thereto, and in the inventions described and claimed therein, and any divisions, continuations, continuations in part, re-examinations, or reissues thereof ("UM Patent Rights"); and

WHEREAS, by an assignment agreement executed October 19, 1998, Astra granted UM all of Astra*s right, title, and interest in UM Patent Rights; and

WHEREAS, subject to certain rights retained by the federal government in federally sponsored research, UM and CRF are joint owners by assignment from the Inventors, listed in Exhibit B, of the entire right, title, and interest in the U.S. Patents and Patent Applications listed in Exhibit B and in any foreign patent applications and patents corresponding thereto, and in the inventions described and claimed therein, and any divisions, continuations, continuations in part, re-examinations, or reissues thereof ("UM/CRF Patent Rights"); and

WHEREAS, by an Inter-Institutional Agreement executed May 11. 1990, UM and CRF have agreed to act jointly in licensing UM/CRF Patent Rights; and

WHEREAS. Aventis Pharmaceuticals, Incorporated (formerly Hoescht Marion RousscH of Route 202 206, Bridgewater, N.J. 08807 ("Aventis"), is the owner by assignment from the Inventors, listed in Exhibit C, of the entire right, title, and interest in the U.S. Patents and Patent Applications listed in Exhibit C and in any foreign patent applications and patents corresponding thereto, and in the inventions described and
claimed therein, and any divisions, continuations, continuations in part, re-ex ami nations, or reissues thereof ("Aventis Patent Rights"); and

WHEREAS, by an agreement effective September 28, 2000, Aventis has granted UM a license with rights to exclusively sublicense Aventis Patent Rights to a third party licensee ("Aventis License", Exhibit C in the Contribution Agreement, defined below); and

WHEREAS, Company desires to obtain a worldwide, exclusive, royalty-bearing license to the aforementioned UM Patent Rights, UM/CRF Patent Rights, and Aventis Patent Rights (all, collectively, "Patent Rights"), to make, have made, use, lease, offer to self, sell, and import products embodying the Patent Rights; and

WHEREAS, by a Contribution Agreement executed on , UM and
Cato Holding Company ("CHC"), of 200 WestPark Corporate Center, 4364 S. Alston Avenue, Durham, NC 27713, have agreed to support Company in its efforts to develop Patent Rights, which Contribution Agreement is incorporated herein by reference as Exhibit D;

NOW, THEREFORE, in consideration of the foregoing premises and the following mutual agreements, and other good and valuable consideration, the parties agree as follows:

ARTICLE 1. DEFINITIONS

For the purpose of this Agreement, the following words and phrases have the following meanings:
1.1 "Affiliate" means any entity which directly or indirectly controls, is controlled by, or is under common control with Company. "Control" means the right to exercise more than 50% of the voting rights of a controlled corporation or limited liability company or the power to direct or cause the direction of the management or policies of any other controlled entity.
1.2 "Aventis Improvement" means any Improvement (as defined below) made solely by one or more employees ofT or owned solely by, Aventis or Aventis' Affiliates.
1.3 "Combination Product" means a product in a form containing a Licensed Product (as defined below) and one or more component(s) that is not a Licensed Product and is sold separately by Company or its Affiliate in at least one country.
1.4 "Company Improvement" means any Improvement (as defined below). made solely by one or more employees of, or owned solely by. Company or Company's , i Affiliates.
1.5 "Confidential Information" means information relating to the subject matter of the Patent Rights (as defined below) which has not been made public or which is not generaily known and includes, without limitation, any documents, drawings.
sketches, models, designs, data, memoranda, tapes, records, formulae and algorithms, either orally, in hard copy form or in electronic form, which Company receives from UM. CHC. or CRF. or UM. CHC. or CRF. receives from Company
1.6 "First Commercial Sale" means the initial transfer of a Licensed Product for compensation by Company, an Affiliate or a Sublicensee to a Third Party (defined below).
1.7 "Improvement" means any patentable discoveries or inventions related to Patent Rights in the Licensed Field, reasonably necessary for the practice of Patent Rights by Company under this Agreement, which is or may be patentable or otherwise protected under law.
1.8 "Joint Improvement" means an Improvement made by one or more employees of, or owned by, Company or Company's Affiliates, and: 1) one or more employees of, or owned by, UM and/or, 2) one or more employees of, or owned by, Aventis and/or, 3) one or more employees of, or owned by CRF.
1.9 "Licensed Field" means ail human and veterinary therapeutic and diagnostic uses and therapeutic neuroprotective properties of a compound in the treatment and diagnosis in humans and animals of epilepsy, neurodegenerative diseases, ischemic/hypoxic/hypoglycemic damage to cerebral tissue, anxiety, migraines and pain.
1.10 "Licensed Product" means any product, including but not limited to a Combination Product, using any Patent Rights, including any product containing a compound that is covered by Patent Rights.

1.11 "Net Sales" means the gross sales revenues and fees billed by Company, an Affiliate or a Sublicensee for the sale of Licensed Products, less the sum of the following;
(a) customary trade, quantity and cash discounts actually allowed and taken;
(b) sales or use taxes, excise taxes and customs duties included in the invoiced amount;
(c) outbound transportation prepared or allowed if separately itemized on the invoice to the customer; and
(d) amounts actually allowed or credited on returns of Licensed Products.
(e) "Net Sales" does not include any further downstream sales of a Licensed Product after the first sale thereof by Company, an Affiliate or a Sublicensee to a Third Party purchaser. No deductions will be made for commissions paid to individuals, whether they be with independent safes agencies or regularly employed on the payroll by Company, its Affiliate(s) or Sublicensee(s), or for cost of collections. Licensed Products will be considered sold when billed out or invoiced, whichever is firsi.
1.12 "Patent Rights" means:

(a) U.S. and foreign patent applications and patents listed in Exhibits A, B, and C as they may be amended from time to time in accordance with Article 17;

(b) U.S. and foreign patents issuing from the applications listed in Exhibits A, B, and C, and as they may be amended, and from all divisions and continuations of these applications;
(c) claims of U.S. and foreign continuation-in-part applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. and foreign applications listed in Exhibits A, B, and C. as amended;
(d) claims of all foreign patent applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. patents and patent applications described in (a), (b), or (c) above; and
(e) any reissues, reexaminations and extensions, or the foreign equivalent of these of U.S. and foreign patents described in (a), (b), or (c) above.
1.13 "Research Agreement" means a separate agreement between Company and UM under which UM will assist Company in conducting unspecified research.
1.14 "Sublicensee" means a person or entity, including an Affiliate, to which Company transfers all or some of the Patent Rights through a sublicense.
1.15 "Third Party" means any entity or person other than UM, Company, an Affiliate, Sublicensee, the inventors, CRF, or Aventis.
1.16 "UM Improvement" means any Improvement, made solely by one or more employees of, or owned solely by, UM.

ARTICLE 2. GRANT OF LICENSE

2.1 Subject to the rights of the United States under its earlier grant to UM and pursuant to 35 U.S.C. Section 201 et seq. and all implementing regulations, UM grants to Company, and Company accepts, a sole and exclusive worldwide license, with rights to sublicense, under UM rights in Patent Rights to make, have made, use, lease, offer to sell, sell and import the Licensed Products within the Licensed Field for the term of this Agreement.
2.2 Subject to the rights of the United States under its earlier grant to CRF and pursuant to 35 U.S.C. Section 201 et seq, and all implementing regulations, CR.F granK to Company, and Company accepts, a sole and exclusive worldwide license, with rights
t to sublicense, under CRF rights in Patent Rights to make, have made, use, lease, offer to sell, sell and import the Licensed Products within the Licensed Field for the term of this Agreement.
2.03 Company may transfer its rights to an Affiliate through agreements that
are consistent with this Agreement, provided Company is responsible for the operation of
its Affiliate relevant to this Agreement as if operations were carried out by Company,
including the payment of royalties, whether or not paid to Company by Affiliate.

2.04 Company may grant sublicenses consistent with this Agreement
provided Company is responsible for the operation of its Sublicensees relevant to this
Agreement as if the operations were carried out by Company, including the payment of
royalties, whether or not paid.to Company by Sublicensees.
2.5 Company will identify its Affiliates and its Sublicensees hereunder to UM by name, address and field of sublicense (both as to geography and subject matter), and will promptly provide to UM a copy of each sublicense and a copy of each agreement or document designating or establishing an Affiliate.
2.6 If Company intends to accept from Affiliates or Sublicensees anything of value in lieu of cash in consideration for any sublicense or other transfer of rights under this Agreement, Company must first obtain UM's written approval.
2.7 UM specifically reserves the rights:

(a) to practice Patent Rights and to make and use the Licensed Products on a royalty-free basis solely for research and education, and to license other non-profit educational and research institutions to practice Patent Rights for the same purposes:
(b) to provide information and materia! covered by Patent Rights to universities, colleges and other research or educational institutions, but only for noncommercial research and educational purposes and uses and not for any commercial purposes or uses; and
(c) to publish the general scientific Findings from research related to Patent Rights.

2.8 CRF specifically reserves the rights;

(a) to practice under the UM/CRF Patent Rights and to make and use the Licensed Products on a royalty-free basis solely for research and education, and to license other non-profit educational and research institutions to practice the UM/CRF Patent Rights for the same purposes;
(b) to provide information and material covered by the UM/CRF Patent Rights to universities, colleges and other research or educational institutions, but only for noncommercial research and educational purposes and uses and not for any commercial purposes or uses; and
(c) to publish the general scientific findings from research related to UM/CRF Patent Rights.
2.9 Aventis specifically reserves the rights to use Aventis Patent Rights in the Field of Use for research purposes only. Aventis retains all rights to use Aventis Patent Rights for applications not included in the Field of Use.
2.10 UM Improvements are owned by UM. Aventis Improvements are owned by Aventis. Joint Improvements are owned jointly. Company Improvements are owned by Company, subject to a grant to UM_of a non-exclusive, non-transferable, irrevocable, and royalty-free license to practice Company Improvements in any field of use for research and education but not for commercial purposes.

ARTICLE 3. COMPANY'S OBLIGATIONS

3.1 Within 180 days of the date of legal formation of Company in the State of Maryland, Company will deliver to UM a research and development plan and a business plan. The research and development plan will show the amount of money and time budgeted and planned for technical development of Patent Rights, and a proposed commercialization scheme for Patent Rights. The business plan will show the amount of money, time, number and kind of personnel budgeted, and activities planned, for each phase of commercialization of Patent Rights and Licensed Product development, including but not limited to: clinical studies, regulatory approval, marketing, manufacturing and further sub-licensing of Licensed Products. Prior to the First Commercial Sale of a Licensed Product, Company will provide progress reports to UM once every 3 months comparing actual progress to the research and development plan, and the business plan. UM will provide the research and development plan to Aventis as confidential information. UM may provide the progress reports, research and development plan, and the business plan to CRF as confidential information.
3.2 Company will use commercially reasonable efforts to bring one or more Licensed Products to market in each country in which Licensed Products are licensed if ,in the reasonable judgement of the Company's management, there is sufficient commercial justification to do so.
3.3 Company will have full legal and financial responsibility for all costs that are incurred and all activities that are undertaken after the signing of this Agreement which are related to development, safety, and required periodic reporting to the FDA and such equivalent regulatory agencies, marketing, regulatory approvals, price registrations, compliance with all applicable laws and regulations and other activities required by or of Company or its Affiliates or Sublicensees (or their respective agents or distributors) elsewhere to obtain appropriate governmental approvals for, and to commercialize, Licensed Product.
3.4 The use and disclosure of technical information acquired pursuant to this Agreement and the exercise of Patent Rights granted by this Agreement are subject to the export, assets, and financial control regulations of the United States of America, including, but not limited to, restrictions under regulations of the United States that may j be applicable to direct or indirect re-exportation of such technical information or of equipment, products, or services directly produced by use of such technical information. Company is responsible for taking any steps necessary to comply with such regulations.
3.5 Company assumes all "Obligations of Company" in the Contribution Agreement (Exhibit D). The 20% ownership stake in Company granted to UM by Company is given in partial consideration for the license of Patent Rights under this Agreement.
3.6 Company, Affiliates, and Sublicensees will provide prompt notice to UM of any inquiries as to any Patent Rights which have claims to manufacturing processes, which inquiries are provided pursuant to 35 USC § 271(g), and will cooperate with respect to responses thereto.

ARTICLE 4. EQUITY TRANSACTION AND MANAGEMENT OF COMPANY

4.1 Within 60 days after the Effective Date, Company will deliver to UM a number of common shares sufficient to provide UM 20% ownership stake in the Company following such issuance, for and in consideration of this Agreement. Shares issued to UM will have the same rights as those issued to other founder shareholders and in the event of future dilution of equity, founders' shares will be diluted equally. UM shares will be issued under the name of "University System of Maryland to use of University of Maryland, Baltimore."

4.2 No later than the Effective Date, UM will designate 1 voting director and 1 non-voting observer who will serve on the Board of Directors of Company. UM will have the right to designate I director and 1 observer for so long as this Agreement is in effect.

ARTICLE 5. PAYMENTS AND ROYALTIES

5.01 No up-front license fee. milestone fee, or license maintenance fees will be paid for Patent Rights.

5.2 There will be no minimum royalties paid for Patent Rights.

5.3 A royalty rate of 2% will be paid by Company for Net Sales of Licensed Products excluding Combination Products and a royalty rate of 1% will be paid by Company for Net Sales of Combination Products.

5.4 Running royally payments due and payable for each calendar quarter will be made within 30 days after the close of each calendar quarter. If no royalties are due for any quarter, Company will send a statement to such effect to UM.

5.5 Company will pay running royalties on a country-by-country basts as provided in paragraph 5.03 * MERGEFORMAT in each country for Licensed Products covered in that country under Patent Rights, until the later of: (i) disallowance, expiration or invalidation of all claims in the Patent Rights of that country lhat cover the Licensed Products or (ii) 10 years following First Commercial Sale of the first Licensed Product in any country.

5.06

(a) Royalties are payable from the country in which they are earned and are subject to foreign exchange regulations then prevailing in that country. Royalty payments must be paid to UM in United States Dollars by check or checks drawn to the order of UM or by electronic funds transfers to an account designated by UM. To the extent sales may have been made by Company, its Affiliates or Sublicensees in a foreign country, those royalties will be first determined in the currency of the country in which the royalties are earned and then converted to their equivalent in United States Dollars. The buying rates of exchange for converting the currencies involved into the currency of the United States will be based on rates as quoted by the Morgan Guaranty Trust Company of New York, New York, averaged on the last business day of each of 3 eonsecutive calendar months constituting the calendar quarter in which the royalties were earned, will be used to determine any such conversion. Company will bear any loss of exchange or value and pay any expenses incurred in the transfer or conversion to U.S. dollars.

(b) To the extent that statutes, laws, codes, or government regulations (including currency exchange regulations) prevent or limit royalty payments by Company, its Affiliates or its Sublicensees in any country, Company will render to UM annual reports of sales of the Licensed Product in such country. AH monies due and owing UM as provided in the annual reports at UM's option (1) will promptly be deposited by Company, its Affiliates or its Sublicensees, as the case may be, in a local bank in such country in an account to be designated by UM in writing or (2) will be paid promptly to UM or deposited in its account, as directed in writing by UM in any other country where the payment or deposit is lawful under the currency restrictions.

5.7 Interest is due on any payments to UM required by any Section of this Agreement that are more than 30 days late. The interest rate is 6% simple interest per annum.

5.8 Royalties received by UM on Net Sales of Licensed Product incorporating UM/CRF Patent Rights will be divided with UM receiving a 60% share and CRF receiving a 40% share-. On March 31, June 30, September 30, and December 31 of each year, UM will pay to CRF an amount equal to 40% of all royalties received by UM on Net Sales of Licensed Product incorporating UM/CRF Patent Rights. If no royalties are earned during a calendar quarter, UM will so report. Each party is responsible for paying to iis inventors, colleges, schools or departments such share of royalties attributable to the inventor's invention as is customary under the party's policies and
, practices.

ARTICLE 6. PATENT PROSECUTION AND PUBLICATIONS

6.1 UM is responsible for Filing patent applications for UM Patent Rights and UM/CRF Patent Rights. Aventis is responsible for filing patent applications for Aventis Patent Rights.
6.2 Company will promptly report to UM in writing each Company Improvement. AH reports of Company Improvements are Confidential Information. Such reports will be in sufficient detail to determine inventorship. Inventorship will be determined in accordance with the patent laws of the United States. UM is responsible for filing patent applications on UM Improvements, Company Improvements, and Joint Improvements arising out of UM Patent Rights, UM/CRF Patent Rights and Aventis Patent Rights. Aventis is responsible for filing patent applications for Aventis Improvements.
6.3 When UM is responsible for filing a patent application, Company must reimburse to UM within 30 days of UM's request all reasonable costs and fees incurred by UM and CRF in connection with the prosecution and maintenance of the application, including all costs associated with preparation, filing, prosecution, issuance, reissuance, reexamination, interference, and maintenance of all United States applications, patents, divisions, etc. and those reasonable costs and fees associated with corresponding foreign applications and patent fees, including all costs and fees associated with the preparation, filing, prosecution, opposition proceedings and revocation proceedings and further including fees or costs incurred by UM prior to the Effective Date. Within 30 days after the Effective Date, Company will designate foreign countries in which patent applications are to be filed, such filings to be made by UM and UM's choice of patent counsel with concurring approval by Company, not to be unreasonably withheld, at Company's expense. The foreign countries will specifically include Canada and the UK. However, in accordance with Section 7.2 of the Contribution Agreement (Exhibit D), so long as .Company performs its obligations under the Contribution Agreement, UM will not request reimbursement from Company for any patent costs or fees incurred by UM or CRF until 5500,000 in funding has been raised by Company. UM may file, at its own expense, applications in foreign countries not designated by Company, and Company's license of Patent Rights will not extend to those countries."
6.4 Company, UM and Aventis will cooperate to limit the expenditures associated with filing patent applications, while ensuring that the Patent Rights coverall items oi" commercial interest and importance. The party responsible for filing a patent application, ("Filing Parly") is solely responsible for making decisions regarding whether or not a patent application is to be filed, scope and content of U.S. and foreign patent
. applications and prosecution of the applications, but when the Filing Party is UM, UM will give Company reasonable opportunity to advise UM. Company will cooperate with the Filing Party in the prosecution, filing, and maintenance of any patent applications and when the Filing Party is UM, UM will promptly advise Company as to all developments with respect to the applications and prosecution and copies of all papers received and
filed in connection with such prosecution.will be provided promptly to enable Company to advise UM thereon, but only as to those countries designated by Company pursuant to Section 6.03.
6.5 The scope of patent coverage within Patent Rights will not be significantly modified by UM without prior review by Company, but any modification will not require the approval of Company, and Company will not control the prosecution of Patent Rights. Company may wish to relieve itself of any obligation to pay for the future expenses of preparation, filing, prosecution, issuance, reissuance, reexamination, interferences, or maintenance of any Patent Rights in any country or countries except the U.S., Canada and the UK, by giving 90 days advance notice to UM. Thereafter this license and any sublicenses hereunder are terminated with respect to those Patent Rights in each country where Company has elected to discontinue support of such Patent Rights, but only with respect to the Patent Rights Company has elected to discontinue. This license and any sublicenses hereunder will continue in full force and effect with respect to all other Patent Rights. Company will reimburse the Filing Party for all expenses incurred prior to, or as a result of, irrevocable action taken prior to its notice to the Filing Party.

6.6 In order to safeguard Patent Rights, CRF and Company will take reasonable steps to postpone the publication of any results or other public disclosure of research performed by inventors who are their employees, relating to the licensed Patent Rights, until such time as materials containing those results are first submitted by the party employing the inventor to UM for review, comment, and consideration of appropriate patent action. UM will take reasonable steps to postpone the publication of any results or other public disclosure of the results of research performed by inventors who are its employees, relating to Patent Rights, until such time as the materials containing those results are first submitted by UM to Company for review, comment, and consideration of appropriate patent action, and, if the publication or other disclosure relates to CRF rights in Patent Rights, to CRF. Such materials relating to a planned written publication or other public disclosure will be submitted by the party that plans to publish or disclose for review at least 60 days prior to the date of the planned submission for written publication. The party receiving the materials will notify the party that has submitted the materials, within 30 days after receipt of the materials, indicating whether or not patent applications need to be filed in connection with obtaining or maintaining Patent Rights. Written publication or public disclosure by UM, CRF and Company will be deferred up to a maximum of 90 days after the date the receiving party receives the materials to enable patent applications to be filed as deemed necessary by the Filing Party.

6.07 Upon the initiation of a Phase 111 clinical trial of" a Licensed Product by
f Company, an Affiliate, or Sublicensee, Company will reimburse Aventis for any patent expenses incurred by Aventis up to the date of initiation of the Phase III clinical trial, to a maximum amount of two hundred fifty thousand dollars ($250,000), and will reimburse Aventis for all paient expenses subsequently incurred for Aventis Patents.

ARTICLE 7. ABATEMENT OF INFRINGEMENT

7.1 Company will enforce UM and UM/CRF Patents within licensed Patent Rights against any infringement or alleged infringement, and will at all times keep UM informed as to the status of the infringement claims. Company may, in its sole judgment and at its own expense, institute suit against any infringer or alleged infringer and control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement and recover any resulting damages, awards, or settlements, subject to Section 7.03. This right to sue for infringement will not be used in an arbitrary or capricious manner. UM will reasonably cooperate in the litigation with prior approval of Company, at Company's expense.

7.2 If Company is aware of any patent infringement. Company will advise UM of the infringement. If UM is aware of any patent infringement, UM will advise Company of the infringement. If CRF is aware of any patent infringement, CRF will advise UM. If Company does not enforce any UM or UM/CRF patent within Patent Rights, the patent owner in its sole judgment and at its own expense may do so, and may control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement, and recover, for its own account, any resulting damages, awards, or settlements. Company will reasonably cooperate in the litigation.

7.3 Any compensatory damages received by Company as a judicial award and any cash or non-cash settlement received by Company to resolve a claim or litigation as discussed under Section 7.01 will be deemed to reflect loss of Net Sales of Licensed Products, and Company will pay UM a royalty on the lost Net Sales of Licensed Products in accordance with this Agreement, net of all reasonable costs and expenses (including but not limited to reasonable attorneys' fees and disbursements, experts' fees and disbursements, court costs, stenographers' fees and disbursements, and any other such reasonable fees and disbursements associated with the suit and pre-litigation activities and legal opinions in connection therewith). However, if punitive damages are awarded to Company, then the reasonable costs and expenses will be deducted first from punitive damages and any balance will be deducted from compensatory damages. If there are punitive damages remaining after the deduction of the litigation expenses, UM and Company will share equally in the remaining funds.

7.4 Any compensatory damages received by Company in an action as described in Section 7.01 that are specified by court order of damages as compensation for injury other than loss of Net Sales of Licensed Products will not be considered part of Net Sales of Licensed Product.

7.05 Aventis has the first option, but not the obligation, to enforce Aventis i 'Patent Rights against any infringement or alleged infringement. If Aventis declines to enforce Aventis Patent Rights. UM has the option to enforce such rights. If UM declines, Company has the option to enforce such rights at its own expense. The party enforcing Aventis Patent Rights may, in its sole judgment and at its own expense, institute suit against any infringer or alleged infringer and control, settle, and defend such suit in a manner consistent with the terms and provisions of this Agreement and recover any resulting damages, awards, or settlements. Aventis, UM and Company will recover their respective actual out-of-pocket expenses, or equitable proportions thereof associated with any litigation or settlement made by any party. This right to sue for infringement will not be used in an arbitrary or capricious manner. Aventis, UM and Company will keep each other informed of the status of and of their respective activities regarding any litigation or settlement thereof concerning Aventis Patent Rights and will reasonably cooperate in the litigation at the request of the party enforcing Aventis Patent Rights, without expense to the requesting party.

7.06. Company will defend, indemnify and hold harmless UM. CRF, the State of Maryland, and inventors of Patent Rights and Improvements with respect to costs of defense and any and all liabilities resulting from suits, countersuits. or legal actions of any nature that may be asserted against UM, CRF, the State of Maryland, and the Inventors in response to or as a result of the filing of an action by Company pursuant to Section 7.01.

7.07 Company will provide UM (i) notice of patents relevant to a U.S. NDA prior to the time the NDA is filed and (ii) immediate notice of the issuance of any other patents relevant to a U.S. NDA and Company, UM and Aventis will jointly decide within 30 days of the patent date, if the patent is to be listed pursuant to any Drug Approval Application (particularly in Canada) and any pending or approved Health Registration or NDA in the U.S. for Licensed Product.

ARTICLE 8. CONFIDENTIALITY

8.£M It may be necessary for UM, Company and CRF to disclose to each other certain Confidential Information. Confidential Information received from another party may be disclosed by the receiving party only in accordance with the following provisions:

(a) 'Except as hereafter specifically authorized in writing by the disclosing party, the receiving party will not, for a period of 5 years after the date of receipt of Confidential Information, disclose Confidential Information to a person not bound to confidentiality under this Agreement, or use the Confidential Information for any purpose outside the scope of this Agreement.

(b) These obligations of non-disclosure and non-use will not apply to any Confidential Information which the receiving party can demonstrate by reliable written evidence:

(i) was generally available to 'he public at the time of disclosure to the receiving party; or

(ii) was already in the possession of the receiving parly at the time of the disclosure, other than pursuant to a confidential disclosure agreement between the parties and not due to any unauthorized act by the receiving party; or

(iii) was developed by the receiving party prior to the disclosure: or

(iv) the receiving party is required by law to disclose.

(c) These obligations of non-disclosure and non-use will not continue to apply to any Confidential Information which the receiving party can demonstrate by reliable written evidence:

(i) has become generally available to the public other than through a breach of this Agreement by the receiving party;

(ii) has been acquired by the receiving party on a nonconfidential basis from any third party having a lawful right to disclose it to the receiving party; or

(iii) corresponds to information developed by the receiving party

(iv) independent of and with no reliance upon the disclosing party's Confidential Information.

(d) If a party relies upon a fact or facts described in part (b) or (c) of this Seciion as justification for disclosure of Confidential Information during the Confidential Period, that party bears the burden of proof with respect to the fact or facts relied upon.

8.2 Each party will use that level of care to prevent the use or disclosure of another party's Confidential Information as it exercises in protecting its own Confidential Information. Company recognizes that UM and CRF are educational institutions with standards and practices for protection of Confidential Information which differs from Company's standards and practices. By this Agreement UM and CRF undertake to use reasonable efforts to protect the confidentiality of Company's Confidential Information. Company agrees that, provided such efforts are made, it will not seek to hold UM, CRF or their personnel liable in the event of disclosure of Company's Confidential Information notwithstanding reasonable efforts to prevent the occurrences.

8.3 Company recognizes that the recordsof UM are subject to the Maryland Access to Public Records Law. Company asserts that any Confidential Information of Company provided to UM under this Agreement is confidential, proprietary, and trade secret information, not subject to disclosure under Maryland's Access to Public Records Law. UM will assert this position in response to any request for public information applicable to Company's Confidential Information, and will promptly notify Company upon receipt of any requests for the information. The Maryland Access to Public Records Law is at Title 10, Subtitle 6, Part II, State Government Article, Annotated Code of Maryland.

8.4 All Confidential Information disclosed in written form will be clearly marked by the disclosing party as "Confidential." All Confidential Information disclosed orally or in any other form will be summarized by the disclosing party and delivered to the receiving party within 30 days, in a written document clearly marked as "Confidential", or will otherwise be clearly identified in writing by the disclosing party as confidential.

8.5 Upon termination of this Agreement for any reason other than a material breach, each party will return to the other all material received which is Confidential Information, together with all copies and other forms of reproduction, except that a single archive copy may be kept in the receiving party's legal files. Each party agrees that termination of this Agreement does not alter the 5 year obligation of confidentiality set forth in this Section.

ARTICLE 9. REPORTS AND ACCOUNTING

9.1 During, the term of this Agreement and for 5 years after its termination, Company will keep, and require each Affiliate and Sublicensee to keep, complete, true, and accurate records containing all the particulars that may be necessary to enable consideration payable to UM to be determined, and permit said records to be inspected at any time during regular business hours, upon reasonable notice, by an independent auditor appointed by UM for this purpose and reasonably acceptable to Company. The auditor will report to UM only the amount of consideration payable under this Agreement. This audit will be at UM's expense unless the audit shows an underpayment in amounts due to UM in relation to amounts paid to UM by 5% or more for any 3 month royalty period in the periods subject to audit, in which case the audit expense will be bome by Company.

9.2 Within 20 calendar days after each March 31, June 30, September 30 and December 31, Company will deliver to UM a true and accurate report, giving particulars of the business conducted by Company, its Affiliates and its Sublicensees, if any, in the preceding 3 month period that are pertinent to any accounting for royalty or other payments under this Agreement. These reports will include at least the following information for the 3 month reporting period:

(a) number of Licensed Products manufactured and sold by Company and by each Affiliate and each Sublicensee;
(b) total billings for Licensed Products sold by Company and by each Affiliate and by each Sublicensee;
(c) total billings for Combination Products sold by each Affiliate and each Sublicensee.
(d) accounting for all Licensed Products used or sold;
(e) deductions as provided in Section 1.11; and
(f) names and addresses of all Affiliates and Sublicensees of Company.

For items (a), (b), (c>, and (dj above, Company will specify the Patent Right or Rights that cover each Licensed Product manufactured, sold, or used.
9.3 Within 30 days after each March 31, June 30, September 30, and December 31, Company must pay to UM the royalties due and payable under this Agreement for the calendar quarter covered by the report required by Section 9.02. If no royalties are due, Company will so report.

■ 9.04 Company will forward to UM a copy of each report received by Company from an Affiliate or Sublicensee promptly after Company's receipt of such report. In no event will Affiliate or Sublicensee reports be due to Company less often than quarterly.
9.5 Any tax required to be withheld under the laws of any country on royalties payable to UM by Company or its Sublicensees under this Agreement will be promptly paid by Company or its Affiliates and .its Sublicensees for and on behalf of UM to the appropriate governmental authority, and Company will furnish UM with proof of payment of the tax together with official or other appropriate evidence issued by the competent governmental authority sufficient to enable UM to support a claim for tax credit with respect to any sum so withheld. Any tax required to be withheld on payments by Company to UM will be an expense of and be borne solely by UM, and Company's royalty payment(s) to UM following the withholding of the tax will be decreased by the amount of such tax withholding. Company will cooperate with UM in the event UM elects to assert, at its own expense, exemption from any tax.
9.6 Company will report to UM the date of First Commercial Sale by Company and each Affiliate and Sublicensee within 20 calendar days of the First Commercial Sale.

ARTICLE 10. TERM AND TERMINATION

10.1 Urdess sooner terminated in accordance with any of the succeeding provisions of this Article 10, this Agreement will continue in full force and effect until the later of: (a) expiration or invalidation of the last Patent Right anywhere which is licensed under this Agreement, or (b) 10 years after the First Commercial Sale of the first Licensed Product.
10.2 Should Company fail to pay UM any sum due and payable under this Agreement or the Contribution Agreement. UM may terminate this Agreement on 30 days written notice, unless Company pays UM within the 30 day period all delinquent sums together with interest due and unpaid. Upon expiration of the 30 day period, if Company has not paid all sums and interest due and payable, the rights, privileges, and license granted hereunder terminate.
10.3 If the Contribution Agreement is terminated, UM may terminate this Agreement on 30 days written notice.
10.4 If by November 9, 2002, Company has not started development activities for a Licensed Product covered by Avemis Patent Rights or sublicensed its rights in Aventis Patent Rights to a Sublicensee that has started development activities of Aventis Patent Rights, this Agreement is terminated and all rights will revert to the respective grantors of Patent Rights.
10.5 Prior to the First Commercial Sale of a Licensed Product, Company is considered diligent with regard to development of a Licensed Product if Company provides updates and reports as described in Section 3.0[and in Article 9 and Company continues to provide the necessary financial and other resources which arc required to develop or maintain availability of Licensed Products.
10.6 If UM declares Company not diligent in development or sales of Licensed Product based upon the criteria set forth in Section 10.05 for any reason other than the withholding by a regulatory agency of marketing approval in spite of Company's diligent effort to obtain such approval, then UM may terminate this Agreement as to the Patent Rights in question upon 30 days written notice.
10.7 Company and UM anticipate entering into a separate research agreement under which UM will assist Company in compiling and analyzing existing data from non¬clinical and pre-formulation and formulation data. Provided UM and Company execute such a research agreement, if Company fails to fulfill its obligations to UM under the research agreement, UM may terminate this Agreement on 30 days written notice, unless Company cures its breach of the research agreement within the 30 day period. Upon expiration of the 30 day period, if Company has not cured its breach of the research agreement, UM may terminate the rights, privileges, and license granted hereunder.

10.8 Company's failure to perform its obligations in accordance with Article 26 of this Agreement is deemed to be a material pre-petition incurable default and breach under this Agreement upon which UM may terminate this Agreement and any sublicense granted hereunder, with no option to cure and no notice to Company.
10.9 Except as set forth in Sections 10.02, 10.03, [0.04, 10.06, 10.07, and 10.08, in the event that any provision of this Agreement is breached by Company, any Affiliate or any Sublicensee, UM may terminate this Agreement and any sublicenses granted hereunder upon 90 days written notice to Company. However, if the breach is corrected within the 90 day period and UM is reimbursed for all damages directly resulting from the breach, the Agreement and any sublicenses will continue in full force and effect and UM will so notify Company in writing.
10.10 Company may terminate this Agreement at any time by giving UM 90 days written notice of termination, and upon payment to UM of all payments maturing through the effective date of the termination.
10.11 Termination does not relieve either party of any obligation which arises' before termination including obligations under Article 4, Article 5, Article 6, Article 7, Article 8, Article 11, Article 13, Article 14, Article 15, Article 25, and Article 27.
10.12 Upon termination of this Agreement for any reason, any Sublicensee that is not in default may seek a license from UM.
10.13 Upon and effective as of the date of termination of this Agreement. Company grants to UM a non-exclusive royalty-free license, with the right to sublicense •' others, with respect to Company Improvements and Company's interest in Joint Improvements.
10.14 Within 120 days of the date of the termination of this Agreement for any reason, UM may make written request to Company for transfer to UM or its designee of
Company's rights to trademarks and trade names associated solely with Licensed Products. Upon UM's request. Company will provide to UM all written document(s) necessary to accomplish such a transfer.
10.15 Upon termination of this Agreement, except as provided in Section 10.16, Company, Affiliates and Sublicensees must discontinue the use, distribution and sale of Licensed Products and upon direction of UM, return or destroy any remaining Licensed Products.
10.16 Subject to all terms and conditions of the license, including payment of royalties, tor a period of 60 days after expiration or termination of this Agreement, Company may market any Licensed Products on hand at the time of expiration or termination.

ARTICLE 11. CONSENT FOR ADVERTISING

Neither Company, CRF or UM will use the name of the other or of Aventis or CHC. or any adaptation thereof, or the names of employees of the other, in any advertising, promotional, or sales literature without prior written consent obtained from the other party, of from the entity whose name will be used. Either patty may publicize the fact that the parties have made this Agreement and the general nature of the license.

ARTICLE 12. ASSIGNABILITY

12.1 This Agreement and the rights granted to Company are not assignable or otherwise transferable by Company without the prior written consent of UM, which will not be unreasonably withheld.
12.2 This Agreement is not assignable or otherwise transferable by UM or CRF without the prior written consent of Company, which will not be unreasonably withheld.

ARTICLE 13. APPLICABLE LAW; SEVERABILITY

13.1 This Agreement is made and construed in accordance with the laws of the State of Maryland without regard to choice of law issues, except that all questions concerning the construction or effect of patents will be decided in accordance with the laws of the country in which the particular patent concerned has been granted.
13.2 Company submits itself to the jurisdiction of the State courts of the State of Maryland and Federal courts within the State of Maryland for purposes of any suit relating \o 'his Agreement and agrees that the State and Federal courts located in Baltimore City, Maryland provide a proper venue for determining any legal action relating to this Agreement.

ARTICLE 14. INTEGRATION AND INTERPRETATION

14.1 This Agreement, together with any Exhibits specifically referenced and attached, embodies the entire understanding between Company and UM, and Company and CRF. There are no contracts, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter hereof which are not merged herein.
14.2 This Agreement is negotiated as an arm's-length business transaction. Draftsmanship will not be taken into account in construing the Agreement.
14.3 If any condition or provision in any Article of this Agreement is held to be invalid or illegal or contrary to public policy by a court of competent jurisdiction from which there is no appeal, this Agreement will be construed as though the provision or condition did not appear. The remaining provisions of this Agreement will continue in full force and effect.

ARTICLE 15. INDEMNITY/INSURANCE

15.1 UM and its officers and employees acting within the scope of their employment by UM are subject to the Maryland Tort Claims Act ("the Act"), Title 12, Subtitle 1, State Government Article, Annotated Code of Maryland, which permits claims in tort against the State of Maryland under certain circumstances. In order to file a claim under the Act, a claimant must submit a written claim to the Treasurer of the State of Maryland or a designee of that office within one year after the injury to the person or property that is the basis of the claim.
15.2 Company warrants and represents that comprehensive liability and property damage insurance coverage is, or will be, in place for itself and its officers, employees and agents by the Effective Date. Prior to Licensed Product entering clinical trials, Company will acquire additional insurance coverage as necessary to maintain the following minimum amounts per policy period:

(a) Comprehensive liability (including product liability): (bodily injury and loss of life) $1,000,000 per claim; $2,000,000 in the aggregate;
(b) Property damage: $ 1 ;500,000 in the aggregate.
15.3 Company will defend, indemnify, and hold harmless UM. the University System of Maryland, and the State of Maryland, the regents, officers, employees, students, and agents of UM; CRF. its officers, employees and agents; and Aventis, its officers, employees and agents (ail, collectively "Indemnitees") against any and all t claims, costs, or liabilities, including attorney's fees and court costs at both trial and appellate levels, for any loss, damage, personal injury, or loss of life, (a) caused by the actions of Company or its officers, servants, or agents, or third parties acting on behalf of or under authorization from Company in the performance of this Agreement; (h) arising out of use by Company or by any third party acting on behalf of or under authorization
from Company of products or processes (including licensed Patent Rights) or arising from sales and use of Licensed Products; or (c) arising out of useT by UM, CRF, or Aventis or their personnel, of products, processes, or protocols developed by Company or its officers, servants, or agents, or by third parties acting on behalf of or under authorization from Company; provided, that (a) the Indemnitee receiving notice of any claim promptly notifies Company in writing after receiving notice of a claim; and (b) the Indemnitee subject to the claim fully cooperates with Company in the defense of any such claim. The foregoing obligation will not apply to any claim, cost, or liability attributable solely to the negligence of Indemnitee personnel. ■
15.4 UM, CRF and Company further agree that nothing in this Agreement will be interpreted as: (a) a denial to either party of any remedy or defense available to it under the laws of the State of Maryland; (b) the consent of the State of Maryland or its agents and agencies to be sued; or (c) a waiver of sovereign immunity or any other governmental immunity of the State of Maryland and the UM beyond the extent of any waiver provided by law.
15.5 Company will require all of its Affiliates and Sublicensees using licensed Patent Rights to Indemnify the Indemnitees and insure for that obligation, consistent with the requirements of Section 15.02 and 15.03.

ARTICLE 16. REPRESENTATIONS AND WARRANTIES

16.1 UM represents that as of the date its officer executes this Agreement, that officer believes on the basis of facts reported to UM that (a) UM is authorized to license UM Patent Rights (subject to the rights of the United States under its earlier contract with UM and pursuant to 35 U.S.C. Section 201 ejLsejj.. and all implementing regulations), UM rights in UM/CRF Patent Rights, and Aventis Patent Rights; and (b) UM is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of Company under this Agreement. UM EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND PATENT VALIDITY; (c) the Patent Rights do not constitute the subject matter of any currently pending litigation, and UM has not been informed of any related litigation contemplated by CRF, Aventis or any Third Party; and (d) UM has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.
16.2 CRF represents that as of the date its officer executes this Agreement, that officer believes on the basis of facts reported to CRF that (a) CRF is authorized to license CRF rights in Patent Rights (subject to the rights of the United States pursuant to 35
► U.S.C. Section 201 et seq, and all implementing regulations) and (b) CRF is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of Company under this Agreement. CRF EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY.
FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND PATENT VALIDITY; (c) the UM/CRF Patent Rights do not constitute the subject matter of any currently pending litigation, and CRF has not been informed of any related litigation contemplated by UM, Aventis or any Third Party; and (d) CRF has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement.

16.03 Company hereby represents and warrants to UM and CRF that; (a) Company is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of UM or CRF under this Agreement, (b) Company has full legal right, power and authority to execute, deliver and perform its obligations under this Agreement; and (c) the execution, delivery and performance by Company of this Agreement do not contravene or constitute a default under any provision of applicable law or of any agreement, judgment, injunction, order, decree, or other instrument binding upon Company.

ARTICLE 17. AGREEMENT AMENDMENTS

This Agreement may not be amended, nor may any right or remedy of either party be waived, unless the amendment or waiver is in writing and signed by a duly authorized representative of each party.
ARTICLE 18. RECITALS The Recitals in this Agreement will be included as part of the Agreement.

ARTICLE 19. FORCE MAJEURE

No party is liable for failure or delay in performing any of its obligations under this Agreement if the failure or delay is required in order to comply with any governmental regulation, request or order, or necessitated by other circumstances beyond the reasonable control of the party so failing or delaying, including but not limited to Acts of God, war (declared or undeclared), insurrection, fire, flood, accident, labor strikes, work stoppage or slowdown (whether or not such labor event is within the reasonable control of the parties), or inability to obtain raw materials, supplies, power or equipment necessary to enable such party to perform its obligations. Each party will: (a) promptly notify the other party in writing of an event of force majeure, the expected duration of the event and its anticipated effect on the ability of the party to perform its obligations; and (b) make reasonable efforts to remedy the event of force majeure.

ARTICLE 20. NO WAIVER

A failure or delay by a party in exercising any of its rights or remedies under this Agreement does not constitute a waiver of the rights or remedies, nor does any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of the parties provided t in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

ARTICLE 21. LEGAL RELATIONSHIP OF PARTIES

21.1 UM, CRF, and Company are not (and nothing in this Agreement may be construed to constitute them as) partners, joint venturers, agents, representatives or employees of the other, nor is there any status or relationship between them other than that of independent contractors. No party has any responsibility or liability for the actions of the other party except as specifically provided in this Agreement. No party has any right or authority to bind or obligate the other party in any manner or make any representation or warranty on behalf of the other party.

21.2 This Agreement will be only for the benefit of Aventis, the undersigned parties and their permitted successors and assigns, and no one other than Indemnitees and only for the purposes described in sub-section 15.03 of this Agreement, will be deemed to be a third party beneficiary of this Agreement.

ARTICLE 22. MISCELLANEOUS COSTS

Unless otherwise provided, all costs and expenses incurred in connection with this Agreement will be paid by the party which incurs the cost or expense, and the other party has no liability for the cost or expense.

ARTICLE 23. SIGNED IN QUADRUPLICATE; HEADINGS

This Agreement is signed in four identical originals. The headings used in this Agreement are for convenience of reference only and do not affect the meaning or construction of this Agreement.

ARTICLE 24. NO LICENSE

No license or right is granted by implication or otherwise with respect to any patent application or patent owned by either party, unless specifically set forth in this Agreement.

ARTICLE 25. EMPLOYMENT OF UM STAFF

25.01 Company will not knowingly employ or compensate, directly or indirectly, any person working in the Licensed Field while the person is employed by UM or for 2 years thereafter, unless UM provides Company with prior written consent of the UM President to the employment or compensation by Company. "Compensation" includes but is not limited to: stock option or stock purchase agreements, consulting agreements, any other form of agreement executed between a UM employee and Company, and cash payments. "Employment" includes both uncompensated and compensated service to Company. A request to employ or compensate a UM employee will be considered by UM as provided in the Public/Private Partnership Act,'which is Section 15-523 of the Maryland Public Ethics Law (Title 15, Subtitle 5, State Government Article. Annotated Code of Maryland).

25.02 This provision is not" intended to prevent an inventor employed by UM ("UM Inventor") from owning stock of Company received by UM Inventor from UM, or from Company at UM's direction,- as a distribution of licensing revenues under the University System of Maryland Patent Policy. As a Company stockholder, UM Inventor may receive dividends and enjoy other benefits of stock ownership, subject to any terms and conditions the University may require in order to satisfy conflict of interest concerns. Should such terms and conditions be relevant to the relationship of Company to UM Inventor, as a shareholder, the University will advise Company of them. This provision is not intended to prevent Company from placing any restrictions upon UM Inventor's slock that may be necessary to satisfy federal or state laws or regulations applicable to Company or to development of Licensed Products.

ARTICLE 26. COMPANY PETITION IN BANKRUPTCY

Company will provide written notice to UM at least 90 days prior to the filing of a petition in bankruptcy of Company's intention to file a voluntary petition in bankruptcy or,.if known by Company through statements or letters from a creditor or otherwise, of a Third Party's intention to file an involuntary petition in bankruptcy against Company. Company's failure to perform this obligation is deemed to be a material pre-petition incurable defaulrand breach under this Agreement.

ARTICLE 27. DISPUTE RESOLUTION

The parties recognize that disputes may arise from time to time during the term of this Agreement relating to a party's rights or obligations. In the event of a dispute, a party, by notice to the other parties, may have the dispute referred to the parties' respective officers designated below or their successors for attempted resolution by good faith negotiations within 30 days after the notice is received. The designated officers are as follows:

For COMPANY: President and Chief Executive Officer
For UM: Vice President, Academic Affairs
For CRF: President

In the event the designated officers are not able to.resolve the dispute within this 30 day period, or any agreed extension, they will confer in good faith with respect to the possibility of resolving the matter through mediation with a mutually acceptable Third Party or a national mediation organization. The parties agree that they will participate in any mediation sessions in good faith in an effort to resolve the dispute in an informal and inexpensive manner. All expenses of the mediator will be shared equally by the parties. The parties agree to toll any applicable statute of limitations during the pendency of the dispute resolution process initiated under this Agreement. The parties agree that evidence of anything said or any admission made in the course of any mediation will not be admissible in evidence in any civil action between them. In addition, the parties agree that no document prepared for the purpose of. or in the course of, or pursuant to, the mediation, or copy thereof, will be admissible in evidence in any civil action between them. However, the parties agree that this Section does not limit the admissibility of evidence if all parties who participated in the mediation consent to its disclosure.

ARTICLE 28. NOTICES AND CORRESPONDENCE

All notices, consents and other communications required or allowed under this Agreement must be in writing and are effective upon receipt: (a) when delivered by hand; or (b) when received by the addressee after being mailed by registered or certified mail (air mail if mailed overseas), return receipt requested; or (c) when received by the addressee, by Express Mail, Federal Express or other express delivery service (return receipt requested). Notice in each case must be addressed to the party's representative at the party's address set forth below (or to another representative and/or address that a party may later designate as to itself by notice to the other party):

If to UM; Executive Director
Office of Research and Development University of Maryland, Baltimore 515 West Lombard Street, Suite 500 Baltimore, Maryland 21201-1602
Copy to:
University Counsel University of Maryland, Baltimore 520 West Lombard Street, Second Floor Baltimore. Maryland 21201-1627

If to CRF:
President
Cornell Research Foundation, Inc. Cornell Business & Technology Park 20Thornwood Drive. Suite 105 Ithaca, New York 14850

If to COMPANY:
President
Artemis Neuroscience, Inc.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date set forth above.

UNIVERSITY OFMARYLAND, BALTIMORE
BY: , WITNESS:
David J. Ramsay, D.M,. D. Phil.
President
Date:

ARTEMIS, INC.
BY: ; ATTEST:
Allen Cato
President & CEO
Corporate Secretary
Date: .

CORNELL RESEARCH FOUNDATION. INC.
BY: .
[NameJ [Title]

Date

LICENSE AGREEMENT APPROVED: FOR CATO HOLDING COMPANY
BY: .
(Name) [Title}

Date

EXHIBIT A UM Patent Rights:

Country	Application Serial No.	Filing Dale	Known As	Status	UM Tech ID Docket No.
US	08/433.339	5/4/95	3-HANA derivatives (compound claim)	ISSUED	156 IRS RS99042
EP	94908556.7	8/1/95	3-HANA derivatives	ISSUED	1561RS RS99042
CA	2,156,079	y\m	3-HANA derivatives	PEND	156 IRS RS99042
US	08/770.488	12720/96	S-HANA derivatives (compound claim)	ISSUED	I561RS RS99042

EXHIBIT B UM/CRF Patent Rights:

Country	Application Serial No.	Filing Dale	Known As	Status	UM Tech ID Docket No.
US	08/210.213	2/24/94	New Compounds (compound claim)	ISSUED	J560RS RS99043
US	08/433.337	5/4/95	New Compounds (compound claim)	ISSUED	I560RS CiP RS99043
EP	94908557.5	8/1/95	New Compounds (compound claim)	ISSUED	I560RS RS99043
CA	2.155.666	8/1/95	New Compounds (compound claim)	PEND	I560RS RS99043

EXHIBIT C Aventis Patent Rights:

Country	Application Serial No.	Filing Date	Known As	Status	UM Tech ID Docket No.
EP	92103066.4	2/24/92	NMDA Antagonists	ISSUED	1196RS
GB	92103066.4	2/24/92	NMDA Antagonists	PEND	II96RS
CA	2,061,836	2/25/92	NMDA Antagonists	PEND	H96RS
US	08/(6.1144	12/10/93	NMDA Antagonists (method of" using 4 or 4.6" TRP)	ISSUED	1196RS D1V
US	08/187.353	1/25/94	NMDA Antagonists (Claims 4.6TRP1	ISSUED	1196RS CON2
US	08/261,609	6/17/94	NMDA Antagonists (4,6 KYN & method}	ISSUED	1196RS DIV2
EP	94110261.8	6/30/94	NMDA Antagonists	ISSUED	1196RS
US	08/502.980	7/17/95	NMDA Antagonists (method of usin_4 KYN)	ISSUED	1196RS Div3

University or Maryland Coniritiuiian Agreement

EXHIBIT
COPY OF LICENSE AGREEMENT BETWEEN UM AND AVENTIS

LICENSE AGREEMENT between UNIVERSITY OF MARYLAND, BALTIMORE and AVENTIS PHARMACEUTICALS INC.

THIS AGREEMENT effective this day of &kt. 2000, by and between Aventis Pharmaceuticals Inc., Route 202-206, Bridgewatef, NJ 08807-6747 ("COMPANY), a corporation organized under the laws of the State of Delaware, and the University of Maryland, Baltimore ("UM"), a constituent institution of the University System of Maryland, an agency of the State of Maryland.

BACKGROUND

On June 30. 1995, UM and Marion Merrell Dow, Inc. (MMD) a corporation organized under the laws of Ohio, having its principal office at 2110 East Galbraith Road, Cincinnati, Ohio 45215, entered into an Option Agreement which is incorporated here by reference ("Option Agreement", Attachment A) as extended effective Nov. 20, 1998 for MMD rights to certain 4,6 disubstituted tryptophan derivatives and 4,6,-disubstituted kynurenines ("Compounds"), which have NMDA antagonistic effects and that possess certain therapeutic neuroprotective properties.
Under the terms of the Option Agreement, MMD granted UM the option to enter into an exclusive license agreement in order to facilitate UM obtaining a third party licensee to assist in development of the Compounds and related patent rights.
Company is the successor to Marion Merrell Dow, Inc., and is the owner of all rights formerly owned by MMD in Compounds, the entire right, title, and interest in the U.S. Patents and Patent Applications listed in Attachment B and in any foreign patent applications and patents corresponding thereto, and in the inventions described and claimed therein, and in any division, continuations, continuations-in-art, re-examinations, or reissues thereof.
UM wishes to exercise its exclusive rights to license Patent Rights (as defined below) under the Option Agreement in order to sublicense to Patent Rights. Therefore, UM and Company enter into this License Agreement.

1. DEFINITIONS

For the purposes of this Agreement:
1.1 "Affiliate" means any entity which directly or indirectly controls, is controlled by, or is under common control with UM or a Sublicensee. "Control" means the right to exercise mors than 50% of the voting rights of a controlled corporation or limited company or the power to direct or cause the direction of the management or policies of any other controlled entity.
1.2 "Combination Product" means a product containing a Licensed Compound and one or more component(s) that is not a Licensed Compound and is sold separately in at least one country.
1.3 "ConfidentiaJ Information" means information relating to the subject matter of the Patent Rights (as defined below) and which is not generally known and includes, without limitation, any documents, drawing, sketches, models, designs, data, memoranda, tapes, records, formulae and algorithms, conveyed either orally, in hard copy form or in electronic form, which Company received from UM or UM receives from Company.
1.4 "First Commercial Sale" means the initial transfer of a Licensed Product for compensation to a Third Party (as defined below) by UM, a Sublicensee or an Affiliate.
1.5 "Improvements" means any patentable discoveries or inventions, which are developed within the scope of this Agreement, during the term of this Agreement.
1.6 "Licensed Compound" means any compound covered by the Patent Rights.
1.7 "Licensed Field" means all human and veterinary therapeutic and diagnostic uses of the NMDA antagonist effects and therapeutic neuroprotective properties of a compound in the treatment and diagnosis in humans and animals of epilepsy, neurodegenerative diseases, ischemic/hypoxic/hypoglycemic damage to cerebral tissue, anxiety, migraines and pain.

1.8 "Licensed Product" means any product, including but not limited to a Combination Product, containing a Licensed Compound.
1.9 "Net Sales" means the gross sales revenues and fees billed by UM, its successors and assigns, its Affiliates or Sublicensee(s) for the sale of Licensed Products, less the sum of the following:

(a) customary trade, quantity and cash discounts actually allowed and taken;
(b) sales or use taxes, excise taxes and customs duties included in the invoiced amount;
(c) outbound transportation prepaid or allowed if separately itemized on the invoice to the customer;
and
(d) amounts actually allowed or credited on returns of Licensed Products.
"Net Sales" does not include any further downstream sales of a Licensed Product after the first sate thereof by UM, its successors and assigns, its Affliates of Sublicense(s) to a Third Party purchaser.

1.10 "Patent Rights" means:
(a) U.S. and foreign patent applications and patents listed in Attachment B of this Agreement and as it may be amended from time to time in accordance with Section 18;
(b) U.S. and foreign patents issuing from the applications listed in Attachment B and as it may be amended, and from all divisions and continuations of these applications;
(c) claims of U.S. and foreign continuation-in-part applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. and foreign applications listed in Attachment B and as it may be amended;
(d) claims of all foreign patent applications, and of the resulting patents, which are directed to subject matter specifically described in the U.S. patents and patent applications described in (a), (b), or (c) above; and
(e) any reissues, reexaminations and extensions, or the foreign equivalent of these, of U.S. and foreign patents described in (a), (b), or (c) above.

1.11 "Sublicensee" means a person or entity to which UM transfers all or part of Patent Rights under this Agreement, an Affiliate of the Sublicensee, or a Third Party who enters into an agreement with a Sublicensee for Patent Rights.
1.12 "Third Party" means any entity or person other than UM, COMPANY, or a Sublicensee.

2. GRANT OF LICENSE
2.1 Company grants to UM, and UM accepts, a sole and exclusive worldwide license, under Patent Rights to make, have made, use, lease, offer to sell, sell and import Licensed Products within the Licensed Field for the term of this Agreement.
2.2 Company specifically reserves the rights to use Patent Rights in the Licensed Field for research purposes only. Company will retain all rights to use Patent Rights for those applications not included in the Licensed Field.
2.3 UM may transfer its rights under this Agreement to one or more Sublicensees through agreements that are consistent with this Agreement. UM has identified one Sublicensee, to be incorporated and named Artemis Neurosciences, and Company consents to the transfer of rights to this Sublicensee. Prior to entering into any agreement with any other Sublicensee, UM shall seek Company's consent and such consent shall not be unreasonably withheld.
2.4 UM wiJ! identify its Sublicensee to Company by name, address and field of sublicense (as to both geography and subject matter), and will promptly provide to Company a copy of each sublicense agreement.

3. AGREEMENT WITH SUBLICENSEE

An agreement between UM and Sublicensee shall include the following terms;

(a) Prior to the effective date of the sublicense agreement. Sublicensee will deliver to UM a research and development plan reasonably acceptable to UM. The research and development plan will show the amount of money and time budgeted and planned for technical development of Patent Rights, and a proposed commercialization scheme for Licensed Products. UM will provide the research and development plan to Company as Confidential Information.
Within 90 days after the effective date of the sublicense agreement, Sublicensee will deliver to UM a business plan. The business plan will show the amount of money, time, number and kind of personnel, and time budgeted and planned for each phase of Licensed Product development, clinical studies, marketing, manLffacturing and further sublicensing of Licensed Products.

CONSIDERATION

UM, its successors and assigns, its Affiliates or Sublicensee will pay to Company a royalty on Net Sales of Licensed Products, as follows:
(a) 2% for Licensed Products, excluding Combination Products,
(b) 1% for Combination Products
Royalties will be paid directly to Company by the party that has made the sale of Licensed Products. No multiple fees are payable because any Licensed Product, its manufacture, use, sale, or lease is or will be covered by more than one patent application or patent licensed under this Agreement as part of Patent Rights.
In the event UM sells to a third party other than a Sublicensee any Licensed Compound, UM will pay to Company a royalty on Net Sales as follows:
(a) 5% for Licensed Products, excluding Combination Products;
(b) 21/2 % for Combination Products

UM will pay Company within 30 days after the close of each calendar year along with a statement as set forth in section 10. If no payment is due for any year, UM wilt send Company a statement to that effect.

PATENT LITIGATION

In the event of the institution of any suit by a Third Party against Company, UM and or its Sublicensee for patent infringement involving the manufacture, use, sale, distribution or marketing of Licensed Compound or Licensed Product anywhere, the-party sued shall have the right but not the obligation to defend such suit at its own expense. Company and UM shall assist one another and cooperate in any such litigation at the other's request without expense lo the requesting party.

In the event that Company or UM becomes aware of actual or threatened infringement of any patent in the Patent Rights related to Licensed Compound or Licensed Product, anywhere or any alleged patent invalidity or non-infringement of patent or patents pursuant to a paragraph IV patent certification by a party filing an Abbreviated New Drug Application ("ANDA"), that party shall promptly notify the other party in writing, but in any event no later than ten (10) business days after receipt of notice of such action. Company shall have the first right but not the obligation to bring, at its own expense, an infringement action or file any other appropriate action or claim directly, related to infringement of a patent in the Patent Rights owned in whole or in part by Company wherein such infringement relates to Licensed Compound or Licensed Product, against any Third Party and to use UM's name in connection therewith. If Company does not commence a particular infringement action within ninety (90) days after it received such written notice, UM, after notifying Company in writing, shall be entitled to bring such infringement action or any other appropriate action or claim at its own expense. The party conducting such action shall have full control over its conduct, including settlement thereof. In any event. Company and UM shall assist one another and cooperate in any such litigation at the other's request without expense to the requesting party.

5.3 Company and UM shall recover their respective actual out-of-pocket expenses, or equitable proportions thereof, associated with any litigation or settlement thereof from any recovery made by any party. Any excess amount shall be shared between UM and Company with each party receiving an amount proportional to the amount spent by such party on such litigation or settlement thereof.

5.4 The Parties shall keep one another informed of the status of and of their respective activities regarding any litigation or settlement thereof concerning Licensed Compound or Licensed Product.

5.5 Each party shall provide prompt notice to the other of any inquiries as to any patent which have claims to manufacturing processes, which inquiries are provided pursuant to 35 USC § 271(g), and shall cooperate with respect to responses thereto.

5.6 Each party shall provide (i) notice of patents relevant to a US NDA, prior to the time the NDA is filed, and (ii) immediate notice of the issuance of any other patents relevant to a US NDA and the parties shall jointly decide within thirty (30) days of the patent date, if the patent is to be listed pursuant to any Drug Approval Application {particularly in Canada) and any pending or approved Health Registration or NDA in the United States for Licensed Product.

6. RIGHTS IN IMPROVEMENTS

6.1 UM will require Sublicensee to promptly report any Sublicensee Improvements to UM and Company will promptly report any Company Improvements to UM and Sublicensee. Reports will be in writing, in sufficient detail to determine inventorship. Such reports will be treated as Confidential Information in accordance with Section 8 of this Agreement.

6.2 An Improvement made by one or more employees or other personnel of UM is an UM Improvement owned by UM. An Improvement made by one or more employees of a Sublicensee is a Sublicensee Improvement owned by Sublicensee. An Improvement made by one or more employees or other personnel of Company is a Company Improvement owned by Company, improvements made by employees or other personnel of more than one entity will be Joint Improvements, jointly owned by the entities that employed the inventing personnel. Inventorship will be determined in accordance with the patent laws of the United States.

7. PATENT PROSECUTION AND FEES

7.1 Company is responsible for preparation, filing, prosecution, issuance, reissuance, reexamination, interference, and maintenance of all Patent Rights. Upon the initiation of a Phase III clinical trial of a Licensed Product by Sublicensee, Sublicensee shall reimburse Company for any past patent expenses in any countries covered by any such sublicense up to a maximum amount of two hundred fifty thousand dollars ($250,000) and shall reimburse company for all patent expenses incurred subsequently. If Company does no! prosecute and maintain Patent Rights, it shall notify UM which may, at its own expense or through its sublicensees, assume responsibility for prosecution and maintenance of Patent Rights. Company agrees to promptly provide access to all necessary documents and to render reasonable assistance to UM if UM assumes responsibility for prosecution and maintenance of Patent Rights.

7.2 UM is responsible for filing any patent applications for UM or Sublicensee Improvements. UM also is responsible for filing any patent applications for Joint Improvements. If Company has rights in a Joint Improvement, Company may approve outside patent counsel chosen by UM, which approval must not be unreasonably withheld. If UM does not prosecute and maintain patent applications for Joint Improvements, Company may, at its own expense, assume responsibility for prosecution and maintenance.

7.3 Company and UM will cooperate to limit the expenditures described in Section 7.1 and 7.2 while ensuring that the Patent Rights cover all items of commercial interest and importance. When UM is responsible for filing a patent application, the party filing the application is solely responsible for making decisions regarding scope and content of U.S. and foreign patent applications and prosecution of the applications, but will give Company reasonable opportunity to provide advice. Company will cooperate with UM in the prosecution, filing, and maintenance of any patent applications. The party filing the application will promptly advise the other parties as to all developments with respect to the applications and prosecution and copies of all papers received and filed in connection with such prosecution will be provided promptly to enable the parties to advise thereon.
7.4 The scope of patent coverage within Patent Rights will not be significantly modified by Company without prior review by UM.
7.5 In order to safeguard Patent Rights. UM will not and will cause any of its Sublicensees to not publish any results or otherwise publicly disclose the results of research performed relating to the licensed Patent Rights unless any materials containing those results are first submitted to Company for review, comment, and consideration of appropriate patent action., UM will submit such materials relating to a planned written publication or other public disclosure to Company for review at least 60 days prior to the date of the planned submission for written publication. Company will notify UM within 30 days after receipt of the materials as to whether or not patent applications need to be filed in connection with obtaining or maintaining-Patent Rights. Written publication or public disclosure by UM or any of its Sublicensees will be deferred up to a maximum of 90 days after the date Company receives the materials to enable filing of any patent applications deemed necessary by Company

CONFIDENTIALITY

It may be necessary for either party to disclose to the other certain Confidential Information. Confidential Information received from another party may be disclosed by the receiving party only in accordance with the following provisions:
(a) Except as hereafter specifically authorized in writing by the other party, a party will not, for a period of 5 years after the date of receipt of Confidential information, disclose Confidential Information to a person not bound to confidentiality under this Agreement, or use the Confidential Information for any purpose outside the scope of this Agreement.
(b) These obligations of non-disclosure and non-use will not apply to any "Confidential Information which the receiving party can demonstrate by reliable written evidence:

(1) was generally available to the public at the time of disclosure to the receiving party; or
(2) was already in the possession of the receiving party at the time of the disclosure, other than pursuant to a confidential disclosure agreement between the parties and not due to any unauthorized act by the receiving party; or
(3) was developed by the receiving party prior to the disclosure; or
(4) the receiving party is required by to disclose.
(c) These obligations of non-disclosure and non-use will not continue to apply to any Confidential Information which the receiving parry can demonstrate by reliable written evidence:

(1) has become generally available to the public other than through a breach of this Agreement by the receiving party after disclosure;
(2) has been acquired by the receiving party on a nonconfidential basis from any third party having a lawful right to disclose it to the receiving party; or
(3) corresponds to information developed by the receiving party independent of and with no reliance upon the disclosing party's Confidential Information.

(d) If a party relies upon a fact or facts described in part (b) or (c) of this paragraph as justification for disclosure of Confidential Information during the Confidential Period, that party bears the burden of proof with respect to the fact or facts relied upon.
Each party will use that level of care to prevent the use or disclosure of the other party's Confidential Information as it exercises in protecting its own Confidential Information. Company-recognizes that UM is an educational institution with standards and practices for protection of Confidential Information which may differ from Company's standards and practices. By this Agreement UM undertakes to use reasonable efforts to protect the confidentiality of Company's Confidential Information. Company agrees that, provided such efforts are made, it will not seek to hold UM or its personnel liable in the event of disclosure of Company's Confidential Information notwithstanding reasonable efforts to prevent the occurrences.

Company recognizes that the records of UM are subject to the Maryland Access to Public Records Law. Company asserts that any Confidential Information of Company provided to UM under this Agreement is confidential, proprietary, and trade secret information, not subject to disclosure under Maryland's Access to Public Records Law. UM will assert this position in response to any request for public information applicable to Company's Confidential Information, and will promptly notify Company upon receipt of any requests for the information. The Maryland Access to Public Records Law is at Title 10, Subtitle 6, Part II, State Government Article. Annotated Code of Maryland.
All confidential Information disclosed in written form will be clearly marked by the disclosing party as "Confidential." All Confidential Information disclosed orally or in any other form will be summarized by the disclosing party in a written document clearly marked as "Confidential", or will otherwise be clearly identified in writing by the disclosing party as confidential.
Upon termination of this Agreement for any reason other than a materia) breach, each party will return to the other all material received which is Confidential Information, together with all copies and other forms of reproduction, except that a single archive copy may be kept in the receiving party's legal files. Each party agrees that termination of this Agreement does not alter the five (5) year obligation of confidentiality set forth in this section.

DEVELOPMENT

UM shall have full legal and financial responsibility for all costs that are incurred and all activities that are undertaken after the signing of this Agreement, which are related to Development, safety, and required periodic reporting to the FDA and such equivalent regulatory agency, marketing, regulatory approvals, price registrations, compliance with all applicable laws and regulations, and other activities required by or of UM or its Subiicensee(s) (or their respective agents or distributors) elsewhere to obtain appropriate government approvals for, and to commercialize, Licensed Product. Other than as expressly provided for herein UM shall not assume, nor shall UM be liable for, any costs or activities (whether scientific, financial or otherwise) relating to the Licensed Compound or Licensed Product that were incurred or undertaken prior to the signing, of this Agreement (including without limitation any costs, expenses, damages, losses, fines, penalties or the like that may be awarded or assessed after the signing of this Agreement, but which arise out of events and activities that occurred prior to the signing of this Agreement).
9.2 Provided that the Sublicenses and other Third Parties agree to substantially the same terms of confidentiality in Article 8 hereof, UM may appoint such Sub)icensee(s) and other Third Parties to perform any and all Development activities necessary to obtain government approvals for Licensed Product.
9.3 UM shall, in a manner consistent with the effort UM devotes to its own products having the same or similar potential value as Licensed Product, exercise its reasonable commercial efforts and diligence in developing and commercializing Licensed Product, and in undertaking those investigations and actions required to obtain appropriate governmental approvals to market Licensed Product or shall employ a Sublicensee that will exercise its reasonable commercial efforts in developing and commercializing Licensed Product. Company shall use reasonable efforts to assist or provide consultation at UM's expense in support of the development of Licensed Product, but in its discretion may limit its resources and assistance. If within 24 months of the signing of this agreement UM has not started development activities for a development compound or sublicensed its rights to a partner that has started development activities, all rights will revert to Company.

10. REPORTS AND ACCOUNTING

10.1 During the term of this Agreement and for 5 years after its termination, UM will keep and require each Sublicensee to keep, complete, true, and accurate records containing all the particulars that may be necessary to enable consideration payable to Company to be determined, and permit said records to be inspected at any time during regular business hours, upon reasonable notice, by an independent auditor appointed by Company for this purpose and reasonably acceptable to UM. The auditor will report to Company only the amount of consideration payable under this Agreement. This audit will be at Company's expense unless the audit shows an underpayment in amounts due to Company in relation to amounts paid to Company by 15% or more for any year subject to audit, in which case the audit expense will be borne by UM.

10.2 Within 30 days after each December 31, UM will deliver to Company a true and accurate report, giving particulars of the business conducted by UM and its Sublicensees, if any, in the preceding year that are pertinent to any accounting for payments under this Agreement. These reports will include at least the following information for the year:

(a) number of Licensed Products manufactured and sold by each Sublicensee
(b) total billings for Licensed products sold by each Sublicensee
(c) total billings for Combination products sold by each Sublicensee
(d) names and addresses of all Affiliates and Sublicensees of Company.

10.3 With each report submitted in accordance with Section 10.2, UM must pay to Company the amounts due and payable under this Agreement for the year covered by the report. If no amount if due, UM will so report.

10..4 UM will report to Company the date of First Commercial Sale by each Sublicensee within 30 days after it is reported to UM.

11. TERM AND TERMINATION

11.1 Unless sooner terminated in accordance with any of the succeeding provisions of this Article 11, this Agreement will continue in full force and effect until the later of: (a) expiration or invalidation of the last Patent Right anywhere which is licensed under this Agreement, or (b) 10 years after the First Commercial Sale of the First Licensed Product by the first Sublicensee, whichever is later.

11.2 Should UM fail to pay Company any sum due and payable under this Agreement, Company may terminate this Agreement on 30 days written notice, unless UM pays Company within the 30 day period all delinquent sums. Upon expiration of the 30 day period. If UM has not paid all sums due and payable, the rights, privileges, and license granted hereunder terminate.

11.3 Except as set forth in Section 11.2 in the event that any provision of this Agreement is breached by UM, Company may terminate this Agreement and any subliceases granted hereunder upon 180 days written notice to UM. However, if the breach is corrected within the 180 day period, the Agreement and any sublicenses will continue in full force and effect and Company will so notify UM in writing.

11.4 UM may terminate this Agreement at any time by giving Company 90 days written notice of termination, and upon payment to Company of all payments maturing through the effective date of the termination. Provided proper written notice is received from UM by Company, at least 90 days before payment of a patent expense is due, UM will have no obligation to pay for such future patent expenses incurred by Company.

11.5 Termination does not relieve either party of any obligation which arises before termination including obligations under ARTICLE 4, ARTICLE 6, ARTICLE 8, ARTICLE 9, ARTICLE 12, ARTICLE 13, ARTICLE 15, ARTICLE 16 and ARTICLE 26.

11.6 Upon termination of this Agreement for any reason, any Sublicensee that is not in default may seek a license from Company and such right to a license shall not be unreasonably withheld.

11.7 Upon and effective as of the date of the termination of this Agreement for any reason, UM will direct Sublicensees to discontinue use of Patent Rights and, upon direction from Company, to return or destroy any remaining Licensed products except as provided in Section 11.7.

11.8 Subject to all terms and conditions of the License, including payments, for a period of 60 days after expiration or termination of this Agreement, Sublicensees may market any Licensed Products on hand at the time of expiration of this Agreement.

12. CONSENT FOR ADVERTISING

Neither Company nor UM will use the name of the other or any adaptation thereof, or the names of employees of the others, in any advertising, promotional, or sales literature without prior written consent obtained from the other party. Company or UM may publicize the fact that the parties have made this Agreement and the general nature of the license.

13. ASSIGNABILITY

This Agreement is not assignable by either party without the prior written consent of the other party, which will not be unreasonably withheld.

14 APPLICABLE LAW; SEVERABILITY

14.1 This Agreement is made and construed in accordance with the laws of the State of Maryland without regard to choice of law issues, except that all questions concerning the construction or effect of patents will be decided in accordance with the laws of the country in which the particular patent concerned has been granted.

14.2 Company submits itself lo (he jurisdiction of the State courts of the State of Maryland and Federal courts within the State of Maryland for purposes of any suit relating to this Agreement and agrees that the State and Federal courts located in Baltimore City. Maryland provide a proper venue for determining any legal action relating to this Agreement.

15. INTEGRATION AND INTERPRETATION

15.1 This Agreement, together with any Appendices specifically referenced and attached, embodies the entire understanding between Company and UM. There are no contracts, understandings, conditions, warranties or representations, oral or written, expressed or implied, with reference to the subject matter hereof which are not merged herein.

15.2 This Agreement is negotiated as an arm's-length business transaction. Draftsmanship will not be taken into account in construing the Agreement.

15.3 If any condition or provision in any Article of this Agreement is held to be invalid or illegal or contrary to public policy by a court of competent jurisdiction from which there is no appeal, this Agreement will be construed as though the provision or condition did not appear. The remaining provisions of this Agreement will continue in full force and effect.

16. INDEMNITY/INSURANCE

16.1 UM and its officers and employees acting within the scope of their employment by UM are subject to the Maryland Tort Claims Act ("the Act"), Title 12, Subtitle 1, State Government Article, Annotated Code of Maryland, which permits claims in tort against the State of Maryland under certain circumstances. In order to file a claim under the Act, a claimant must submit a written claim to the Treasurer of the State of Maryland or a designee of that office within one year after the injury to the person or property that is the basis of the claim.

16.2 UM and Company agree that nothing in this Agreement shall be interpreted as; (a) a denial to either party of any remedy or defense available to it under the laws of the State of Maryland; (b) the consent of the State of Maryland or its agents and agencies to be sued; or (c) a waiver of sovereign immunity or any other governmental immunity of the State of Maryland and the UM beyond the extent of any waiver provided by law.

17. REPRESENTATIONS AND WARRANTIES

17.1 UM represents that as of the date its officer executes this Agreement, that officer believes on the basis of facts reported to UM that UM is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of Company under this Agreement.

17.2 Company hereby represents and warrants to UM that: (a) Company has full right, title, and interest in and to the Patent Rights, (b) the Patent Rights do not constitute the subject matter of any currently pending litigation, and Company has not been informed of any related litigation contemplated either by Company or any Third Party, (c) Company is authorized to enter into this Agreement without burdens, encumbrances, restraints, or limitations of any kind which could adversely affect the rights of UM under this Agreement, (d) Company has full legal right, power and authority to execute, deliver and perform its obligations under contravene or constitute a default under any provision of applicable law or of any agreement, judgment, injunction, order, decree, or other instrument binding upon Company. COMPANY EXPRESSELY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, AND PATENT VALDITY.

18. AGREEMENT MODIFICATIONS

This Agreement may not be amended or modified, nor may any right or remedy of either party be waived, unless the same is in writing and signed by such party or a duly authorized representative of such party. A waiver of breach of any terms or provision hereof will not be construed as a waiver of any other subsequent breach.

19 RECITALS

The Recitals in this Agreement will be included as part of the Agreement.

20. FORCE MAJEURE

Neither party is liable for failure or delay in performing any of its obligations under this Agreement if the failure or delay is required in order to comply with any governmental regulation, request or order, or necessitated by other circumstances beyond the reasonable control of the party so failing or delaying, including but not limited to Acts of God, war (declared or undeclared), insurrection, fire, flood, accident, labor strikes, work stoppages or slowdown (whether or not such labor event is within the reasonable control of the parties), or inability to obtain raw materials, supplies, power or equipment necessary to enable such party to perform its obligations. Each party will: (a) promptly notify the other party in writing of an event of force majeure, the expected duration of the event and its anticipated effect on the ability of the party to perform its obligations; and (b) make reasonable efforts to remedy the event of force majeure.

21. NO WAIVER

■A failure or delay by a party in exercising any of its rights or remedies under this Agreement does not constitute a waiver of the rights or remedies, nor does any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of the parties provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

22. LEGAL RELATIONSHIP OF PARTIES

UM and Company are not (and nothing in this Agreement may be construed to constitute them as) partners, joint venturers, agents, representatives or employees of the other, nor is there any status or relationship between them other than that of independent contractors. Neither party has any responsibility or liability for the actions of the other party except as specifically provided in this Agreement. Neither party has any right or authority to bind or obligate the other party in any manner of make any representation or warranty on behalf of the other party.

Unless otherwise provided, any cost or expense incurred in connection with this Agreement will be paid* by the party which incurs the cost or expense, and the other party has no liability for the cost or expense.

24. SIGNED IN DUPLICATE; HEADINGS

This Agreement is signed in duplicate originals. The headings used in this Agreement are for convenience of reference only and do not affect the meaning or construction of this Agreement.

25. NO LICENSE

No license or right is granted by implication or otherwise with respect to any patent application or patent owned by either party, unless specifically set forth in this Agreement.

26. EMPLOYMENT OF UM STAFF

Company will not knowingly employ or compensate, directly or indirectly, any person working in the Licensed Field while the person is employed by UM or for 2 years thereafter, unless UM provides Company with prior written consent of the UM President to the employment or compensation by Company. "Compensation" includes but is not limited to: stock option or stock purchase agreements, consulting agreements, any other form of agreement executed between a UM employee and Company, and cash payments. "Employment" includes both uncompensated and compensated service to Company. A request to employ or compensate a UM employee will be considered by UM as provided in the Public/Private Partnership Act, which is Section 15-523 of the Maryland Public Ethics Law (Title 15, Subtitle 5, State Government Article, Annotated Code of Maryland).

27. DISPUTE RESOLUTION

The parties recognize that disputes may arise from time to time during the term of this Agreement relating to either party's rights or obligations. In the event of a dispute, either party, by notice to the other party, may have the dispute referred to the parties' respective officers designated below or their successors for attempted resolution by good faith negotiations within 30 days after the notice is received. The designated officers are as follows;

For Company: Charles Dalton or Designee Officer
For UM: Vice President, Academic Affairs

In the event the designated officers are not able to resolve the dispute within this 30 day period, or any agreed extension, they will confer in good faith with respect to the possibility of resolving the matter through mediation with a mutually acceptable Third Party or a national mediation organization. The parties agree that they will participate in any mediation sessions in good faith in an effort to resolve the dispute in an informal and inexpensive manner. All expenses of the mediator will be shared equally by the parties. The parties agree to toll any applicable statute of limitations during the pendency of the dispute resolution process initiated under this agreement. The parties agree that evidence of anything said or any admission made in the course of any mediation will not be admissible in evidence in any civil action between them. In addition, the parties agree that no document prepared for the purpose of, or in the course of, or pursuant to, the mediation, or copy thereof, will be admissible in evidence in any civil action between them. However the parties agree that this Section does not limit the admissibility of evidence if all parties who participated in the mediation consent to its disclosure.

28. NOTICES AND CORRESPONDENCE

All notices required to be given hereunder will be in writing and will be sent by certified mail, return receipt requested, postage prepaid, or by overnight delivery service providing receipt of delivery, addressed as follows:

To UM: Office of Research and Development
University of Maryland, Baltimore 515 West Lombard Street, 5,fl Floor Baltimore, MD 21201 Attention: Majorie Forster

To Company; Stephen L. Nesbitt, Esq.
Vice President, Patent Administration Aventis Pharmaceuticals Inc. Route 202-206
Bridgewater, New Jersey 08807

IN WITNESS HEREOF, the parties hereto have caused this instrument to be signeH in duplicate by their duly authorized officers.

Attachment A ' for License Agreement between University of Maryland, Baltimore and
Aventis Pharmaceuticals, Inc.

Option Agreement

This Option Agreement executed on this day of June, 1995 by and between Marion Merrell Dow, Inc., a corporation'organized and existing under the laws of Ohio, having its principal office at 2110 East Galbraith Road, Cincinnati, Ohio 45215, ("MMD") and the University of Maryland System, acting by and through the University of Maryland at Baltimore ("UMAB"), a constituent of the system, having an office at 511 West Lombard Street, Baltimore, Maryland, 21201.

RECITALS
WHEREAS, MMD has rights to certain 4,6-disubstituted tryptophan derivatives and 4,6-disubstituted kynurenines {the "Compounds"), which have NMDA antagonistic effects and that possess certain therapeutic neuroprotective properties, and

WHEREAS, these Compounds are protected in part by U.S. Patent No. 5,360,814 (the "814 patent") and European patent EP 0 501 378 Bl ("the European patent) and also by U.S. patent applications S.N. 08/165,144, filed December 10, 1993 (the "144 application"), S.N. 08 /261,609, filed June 17, 1994 (the "6G9 application") and European application EP 624 569 Al, filed February 2,1992 ("the European application"), and may be the subject of other subsequently filed divisional patent applications, with equivalent patent applications having been filed worldwide (hereinafter referred to collectively as the "Patents"); and

WHEREAS, Dr. Robert Schwartz, Professor, Ln the School of Medicine Department of Psychiatry at UMAB, is named as a co-inventor on the Patents; and

WHEREAS, UMAB, is an educational institution that carries out scientific research through its faculty, staff, and students, and is committed to bringing the results of that research into widespread use; and x

WHEREAS, UMAB is interested in developing the Compounds through collaboration with an independent corporate partner that has the financial means and the technical know-how and expertise to develop, obtain regulatory approval for and market the Compounds (hereinafter referred to as "Development"); and

WHEREAS. MMD is willing to grant to UMAB an option to an exclusive license in order to facilitate UMAB obtaining a corporate partner (the "Third Party Licensee") to assist in Development of the Compounds.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parries hereto agree as follows:

1) GRANT. MMD hereby grants to UMAB an option to license the Patents in order to negotiate a royalty-bearing, limited-term, worldwide exclusive sub-license of the Patents with a Tmrd-Party Licensee. The Third-Party Licensee shall be responsible for and permitted to implement Development of the Compounds as protected by the Patents for use of the NMDA antagonistic effects and therapeutic neuroprotective properties (the "Field Of Use"). Development in said Field of Use to be utilized in pharmaceutical compositions for treatments of, inter alia, epilepsy, neurodegenerative diseases, isd\erruc/hypoxic/hypog[ycernic damage to cerebral tissue, anxiety, migrainesand pain. During the Option Period (defined below), MMD shall have the right to use the Patents in the Field Of Use for research purposes only. MMD shall retain all rights to use the Patents for those applications not included in the Field of Use.
2) OPTION PERIOD. This Option shall commence on the date of execution of this agreement and shall terminate two (2) years therefrom, unless sooner terminated by the execution of a sub-license agreement between UMAB and a Third Party Licensee (the "Option Term"). If UMAB obtains a letter of intent to negotiate with a Third Party J Licensee within the Option Term then the Option Term may be extended by mutual written agreement between UMAB and MMD for one (1) year pending negotiation of a sub-license agreement.

3) EXERCISE OF OPTION. UMAB shall exercise its option hereunder by written notice to MMD within the Option Term that it has secured a Third Party Licensee. UMAB shall inform MMD at least semi-annually as to any progress made in securing a Third Party Licensee.
4) UMAB RESPONSIBILITIES, (a) UMAB shall use good faith efforts to negotiate a license agreement for Patents in the Field Of Use with MMD by the end of the Option Term, or any renewal thereof. Said license shall contain provisions for, including but not limited to,
(i) termination;
(ii) , patent enforcement;
(iii) audit rights and indemnities; and
(iv) a royalty rate, not to exceed 40% of the sub-license royalty, a portion of which is to be applied to reimbursement of MMD patent expenses.

(b) UMAB shall use good faith efforts to negotiate a sub-license agreement for Patents in the Field Of Use with Third Party Licensee by the end of the Option Term, or any renewal thereof. Said license shall contain, in addition to customary terms and conditions such as provisions for ternunation, patent enforcement, audit rights and indemnities, at least the following:
(i) commercially reasonable fees and royalties; and
(ii) a reversion to MMD of right, title and interest of the Patents if the Third Party Licensee discontinues development of the Patents in said Field of Use.

5) NO LICENSE. Nothing in this agreement shall be construed to grant a license.
6) NO ASSIGNMENT. The Option Rights shall not be assignable, and any attempt to do so shall be void.
7) MODIFICATIONS. This Agreement may not be amended or modified, nor may any right or remedy of either party be waived, unless the same is in writing and signed by such party to be charged or a duly authorized representative of such party. A waiver of breach of any terms or provision hereof shall not be construed as a waiver of any other subsequent breach.
8) APPLICABLE LAfV. This Agreement shall be construed and the rights of the parties determined in accordance with the laws of the State of Maryland.
9) NOTICES AND CORRESPONDENCE. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes hereof when mailed by certified mail return receipt requested to the party to be notified as evidenced by the postmark at the point of mailing. All notices to UMAB and any correspondence respecting this Agreement shall be addressed as follows:
To UMAB: Steven L. Fritz, Ph.D. Interim Director
Office of Technology Development University of" Maryland at Baltimore 511 WestLombard Street Baltimore, Maryland 21201 Tel. (410) 706-1874 Fax. (410) 706-5035
To MMD:

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed in duplicate by their duly authorized officers.
UMAB Marion Merrell Dow. Inc.
Marjorie Forster
Director

Signature
Office of Sponsored Programs Administration

CONFIDENTIAL University or Maryland
Contribuiion Agreement

EXHIBIT E

CHC STANDARD HOURLY SERVICE RATES

For any services and expenses requested and authorized by Company, CHC shall be entitled to the following compensation:

1. Service Fees. At the end of each month, all time will be calculated at the rate of

Data Entry Technician, Project Document Specialist $48.00
Clinical Research Associate. Data Entry Technician II, Data Specialist, Information Services Assistant, Professional Support, Project Coordinator, Regulator Affairs Assistant, Sr. Project Document Specialist, Technical Editor $75.00
Audit Specialist, Clinical Research Associate I, Data Specialist II, Information Services Specialist. Project Coordinator II, Sr. Technical Editor $95.00
Clinical Data Coordinator, Clinical Research Associate 11. Compliance Specialist, Pharmaceutical Development Specialist, Professional Support II, Programmer, Regulatory Affairs Associate. Sr. Data Specialist, Sr. Project Coordinator SI 20.00
Associate Biostatisfician, Scientist, Clinical Research Manager, Project Manager, Senior Auditor, Senior Clinical Research Associate, Statistical Programmer $145.00
Associate Biostatistician II, Clinical Research Manager 11, Scientist I, Senior Clinical Research Associate II, Sr. Regulatory Affairs Associate, Sr. Project Manager $170.00
Associate Director, Biostatistician, Physician, Professional Support III. Scientist 11, Sr. Statistical Programmer, Sr. Clinical Research Manager $195.00
Director, Research Physician, Sr. Biostatistician, Sr. Scientist $220.00
Senior Research Physician, Sr. Scientist II $255.00
Principal Scientist, Medical director. Vice President $275.00
Senior Vice President $300.00
President S400.00
Travel time shall be billed as work time, with [he understanding, that to the extent practical CHC shall utilize travel time to complete project work for Company.
2. Expenses. Company shall reimburse CHC at a rate of 18% of chargeable hours for the following expenses: long distance telephone, messenger, mail, reproduction, secretarial or clerical services, and supplies.
Any unusual expenses such as international communications may be billed separately.
3. Travel Expenses. In addition to the above expenses Company shall reimburse CHC for actual, reasonable and necessary transportation, lodging, and subsistence expenses for visits to sites away from CHC's office, provided that Company has authorized such visits. This reimbursement shall be limited by the following:

(a) Airline travel shall be via. commercial airline at no more than full coach fare or business class for transoceanic travel.
(b) Local travel IO sites other than CHC's office shall be by personal car at a rate not to exceed the prevailing maximum reimbursement rate allowed by the federal government; and
(c) Local travel at locations remote from CHC's office shall be by personal ear, or taxi, whichever is more cost efficient.

4. Adjustment of Rates. The standard hourly billing rates outlined in paragraph 1 above may, at CHC's option, be adjusted annually to reflect an increase for service fees, provided however, that Company be given 60 days notice of any intended increase and the opportunity to review increases before implementation.

UM Patent fees - Astra Portfolio

Date	Expense	Income
2/3/99	S3 50.00	-
2/3/99	S3 50.00	
2/22/99	$2,106.22	
3/30/99	S165.82	
3/30/99	SI 65.82	
3/30/99	S297.65	
3/30/99	$360.00	
1/30/99	S3 60.00	
4/l4'99	$151.88	
4/27/99	5375.17	
5/12/99	SI,459.57	
5/12/99	SI.660.08	
6/24-'99	SI 1.27	
6/24/99	S429.90	
8/23/99	S387.94	
8^5/99	£389.83	
8/25/99	S62.95	
8/25 '99	S326.88	
10/22/99	SI 39.95	
11/15/99	S389.44	

Date	Expense	Income
1/13/00	$30.60	
1/13/00	$30.00	
1/28/00	$3,656.81	
1/28/00	$4,171.75	
2/2/00	$136.40	
2/28/00	$176.80	
2/28/00	SI 76.80	
4/5.00	$1,034.56 -	
5/1/00	$76.67	
5/1/00	S76.67	
5/17/00	$48.33	
6/16/00	$167.00	
6/16/00	$68.95	
7/24/00	$105.23	
7/24/00	$978.00	
urc/on	$660.00	
11/8/00	$660.00	

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Exhibit 10.27

NON-EXCLUSIVE LICENSE AGREEMENT FOR INTERNAL PHARMACEUTICAL RESEARCH

This Agreement, effective September 1, 2010 (the "Effective Date"), is between

TET Systems GmbH & Co. KG, a German law limited partnership having its principal place of business at Im Neuenheimer Feld 582, 69120 Heidelberg, Germany **("TET"),**

and

VistaGen Therapeutics, Inc., a corporation organized under the laws of the State of California having its principal place of business at 384 Oyster Point Blvd #8, South San Francisco, CA 94080, USA **("COMPANY").**

BACKGROUND

TET is the owner of the patent portfolio relating to tetracycline regulated gene expression in eukaryotes, referred to under this Agreement as the "Patent Rights".

TET is willing to grant, and COMPANY wishes to accept, a non-exclusive license under the Patent Rights for the purpose of conducting in-house research under the terms and subject to the conditions set forth herein.

TET and COMPANY agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 As used throughout this Agreement and its Appendices and unless the context requires otherwise, the following capitalized terms shall have the meanings ascribed to them below in this Article 1.

1.2 "Affiliate" of either Party shall mean any corporation, association or other business entity which directly or indirectly controls, is controlled by, or is under common control with the Party in question. For purposes of this definition control shall refer to the power, directly or indirectly to direct the affairs of another entity.

1.3 "Agreement" shall mean this Non-Exclusive License Agreement for internal Pharmaceutical Research.

1.4 "Anniversary Date" shall mean the anniversary of the Effective Date in any given year.

1.5 "Authorized Suppliers" shall mean those companies which are licensed by TET to sell TET Product(s), to sell transgenic animals the creation, manufacture, use or sale of which is covered by the Patent Rights, or to provide services relating to the TET Products, the TET System or the Patent Rights. The current list of Authorized Suppliers is available on www.tet-systems.com and may be amended by TET from time to time as appropriate.

1.6 "Basic Internal Research License" shall mean the license granted under this Agreement for pharmaceutical research and discovery only, but excluding any commercialization rights.

1.7 "Bioprocessing/Manufacturing" shall mean the use of the TET-System in one or more steps in the production of a product, where such a product (i) is intended for a commercial purpose and (ii) does not contain the TET-System itself.

1.8 "COMPANY Group" shall mean COMPANY and its Affiliates, but notwithstanding the foregoing, no Affiliate shall be deemed to form part of the COMPANY Group unless it is identified in a list of Affiliates to be provided by COMPANY to TET from time to time.

1.9 "Confidential Information" shall mean all information disclosed by TET and/or COMPANY under this Agreement. Information shall not qualify as Confidential Information if, prior to the receipt from the disclosing party, it was already publicly available or in the possession of the other Party without a duty of confidentiality. Information shall cease to qualify as Confidential Information once it has become publicly available without breach of this Agreement, is rightfully obtained by the Parties from another source without duty of confidentiality, or is independently developed or ascertained by each Party.

1.10 "Contract Research" shall mean use of the TET-System in the performance of research or development for a Third Party. For clarity, Contract Research will not include Third Party Collaborations as described in this Agreement.

1.11 "Contract Screening" shall mean use of the TET-System in the performance of screening for a Third Party. For clarity, Contract Screening will not include Third Party Collaborations as described in this Agreement.

1.12 "Effective Date" shall mean the date first written above.

1.13 "Grant Back Option" shall have the meaning ascribed to it under Section 2.7.

1.14 "Improvement" means any discovery, development, invention, enhancement or modification, patentable or not, that claim or cover the composition of, or method of using the technology described in the Patent Rights, the TET System and/or TET Product(s).

1.15 "Improvement Rights" shall have the meaning ascribed to it under Section 2.7.

1.16 "Licensed Field of Use" shall mean in-house use for internal research and discovery purposes only, and shall, to the exclusion of all other uses, be limited to the following activities: Pharmaceutical research and discovery. The Licensed Field of Use specifically excludes:

(i) the commercialization, sale or transfer of the TET-System to third parties,

(ii) the commercialization, sale or transfer of reagents, including, but not limited to, cell lines, plasmids, vectors, receptors, promoters, embryos, animals, chemical entities, pharmaceuticals, and other products or agents which incorporate the TET-System or a component of the TET System, except in connection with Third Party Collaborations described below,

(iii) the use of the TET-System for applications involving human subjects or the preparation of substances intended for human use, and, to the extent not expressly expanded thereto under this Agreement,

(iv) Screening (unless expressly expanded thereto under this Agreement), and

(v) Bioprocessing/Manufacturing, Quality Assurance, Quality Control, Contract Research or Contract Screening (to be licensed under a separately negotiated license agreement).

1.17 "Licensee Number" shall mean 173 which is the number assigned by TET or previous owners of the Patent Rights to COMPANY following execution of this Agreement which number shall entitle COMPANY to purchase TET Products from Authorized Suppliers.

1.18 "Licensed Territory" shall mean North America, or that additional territory or combination of territories, which COMPANY may select from the list on Appendix B at some future time.

1.19 "Non-Exclusive" shall mean that TET shall be free to grant licenses under the Patent Rights to other business entities at its own discretion.

1.20 "Party" shall mean TET or COMPANY, as the case may be; and "Parties" shall mean TET and COMPANY, collectively.

1.21 "Patent Rights" shall mean the patent(s) and patent applications listed in Appendix A, including any division, continuation, continuation-in-part, substitute, renewal, reissue, extension, confirmation, reexamination or registration thereof and any patent issuing thereon, including any substitute, renewal, reissue, extension, confirmation, reexamination, registration or foreign counterpart thereof which are owned or controlled by TET.

1.22 "Results" shall mean any and all information, data, know-how, products (whether or not containing TET Products or the TET System or any component or portions thereof) and the like, whether patentable or not, arising out of the conduct of the licenses granted under this Agreement and all intellectual property relating thereto.

1.23 "Screening" shall mean the use of the TET-System in any assay or series of assays, including *in vitro, in vivo,* and *ex vivo* assays, where the purpose of the assay(s) is to identify gene products or new chemical entities as candidates for diagnostic or pharmaceutical development from a library or other collection of one thousand (1,000) or more molecules (high throughput screening). The term Screening shall not include the use of the TET-System in assays directed toward mechanistic proof-of-concept which assays are covered by the Licensed Field of Use.

1.24 "TET Product(s)" shall mean any TET-System research reagent(s) or research tool(s), the creation, manufacture, use, or sale of which is covered by the Patent Rights.

1.25 "TET-System" shall mean the tetracycline (or tetracycline analog) regulated gene expression technology, including both the overall system and any of its individual components, as claimed in the Patent Rights.

1.26 "Third Parties" shall mean persons or entities other than COMPANY, COMPANY GROUP, TET and their respective Affiliates.

ARTICLE 2 - GRANT

2.1 License Grant. TET hereby grants to COMPANY, upon and subject to all the terms and conditions of this Agreement,

(a) a Non-Exclusive license in the Licensed Territory under the Patent Rights, to utilize the TET-System and TET-Product(s) in the Licensed Field of Use; and

(b) a Non-Exclusive (sub)license in the Licensed Territory under the Improvement Rights to utilize the TET-System in the Licensed Field of Use to the extent such Improvement Rights are transferred or exclusively licensed to TET following the exercising of the Grant Back Option.

2.2 Sublicensing/Assignment.

(a) COMPANY does not have the right to sublicense or assign the rights granted under Section 2.1 and commits not to attempt to grant any sublicenses or to transfer the rights except that COMPANY may, subject to its taking full responsibility for compliance with this Agreement, grant sublicenses to any COMPANY Group member. COMPANY has to immediately notify TET of the sublicenses granted to any COMPANY Group member. The sublicense granted to any COMPANY Group member will expire automatically once the sublicensee leaves the COMPANY Group.

(b) In case of granting sublicenses to any COMPANY Group member the License Fee and the Annual License Maintenance Fee payable by the COMPANY to TET have to be calculated pursuant to Article 3 taking into account the accumulated number of employees of the COMPANY and the sublicensing member of the COMPANY Group.

(c) In the event that a Third Party licensee of TET or of IP Merchandisers GmbH & Co. KG, an entity authorized by TET to license out TETs patent portfolio becomes member of the COMPANY Group TET will upon request in writing by the COMPANY consent to such license agreement between the Third Party and TET or IP Merchandisers being transferred into a sublicense agreement between the COMPANY and its new COMPANY Group member with effect of the next Anniversary Date of such license. In case of transfer the payments due under Article 3 shall be recalculated according to Section 2.2. (b). Notwithstanding the payment due under Article 3, COMPANY shall pay to TET a transfer fee equal to the amount of the Annual License Maintenance Fee which would have to be paid to TET or to IP Merchandisers by the former Third Party licensee if it would not have become a COMPANY Group member.

(d) In the event that a Third Party licensee of a previous owner of the Patent Rights becomes member of the COMPANY Group and terminates its license agreement with the previous owner of the Patent Rights COMPANY has to immediately notify TET of its intention to grant its new COMPANY group member a sublicense. In case of sublicensing the payments due under Article 3 shall be recalculated according to Section 2.2. (b). Notwithstanding the payment due under Article 3, COMPANY shall pay to TET a sublicensing fee to the amount of the Annual License Maintenance Fee which would have to be paid to TET or to IP Merchandisers by the former Third Party licensee if it would not have become a COMPANY Group.

2.3 Expanding the Licensed Field of Use. COMPANY may elect at any time to expand the Licensed Field of Use under this Agreement to include any or all additional activity listed on Appendix B in Section III, A. and B. ("Optional Fields of Use"), by giving TET written notice of COMPANY's decision. The desired expansion of the Licensed Field of Use may become effective after TET has received full payment of the fees due under Section 3.3.

2.4 Narrowing the Licensed Field of Use. COMPANY may elect to narrow the Licensed Field of Use to eliminate any or all activities listed on Appendix B in Section III, Optional Fields of Use, on the third, or any subsequent, Anniversary Date, by giving TET written notice of COMPANY's intentions at least ninety (90) days in advance.

2.5 Purchasing Reagents. Promptly following the Effective Date, TET will provide COMPANY and the Authorized Suppliers with COMPANY's Licensee Number, thereby authorizing the sale of TET Products to COMPANY by Authorized Suppliers. COMPANY shall be responsible for all other interactions with Authorized Suppliers, including all costs relating to the purchase and use of TET Products. COMPANY agrees to indemnify and hold TET and any of its Affiliates harmless from and against any such costs.

2.6 Excluded Uses. COMPANY hereby agrees and warrants that it shall not:

(i) purchase TET Products for any purpose other than its own, internal use or as part of a Third Party Collaboration use under this Agreement,

(ii) use the Patent Rights and the Improvement Rights, TET Products or the TET-System in any way for the preparation or manufacture of materials intended for use in or on humans, or

(iii) commercialize, import, manufacture, use, offer for sale, sell, or otherwise exploit any TET Product or the TET-System, except as expressly provided in this Agreement, without first entering into a written commercial license with TET, with respect to such activities. The availability of such a commercial license to COMPANY shall be determined at TET's sole discretion, and shall be subject to TET's third party obligations.

2.7 Grant Back Option. If COMPANY performs Improvements, and elects to out-license or sell such Improvements and/or related rights (the "Improvement Rights"), COMPANY hereby agrees to grant TET the right of first refusal for acquiring such Improvement Rights by means of licensing or transfer on terms not less favourable than those offered to any Third Party (the "Grant Back Option"). TET's right of first refusal shall become exercisable with its receipt of all information, including any Confidential Information, which may be necessary or desirable in order to evaluate the available technology rights, and shall expire on the first to occur of: (i) TET giving formal notice to COMPANY that it does not wish to pursue said right, or (ii) after six (6) months of the date on which TET received all required information unless the Parties are as of this date engaged in negotiations on the exercise of the Grant Back Option.

2.8 Results. Subject to the Grant Back Option COMPANY shall retain all right, title and interest in and the unrestricted right to use the Results. COMPANY shall have the unrestricted right to publish or otherwise disclose the Results.

2.9 Third Party Collaborator(s): Subject to COMPANY's notification in writing to TET of a relevant Third Party Collaborator involved (including name and address of collaboration) COMPANY shall have the right under this Agreement to transfer TET Product(s) to maximally 3 Third Party Collaborator(s) at any given point in time provided that (i) any research performed by the Third Party is pursuant to a *bona fide* collaboration agreement (i.e. work under the collaboration reflects contribution from the COMPANY and Third Party) (a "Third Party Collaboration"), (ii) Third Party Collaborator has committed to not transfer TET Products to Third Parties (other than affiliates in connection with the collaboration), and (iii) Third Party Collaborator is obligated to return or destroy any unused portion of the TET Product(s) after completion of the collaboration. All TET Product(s) shall be returned to COMPANY by such Third Party Collaborator(s) after the relevant collaboration has been completed. If a Third Party Collaborator is a licensee of the Patent Rights or the collaboration with such party has been terminated it will not count against the maximal number of Third Party Collaborators.

ARTICLE 3 - CONSIDERATION, PAYMENTS, REPORTS, AND ACCOUNTING

3.1 **One-Time Payment.** In consideration of COMPANY's past use of the Licensed Technology, COMPANY will pay to TET a one-time payment of Ten Thousand USD (US$ 10,000). This one-time payment is due on the earlier of (a) ten (10) days after the closing of the COMPANY's planned Canadian initial public offering or (b) October 31, 2010. The COMPANY shall have no additional obligation or liability with respect to past use of the Licensed Technology.

3.2 License Fee. On the earlier of (a) ten (10) days after the closing of the COMPANY's planned Canadian initial public offering or (b) October 31, 2010, COMPANY shall pay TET a license fee of $15,000 USD (US$ 15,000) in accordance with the fee schedule shown on Appendix B. In the event that the number of employees reported pursuant to Section 3.6 meets or exceeds a higher threshold as stated in Appendix B under Section I, the License Fee shall be immediately adjusted to the corresponding level.

3.3 Annual License Maintenance Fee. On or before each Anniversary Date, COMPANY shall pay TET a license maintenance fee of currently Fifteen Thousand USD (US$ 15,000) in accordance with the fee schedule shown on Appendix B. In the event that the number of employees reported pursuant to Section 3.6 meets or exceeds a higher threshold as stated in Appendix B under Section I, the Annual License Maintenance Fee shall be immediately adjusted to the corresponding level.

3.4 Modification to the Field of Use. Where COMPANY has elected to modify the Licensed Field of Use and/or the Licensed Territory pursuant to Sections 2.3 or 2.4, the annual license fee shall be determined as follows:

(a) For expansions of the Licensed Field of Use or Licensed Territory, the additional license fee calculated in accordance with the fee schedule shown on Appendix B is due with the notice of expansion according to Section 2.3. The additional license fee may be reduced by fifty percent (50 %) if, at the time of COMPANY's written notice to TET, there are fewer than six (6) months remaining before the next Anniversary Date; and

(b) For narrowing of the Licensed Field of Use or Licensed Territory, no rebates or credits on the Annual License Maintenance Fee paid for the year in which COMPANY elected to narrow the Licensed Field of Use or Licensed Territory shall be available. Decreases in the Annual License Maintenance fee shall only take effect on the Anniversary Date which occurs at least ninety (90) days after COMPANY's written notice to TET according to Section 2.4.

3.4 Fee for (Sub) License under Improvement Rights. Following an exercising of the Grant Back Option TET shall be entitled to reasonably adjust the license fees payable by COMPANY under this Agreement for including the Improvement Rights in accordance with Section 2.1 (b). Such adjustment shall include a reasonable contribution to any expenses incurred by TET for acquiring the Improvement Rights, unless the right to use the Improvement Rights by COMPANY has been taken into account when agreeing on the terms for exercising the Grant Back Option.

3.5 Payments. All payments due under this Agreement are payable in USD Currency. Late payments shall incur interest at an annual rate of twelve percent (12 %) compounded daily. All required payments shall be wire transferred into the bank account stated on the invoice with a confirmation of the transfer mailed, e-mailed or faxed to the following address:

TET Systems GmbH & Co. KG
Attn. Controller's Office Im Neuenheimer Feld 582 69120 Heidelberg, Germany

Fax +49 6221 588 04 04 Email: info@tet-systems.com

3.6 **Report.**

On each Anniversary Date the COMPANY shall promptly report

(a) the number of its and the sublicensing COMPANY GROUP members' employees as of the Anniversary Date.

(b) an updated list of its Affiliates.

In the event that COMPANY does not provide TET with such report promptly on each Anniversary Date, TET is entitled to calculate the Annual License Maintenance Fee due on that Anniversary Date on the basis of the highest threshold regarding to the total number of employees as stated in Appendix B, Section 1.

ARTICLE 4 - MARKETING

Use of Names. TET shall have the right to publish COMPANY's name & logo in a listing of Licensees published on www.tet-systems.com. For any other publicity, news release, or other public announcement or comment promoting TET's business, whether written, electronic, or oral to indicate COMPANY being a licensee of TET. TET will give COMPANY an opportunity to review the form and content of any such announcement and to comment upon it before it is published, and TET will comply with COMPANY's reasonable requests.

ARTICLE 5 - CONFIDENTIALITY

5.1 **Nondisclosure.** During the Term of the Agreement according to Section 6.1 and after its termination, each Party will maintain all Confidential Information of the other Party as confidential and will not disclose any Confidential Information to any Third Party or use any Confidential Information for any purpose except (a) as expressly authorized by this Agreement, including without limitation any Third Party Collaboration; or (b) for the disclosure to its Affiliates, employees, agents, consultants and other representatives, who have a need to know such information and who are bound by obligations of confidentiality at least as restrictive as set forth herein. Each Party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own to ensure that its Affiliates, employees, agents, consultants and other representatives do not disclose or make any unauthorized use of the Confidential Information.

5.2 **Authorized Disclosures.** Each Party shall be permitted to disclose Confidential Information:

(a) to the extent that such Confidential Information is required to be disclosed to comply with applicable laws or regulations (such as disclosure to the United States Securities and Exchange Commission) or with an enforceable or final court or administrative order; provided however, that such Party shall first have given written notice of such required disclosure to the other Party, made reasonable efforts to narrow the scope of Confidential Information required to be disclosed and to obtain a protective order requiring that the Confidential Information to be disclosed be used only for the purposes for which disclosure is required, taken reasonable steps to allow the other Party to seek to protect the confidentiality of the Confidential Information required to be disclosed, and obtained written advice from its counsel that, notwithstanding the foregoing measures, the Confidential Information is nonetheless required to be disclosed; or

(b) to establish rights or enforce obligations under this Agreement, but only to the extent such disclosure is necessary and provided that such Party seeks confidential treatment of the Confidential Information to be disclosed.

ARTICLE 6 - PATENT RIGHTS

6.1 Prosecution. TET shall have the sole right, but no obligation, to pursue the preparation, filing, prosecution and maintenance of the Patent Rights and, to the extent that it exercised the Grant Back Option, the Improvement Rights, and other legal proceedings relating thereto.

6.2 Enforcement. If COMPANY becomes aware that any Patent Rights and, to the extent TET has exercised its Grant Back Option, the Improvement Rights are being infringed, are likely to be infringed or have been infringed by any Third Party, or that TET Products have been misappropriated by a Third Party, COMPANY shall promptly notify TET. TET shall have the right, but not the obligation, to institute, prosecute and control any action, suit, or proceeding with respect to such infringement or misappropriation, including any declaratory judgment action, at its own expense, using counsel of its own choosing. COMPANY shall render any reasonable assistance to TET in any of such proceedings at its own expense.

6.3 Infringement of Third Party IP Rights. If the practice by COMPANY of the license granted hereunder results in any allegation or claim of infringement of the Intellectual Property of a Third Party against COMPANY, COMPANY shall have the exclusive right to defend any such claim, suit, or proceeding, at its own expense, by counsel of its own choosing and shall have the sole right and authority to settle any such suit; provided however, that COMPANY shall not enter into any agreement, consent to any judgment or forego the possibility of any appeal without the prior formal consent of TET. For the purposes of this Article 5 "Intellectual Property" shall mean patents, trade marks, service marks, logos, trade names, rights in designs, copyright, utility models, and rights in any know-how, in each case whether registered or not and including applications for registration, and all rights or forms of protection having equivalent or similar effect anywhere in the world.

6.4 **Third Party Rights.** COMPANY hereby acknowledges that in order to exploit the rights granted herein, COMPANY may require licenses under patent or other property rights other than those licensed herein. COMPANY hereby agrees that it shall be COMPANY's sole responsibility to satisfy itself as to the need for such licenses and, if necessary, to obtain such licenses.

ARTICLE 7 - TERM OF AGREEMENT

7.1 Term. This Agreement shall be effective as of the Effective Date and shall continue in full force and effect until the expiration of the last to expire of the Patent Rights, unless sooner terminated under this Article 7.

7.2 Termination by TET. This Agreement may be terminated by TET with immediate effect (i) upon formal notification to COMPANY of any material breach of this Agreement by COMPANY and, where such breach is capable to be remedied, has not been remedied in full within thirty (30) days of the first notification, or (ii) if COMPANY becomes insolvent, files a petition under any bankruptcy or insolvency act, or has any such petition filed against it or any of its assets.

7.3 Termination by COMPANY. This Agreement may be terminated without cause at any time by COMPANY upon sixty (60) days formal notice to TET, and upon payment to TET of any fees currently or past due hereunder at the date the termination by COMPANY takes effect.

7.4 Effect of Termination.

(a) Accrued Rights and Obligations. Termination of this Agreement for any reason shall not release COMPANY from any liability which, at the effective date of such termination, has already accrued to TET or which is attributable to a period prior to such termination, nor preclude either Party from pursuing any rights and remedies it may have hereunder, or at law or in equity which accrued or are based upon any event occurring prior to such termination.

(b) Cessation of Use. Upon any termination of this Agreement, COMPANY and Third Party Collaborators shall promptly cease any and all uses of the TET-System, TET Products, the Patent Rights and to the extent TET has exercised the Grant Back Option, the Improvement Rights. Furthermore, COMPANY and Third Party Collaborators shall promptly destroy any such materials, including its own improvements, modifications or derivatives of TET Products where such improvements, modifications or derivatives are covered by the Patent Rights and/or the Improvement Rights to the extent TET has exercised the Grant Back Option, and shall provide TET with formal evidence as to their full and comprehensive destruction. In the event that COMPANY does not provide TET with such evidence within four (4) weeks of the effective date of termination TET shall be entitled to claim from COMPANY on every Anniversary Date until such evidence is provided, liquidated damages equal to the amount of the Annual License Maintenance Fee which would have to be paid by Company if the Agreement was not terminated.

7.5 **Survival.** Articles 2.7, 5, 7.4, 7.5, 9, 10, and 11 hereof shall survive termination of this Agreement for any reason.

ARTICLE 8 - NOTICES

8.1 Any formal notice required or permitted to be given under this Agreement shall be sufficient if sent by certified mail, postage pre-paid, facsimile transmission, or e-mail (return receipt),

if to TET, to:
TET Systems GmbH & Co. KG
Attn. Managing Director (CEO)/ Geschaeftsfuehrer Im Neuenheimer Feld 582 69120 Heidelberg / Germany

Fax +49 6221 588 04 04 Email: info@tet-systems.com

if to COMPANY, to
VistaGen Therapeutics, Inc.
384 Oyster Point Blvd, #8
South San Francisco, California 94080

Attention: Chief Financial Officer
Fax: (650) 244-9991

or to other such address as a Party may specify by formal notice.

8.2 Any written notice required or permitted to be given under this Agreement shall be sufficient if sent by the means allowed under Section 9.1 or by facsimile or email transmission to the contact details identified in accordance with Section 9.1.

ARTICLE 9 - COMPLIANCE WITH GOVERNMENTAL OBLIGATIONS

COMPANY shall ensure that any research conducted under this Agreement will comply with all applicable governmental regulations in force and effect. COMPANY shall comply with and provide all information and assistance necessary to comply with any governmental requests relating to this Agreement.

ARTICLE 10 - NO WARRANTY

10.1 Disclaimer of Warranties. Nothing in this Agreement is or shall be construed as:

(a) A warranty or representation as to the validity or scope of the Patent Rights and Improvement Rights;

(b) A warranty or representation that anything made, used, sold, imported or disposed of under any license granted in this Agreement is or will be free from infringement of patents, copyrights, and other rights of Third Parties;

(c) An obligation to bring or prosecute actions or suits against third parties for infringement of the Patent Rights; or

(d) Granting by implication, estoppel, or otherwise any licenses or rights under patents or other rights of TET and its Affiliates or operating units, or Third Parties other than expressly provided herein, regardless of whether such patents or other rights are dominant or subordinate to any of the Patent Rights, Improvement Rights or TET Product(s).

10.2 No Other Warranty. COMPANY acknowledges that the Patent Rights claim materials and methods which are experimental in nature. TET makes no warranties express or implied of any kind (including without limitation warranties of merchantability, fitness for a particular purpose, or non-infringement), and hereby expressly disclaims any warranties, representations or guarantees of any kind as to the Patent Rights, TET-System or TET Products. No biological materials are being provided to COMPANY under this Agreement.

10.3 Indemnification. COMPANY agrees that it shall indemnify, defend and hold harmless TET and its officers, employees and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss, or expense (including reasonable attorneys fees and expenses) of any kind incurred by or imposed upon any of the Indemnitees in connection with any claims, suits, actions, demands or judgments arising out of any theory of liability (including without limitation actions in the form of tort, warranty, or strict liability and regardless of whether such action has any factual basis) relating to COMPANY's use of the TET-System, TET-Product, any of the Patent Rights or Improvement Rights under this Agreement.

ARTICLE 11 - MISCELLANEOUS

11.1 Governing Law; jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of Germany without having any regard to the conflicts of law provisions thereof. The Regional Court in Mannheim (Landgericht Mannheim) shall have exclusive jurisdiction to hear any dispute arising out of or in relation to this Agreement.

11.2 Severability; Waiver. In the event that any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect without said provision. The Parties undertake to replace the invalid provision or parts thereof by a new provision which will approximate as closely as possible the economic and legal result intended by the Parties. The failure of a Party to enforce any provision of the Agreement shall not be construed to be a waiver of the right of such Party to thereafter enforce that provision or any other provision or right.

11.3 Entire Agreement. This Agreement, with its Appendices, constitutes the entire agreement between the parties, both oral and written, with respect to the subject matter hereof. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as set forth herein. No amendment or change hereof or addition hereto shall be effective or binding on either of the Parties hereto unless it is in formal writing and signed by or on behalf of both Parties.

IN WITNESS THEREOF, TET and COMPANY have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.
TET Systems GmbH & Co. KG

by

Dr. Ernst Boehnlein Title Managing Director (CEO)/ Geschaeftsfuehrer

Date

COMPANY,
By
Title
Date

APPENDIX A

SUMMARY OF TET SYSTEMS GMBH & CO. KG-OWNED PATENTS AND PATENT APPLICATIONS CLAIMING THE TET-SYSTEM

ISSUED PATENTS:

U.S. Patents:

	Patent No.	Issue date	Title	Inventors
1.	5,464,758	November 7, 1995	*Tight Control of Gene Expression in Eukaryotic Cells by Tetracycline Responsive Promoters*	Gossen and Bujard
2.	5,589,362	December 31, 1996	*Tetracycline-Regulated Transcriptional Modulators with AlteredDNA Binding Specificities*	Bujard, Gossen, Hillen, Helbl, and Schnappinger
3.	5,654,168	August 5, 1997	*Tetracycline-Inducible Transcriptional Activator and Tetracycline-Regulated Transcriptional Units*	Bujard and Gossen
4.	5,789,156	August 4, 1998	*Tetracycline-Regulated Transcriptional Inhibitors*	Bujard and Gossen
5.	5,814,618	September 29, 1998	*Methods for Regulating Gene Expression*	Bujard and Gossen
6.	5,859,310	January 12, 1999	*Mice Transgenic for a Tetracycline-Controlled Transcriptional A ctivator*	Bujard, Gossen, Salfeld, and Voss
7.	5,866,755	February 2, 1999	*Animals Transgenic for a Tetracycline-Regulated Transcriptional Inhibitor*	Bujard and Gossen
8.	5,888,981	March 30, 1999	*Methods for Regulating Gene Expression*	Bujard, Gossen, Salfeld, and Voss
9.	5,912,411	June 15, 1999	*Mice Transgenic for a Tetracycline-Inducible Transcriptional Activator*	Bujard and Gossen
10.	6,004,941	December 21, 1999	*Methods for Regulating Gene Expression*	Bujard and Gossen
11.	6,087,166	July 11, 2000	*Transcriptional Activators with Graded Transactivation Potential*	Baron, Gossen, and Bujard
12.	6,136,954	October 24, 2000	*Tetracycline-Inducible Transcriptional Activator Fusion Proteins*	Bujard and Gossen
13.	6,242,667	June 5, 2001	*Transgenic Organisms Having Tetracycline-Regulated Transcriptional Regulatory Systems*	Bujard and Gossen
14.	6,252,136	June 26, 2001	*Transgenic Organisms Having Tetracycline-Regulated Transcriptional Regulatory Systems*	Bujard, Gossen, Salfeld, and Voss
15.	6,271,341	August 7, 2001	*Transcriptional Activators With Graded Transactivation Potential*	Baron, Gossen and Bujard
16.	6,271,348	August 7, 2001	*Tetracycline-Inducible Transcriptional Inhibitor Fusion Proteins*	Bujard and Gossen
17.	6,914,124	July 5, 2005	*Tetracycline-Regulated Transcriptional Activator Fusion Proteins*	Bujard and Gossen
18.	7,541,446	June 2, 2009	*Tet repressor-based transcriptional regulatory proteins*	Hillen, Bujard and Urlinger
19.	7,666,668	February 23, 2010	*Chromosomal loci for the stringent control of gene activities via transcription activation systems*	Bujard and Schonig

Non-U.S. Patents:

	Country	Patent No.	Issue date	Title	Inventors
20.	Australia	684524	May 14, 1998	*Tight Control of Gene Expression in Eukaryotic Cells by Tetracycline Responsive Promoters*	Bujard, Gossen, Salfeld, and Voss
21.	Canada	2165162	May 23, 2000	*Tight Control of Gene Expression in Eukaryotic Cells by Tetracycline Responsive Promoters*	Bujard, Gossen, Salfeld, and Voss
22.	Australia	746850	August 15, 2002	*Tetracycline Regulated Transcriptional Modulators*	Bujard and Gossen
23.	Australia	755417	April 3, 2003	*Transcriptional Activators With Graded Transactivation Potential*	Baron, Gossen and Bujard
24.	Germany	DE 19851413	May 22, 2003	*Verfahren zur Auswahl von Mutanten von tTA und rtTA*	Hillen
25.	Norway	0315375	August 25, 2003	*Tetracycline-Regulated Transcriptional Modulators*	Bujard and Gossen
26.	Canada	2193122	August 23, 2005	*Tetracycline-Regulated Transcriptional Modulators*	Bujard and Gossen
27.	Europe	0804565	September 21, 2005	*Tetracycline-Regulated Transcriptional Modulators*	Bujard and Gossen
28.	Australia	783233	January 19, 2006	*Novel TET Repressor-Based Transcriptional Regulatory Proteins*	Hillen, Bujard, and Urlinger
29.	Japan	4054058	February 27, 2008	*Tetracycline-Regulated Transcriptional Modulators*	Bujard and Gossen
30.	Australia	2003263199	August 14, 2008	*Chromosomal Loci for the Stringent Control of Gene Activities via Transcription Activation Systems*	Bujard and Schoenig
31.	Canada	2,294,598	September 23, 2008	*Transcriptional Activators With Graded Transactivation Potential*	Baron, Gossen, and Bujard
32.	Europe	1 532 260	December 10, 2008	*Chromosomal Loci for the Stringent Control of Gene Activities via Transcription Activation Systems*	Schoenig and Bujard
33.	Europe	1200607	February 24, 2010	*Novel TET Repressor-Based Transcriptional Regulatory Proteins*	Hillen, Bujard and Urlinger
34.	Europe	0990030	March 03, 2010	*Transcriptional A ctivators With Graded Transactivation Potential*	Baron, Gossen, and Bujard
35.	Japan	4424761	December 18, 2009	*Transcriptional Activators With Graded Transactivation Potential*	Baron, Gossen, and Bujard
36.	Germany	19851415	June 15, 2010	*Mutanter Transaktivator*	Hillen, W.

PENDING PATENT APPLICATIONS:

Pending U.S. Patent Applications:

10.	European Patent Office	PCT/EP2009/06072 8 WO 2010/037593	April 08, 2010	*Tetracycline inducible transcription control sequence*	Bujard and Low
11.	Australia	20060316288 2006316288	May 24, 2007	*Inducible Expression Systems*	Berkhout and Das
12.	Canada	2630348	May 24, 2007	*Inducible Expression Systems*	Berkhout and Das
13.	Europe	2006824268 1954811	August 13, 2008	*Inducible Expression Systems*	Berkhout and Das
14.	Japan	2008541096 2009515550	April 16, 2009	*Inducible Expression Systems*	Berkhout and Das

APPENDIX B

Price List in US$1

TET-System Research License and Optional Fields of Use
Total Number of employees

Up to 49

50 to 499

500-4999

5000 +

I. Full BasicPharmaceutical Research License (1 Year)
II. Annual Maintenance Fee

15.000,00 15.000,00 24.000,00 24.000,00 42.000,00 42.000,00 75.000,00 75.000,00

- Non-exclusive
  - Includes in-house research for internal purposes, such as proof-of concept work with transgenics and knock-outs
- Use in one Territory2
  - Does NOT include Screening, Bioprocessing / Manufacturing, Contract Research or Screening except for Third Party Collaborations
- No commercialization rights are included.

III. Optional Fields of Use

A. Screening 18.000,00 24.000,00 30.000,00 37.500,00

B. Each additional Territory Full: 12.000,00 18.000,00 24.000,00 34.500,00
Territories:

- North America
- Europe
- Asia & Australia
- Rest of World

C. Bioprocessing & Manufacturing:
By separate Agreement to be negotiated case-by-case

D. Contract Research and Contract Screening
By separate Agreement to be negotiated case-by-case

E. Commercialisation rights
By separate Agreement to be negotiated case-by-case Availability to be determined at IP Merchandisers Discretion

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1Prices are subject to change without notice until a license agreement between COMPANY and TET has been signed.

2Territory as defined in the License Agreement ("Licensed Territory" without additional or combination of territories)

Exhibit 10.28

THIS NOTE AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

VISTAGEN THERAPEUTICS, INC. Amended and Restated Senior Convertible Promissory Bridge Note

U.S. $4,000,000 **Original Issuance Date: June 19,2007** **Maturity Date: June 30,2012**

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby promises to pay to the order of Platinum Long Term Growth VII, LLC or any permitted holder of this Senior Convertible Promissory Bridge Note (the "Payee"), at the principal office of the Payee set forth herein, or at such other place as the Payee may designate in writing to the Company, the principal sum of Four Million Dollars ($4,000,000), with interest on the unpaid principal balance hereof at a rate equal to ten percent (10%) per annum from and including November 1, 2009 (the "Interest Accrual Date"), in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts and in immediately available funds, as provided in this Senior Convertible Promissory Bridge Note (this "Note"). This Note is being issued pursuant to the terms and conditions of that certain Letter Loan Agreement, dated June 19, 2007, as amended, by and between the Company and Payee, (the "Loan Agreement"), and replaces those senior convertible promissory notes in the aggregate principal amount of Four Million Dollars ($4,000,000) issued by the Company as provided in the Loan Agreement.

1. Automatic Conversion of Principal and Interest: Cash Payment Option.

Subject to Section 4 hereof, upon the closing by the Company of a "Qualified Financing", (as defined below), the outstanding principal amount of this Note together with all accrued and unpaid interest hereunder (the "Outstanding Balance") shall be automatically converted, at the closing and on the same terms and conditions of the Qualified Financing, into such securities, including warrants of the Company, as are issued in the Qualified Financing (the "Qualified Financing Securities"), the number of which shall be determined in accordance with one of the following three formulas, as selected by the Payee in its sole discretion: (A) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / $1.75 per share of the Company's Common Stock (as the same may be adjusted as set forth herein, the "Fixed Conversion Price"), (B) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / (the per security price of the securities sold in the Qualified Financing (valued at the lowest per share price if more than one transaction constitutes the Qualified Financing)), or (C) (the Outstanding Balance as of the closing of the Qualified Financing) / (the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined in Section 3 below) (the "Automatic Conversion Formula"): provided, however, that, without the consent of the Holder, no such automatic conversion shall occur with respect to a portion of the Note unless and until the shares issuable to the Holder pursuant to the conversion of such portion of the Note are freely tradable as herein provided (the "Equity Conditions"). For purposes of this Note, a "Qualified Financing" shall mean and be deemed to have occurred following the last to occur of the following: (i) the closing by the Company of an equity or equity based financing or a series of equity financing following

May 1, 2011 resulting in aggregate gross proceeds to the Company totaling at least $5,000,000 (including the cancellation of indebtedness not otherwise convertible by its terms); and (ii) the Company becomes a Public Company (as defined below). For purposes of the foregoing definition of the Equity Conditions and notwithstanding any restriction on transfer imposed by Section 6(g) of the Loan Agreement, shares issuable to Holder pursuant to a conversion of the Note shall be deemed freely tradable if: (A) the Company is then a Public Company, and (B) such shares (as to all or any portion thereof upon or immediately following conversion): (i) have been issued to Holder pursuant to a registration statement declared effective under the Securities Act, including, without limitation, any such registration statement declared effective in connection with the Qualified Financing, (ii) are registered for resale pursuant to a then effective registration statement declared effective under the Securities Act (and the Company believes, in good faith, that such effectiveness shall continue for the foreseeable future); or (iii) can be sold in any ninety (90) day period without registration under the Securities Act in compliance with Rule 144 promulgated thereunder, including, without limitation, the volume limitations with respect to such sales as contained in paragraph (e) of Rule 144 to the extent applicable. The principal amounts of this Note shall not be included in determining the threshold amount for a Qualified Financing. Upon such automatic conversion, the Payee shall be deemed to be a purchaser in the Qualified Financing and shall be granted all rights, including registration rights afforded to an investor in the Qualified Financing. In the event that the Payee for any reason fails to inform the Company of the Automatic Conversion Formula it desires to use to determine the number of Qualified Financing Securities it will receive pursuant to this Section 1(a), the Outstanding Balance will be converted using the Automatic Conversion Formula that results in the Payee receiving the highest number of Qualified Financing Securities issuable to the Payee upon closing of the Qualified Financing. For purposes of this Section 1, "Public Company" shall mean the Company or the successor of the Company after the occurrence of a Public Event. "Public Event" shall mean the date upon which the Company becomes a publicly traded company or it or any successor is owned by a publicly traded company, by way or merger, share exchange or otherwise. Any balance on this Note that has not converted under this Section 1(a) because the Equity Conditions have not occurred shall thereafter automatically convert upon satisfaction of the Equity Conditions (to the extent the same has not previously been converted pursuant to Section 3 hereof).

2. Adjustment to Fixed Exercise Price. In the event that the Company shall (a) issue additional shares of the Common Stock as a dividend or other distribution on outstanding Common Stock issued by the Company, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of the Common Stock, then, in each such event, the Fixed Exercise Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Fixed Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Fixed Exercise Price then in effect. The Fixed Exercise Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 2. Similar equitable adjustments shall be made for purposes of the determination of the price of any Qualified Financing pursuant to Section 1 above.

3. Voluntary Conversion of Principal and Interest. Subject to the terms and conditions of this Section 3 and provided this Note remains outstanding, at any time and from time to time prior to the Maturity Date (as defined below), the Payee shall have the right, at the Payee's option, to convert all or a portion of the Outstanding Balance (the "Conversion Option") into such number of fully paid and non-assessable shares of the Company's common stock (the "Conversion Shares") as is determined in accordance with the following formula: (125% of the Outstanding Balance being converted as of the date of the exercise of the Conversion Option) / the lesser of (i) the Fixed Conversion Price, (ii) the price per share of any Equity or Equity Linked Financing the Company enters into ("Subsequent Financing") or (iii) the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined below); provided, however, that in the event that the Payee elects to convert all or a portion of the Outstanding Balance pursuant to this Section 3 at any time after the Qualified Financing but prior to the satisfaction of the Equity Conditions as set forth in Section 1(a) hereof, such amount shall convert into the number of Conversion Shares determined in accordance with the Automatic Conversion Formula selected by the Payee pursuant to Section 1 above. If the Payee desires to exercise the Conversion Option, the Payee shall, by personal delivery or nationally-recognized overnight carrier, surrender the original of this Note and give written notice to the Company (the "Conversion Notice"), which Conversion Notice shall (a) state the Payee's election to exercise the Conversion Option, and (b) provide for a representation and warranty of the Payee to the Company that, as of the date of the Conversion Notice, the Payee has not assigned or otherwise transferred all or any portion of the Payee's rights under this Note to any third parties. The Company shall, as soon as practicable thereafter, issue and deliver to the Payee the number of Conversion Shares to which the Payee shall be entitled upon exercise of the Conversion Option, together with a note representing the unconverted balance (if any). Notwithstanding anything to the contrary contained in this Section 3, the Company shall have the right, at the Company's option, on or prior to the consummation of the Qualified Financing (but not thereafter), to pay all or a portion of the accrued and unpaid interest due and payable to Payee upon Payee's exercise of the Conversion Option in cash. For purposes of this Agreement, (y) "Equity and Equity Linked Financing" shall mean the issuance and sale by the Company of its equity securities, the primary purpose of which is to raise capital for the Company, provided, however, that an Equity and Equity Linked Financing shall not be deemed to include the following issuances: (1) shares of common stock issuable or issued to employees, independent contractors, consultants, directors or vendors of the Company directly or pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors of the Company; (2) shares of common stock issued for the purpose of (I) a joint venture, technology licensing or research and development activity, (II) distribution or manufacture of the Company's products or services, or (III) any other transaction involving a corporate partner that is for a purpose other than raising capital through the sale of equity securities; (3) shares of common stock issuable upon conversion of shares of preferred stock outstanding on the Original Issuance Date at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the Original Issuance Date; (4) securities issued for the acquisition of another company by the Company by merger, purchase of substantially all of the assets of such corporation or other reorganization; (5) securities issued as a dividend or distribution on preferred stock; (6) securities issued as a dividend on common stock where the Company declares or pays a common stock dividend on the preferred stock in the same manner as declared or paid on the common stock; (7) shares of common stock issued or issuable (I) in apublic offering before or in connection with which all outstanding shares of preferred stock will be converted to common stock or (II) upon exercise of warrants or rights granted to underwriters in connection with such public offering; (8) shares of common stock issuable or shares of preferred stock issuable upon conversion or exercise of options, warrants, notes or other securities or rights granted pursuant to a loan or commercial lease transaction outstanding on the Original Issuance Date at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the Original Issuance Date; or (9) by way of dividend or other distribution on shares of common stock excluded from the definition of additional stock by the foregoing clauses (1), (2), (3), (4), (5), (6), (7), (8) or this clause (9), and (z) "Fully-Diluted Basis" shall mean the total number of shares of common stock of the Company then issued and outstanding, assuming (1) the conversion of all preferred stock convertible into common stock; and (2) the exercise of warrants to purchase 956,676 shares of common stock outstanding as of the Original Issuance Date of the Note, assuming an exercise price of $6.00 per share with respect to the warrants issued to the holders of the Original Bridge Notes; and (iii) the exercise of 633,605 options to purchase common stock issued pursuant to the Company's stock option plans as of the Original Issuance Date of this Note.

4. Ownership Cap and Certain Conversion Restrictions. Notwithstanding anything to the contrary set forth in this Note, if the number of shares of Common Stock to be issued pursuant to any conversion contemplated by this Note would exceed, when aggregated with all other shares of Common Stock owned by the Payee at such time, the number of shares of Common Stock which would result in the Payee beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock, then the portion of the Outstanding Balance that upon conversion would cause the Payee to own in excess of 9.99% of the then issued and outstanding shares of Common Stock shall, at the Holder's option, either (i) convert into the same number of shares of an alternative security of the Company as determined by the Board of Directors of the Borrower in the exercise of its fiduciary duties that would not otherwise result in Payee beneficially owning in excess of 9.99% of the then issued and outstanding shares of Common Stock of the Company, which security shall be convertible into the same number of shares of Common Stock (subject to an appropriate limitation on conversion to limit beneficial ownership to 9.99%) without payment of additional consideration (other than a proportionate surrender of such security) and provide typical protection in the even of merger, stock splits, and related transactions; or (b) remain outstanding (but with no additional interest accrued thereafter if, and only if, the Equity Conditions are satisfied), but such excess shall not be convertible until such portion of the Outstanding Balance can be converted into shares of the Company's Common Stock without causing the Payee to beneficially own in excess of 9.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Note providing the Borrower with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 4 with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 4 will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

5. Most Favored Nations Exchange Right. So long as this Note remains outstanding, if the Company enters into any Subsequent Financing on terms more favorable than the terms governing this Note, then the Payee in its sole discretion may exchange this Note (including principal and accrued interest hereunder) for the securities issued or to be issued in the Subsequent Financing.

6. Principal and Interest Payments.

(a) In the event a Qualified Financing is not completed or the Payee has not exercised the Conversion Option with respect to the entire amount of this Note, the Company shall repay the entire principal balance then outstanding under this Note on June 30, 2012 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an additional one year in its sole discretion.

(b) Interest on the outstanding principal balance of this Note shall accrue at a rate of ten percent (10%) per annum commencing on the Interest Accrual Date, which interest shall be computed on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days. In the event a Qualified Financing occurs on or before December 31, 2011, any interest
occurring from the date of issuance of this Amended and Restated Note (May,, 2011) to the date
of closing of such Qualified Financing shall be forgiven. In the event a Qualified Financing is not completed and/or to the extent the Payee has not exercised the Conversion Option, all accrued and unpaid interest due under this Note shall be payable on the Maturity Date (as the same may be extended pursuant to subsection (a) above) by the Company in cash. Furthermore, upon the occurrence of an Event of Default (as defined below), then to the extent permitted by applicable law, the Company will pay interest to the Payee on the then outstanding principal balance of the Note from the date of the Event of Default until this Note is paid in full at the rate of fifteen percent (15%) per annum.

(c) Prepayment of principal under this Note without the express written consent of the Payee is not permitted. The Company may at any time, prior to the Qualified Transaction (but not thereafter unless the Equity Conditions are satisfied) without the consent of the Payee, pay accrued interest in cash.

7. Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

8. Events of Default. The occurrence of any of the following events shall be an 'Event of Default" under this Note:

(a) the Company shall fail to. make the payment of any principal amount outstanding for a period of ten (10) days after the date such payment shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(b) the Company shall fail to make the payment of any accrued and unpaid interest for a period of ten (10) days after the date such interest shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(c) any material breach by the Company of any representations or warranties or covenants or other obligations of the Company hereunder or in the Loan Agreement or the Warrants issued to the Payee; or

(d) the holder of any indebtedness of the Company shall accelerate any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note and notes of like tenor) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $150,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration; or

(e) A judgment or judgments for the payment of money shall be rendered against the Company for an amount in excess of $150,000 in the aggregate (net of any applicable insurance coverage) for all such judgments that shall remain unpaid for a period of thirty (30) consecutive days or more after its entry or issue or that shall not be discharged, released, dismissed, stayed or bonded (due to an appeal or otherwise) within the thirty (30) consecutive day period after its entry or issue; or

(f) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, as amended (the "Bankruptcy Code") or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic); or

(g) a proceeding or case shall be commenced in respect of the Company without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of forty-five (45) consecutive days or any order for relief shall be entered in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic) against the Company or any of its subsidiaries and shall continue undismissed, or unstayed and in effect for a period of forty-five (45) consecutive days.

9. Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Payee of this Note may at any time at its option, declare by written notice to the Company, the entire unpaid principal balance of this Note together with all interest accrued and unpaid hereon, due and payable without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Company may exercise or otherwise enforce any one or more of the Payee's rights, powers, privileges, remedies and interests under this Note or applicable law. No course of delay on the part of the Payee shall operate as a waiver thereof or otherwise prejudice the right of the Payee. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. Notwithstanding anything to the contrary contained in this Note, Payee agrees that its rights and remedies hereunder are limited to receipt of cash or shares of the Company's common stock in the amounts described herein.

10. Replacement. Upon receipt of a duly executed and notarized written statement from the Payee with respect to the loss, theft or destruction of this Note (or any replacement hereof), and without requiring an indemnity bond or other security, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Company shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

11. Parties in Interest: Transferability. This Note shall be binding upon the Company and its successors and assigns and the terms hereof shall inure to the benefit of the Payee and its successors and permitted assigns. This Note may not be transferred or sold, pledged, hypothecated or otherwise granted as security by the Payee without the prior written consent of the Company (other than to an affiliate of the Payee), which consent will not be unreasonably withheld.

12. Amendments. This Note may not be modified or amended in any manner except in writing executed by the Company and the Payee.

13. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective

(a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or

(b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of the Payee: Platinum Long Term Growth VII, LLC
152 West 57* Street 4th Floor
New York, NY 10019 Attention: Michael Goldberg, M.D. Tel. No.: (212) 271-7895 Fax No.: (212) 582-2424
Address of the Company: VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080 Attention: Chief Executive Officer Tel. No.: (650) 244-9990 Fax No.: (650) 244-9991

14. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the choice of law provisions. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

15. Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

16. Remedies. Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a Payee's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Payee and that the remedy at law for any such breach may be inadequate. Therefore the Company agrees that, in the event of any such breach or threatened breach, the Payee shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

17. Failure or Delay Not Waiver. No failure or delay on the part of the Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

18. Enforcement Expenses. The Company agrees to pay all reasonable costs and expenses of enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses.

19. Binding Effect. The obligations of the Company and the Payee set forth herein shall be absolute and binding upon the successors and permitted assigns of each such party.

20. Compliance with Securities Laws. The Payee acknowledges and agrees that this Note and the securities issuable upon the conversion of this Note, is being, and will be, acquired solely for the Payee's own account and not as a nominee for any other party, and for investment purposes only and not with a view to the resale or distribution of any part thereof, and that the Payee shall not offer, sell or otherwise dispose of this Note or the securities issuable upon the conversion of this Note other than in compliance with applicable federal and state laws. The Payee understands that this Note and the securities issuable upon the conversion of this Note are "restricted securities" under applicable federal and state securities laws and that such securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"). The Payee represents and warrants to the Company that the Payee is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. This Note and any Note issued in substitution or replacement therefore, and the securities issuable upon the conversion of this Note, shall be stamped or imprinted with a legend in substantially the following form:
"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

21. Severability. The provisions of this Note are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall not in any manner affect such provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

22. Consent to Jurisdiction. Each of the Company and the Payee (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Note and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Payee consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 13 hereof and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 22 shall affect or limit any right to serve process in any other manner permitted by applicable law.

23. Waivers. Except as otherwise specifically provided herein, the Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and does hereby consent to any number of renewals or extensions of the time for payment hereof and agrees that any such renewals or extensions may be made without notice and without affecting its liability herein, AND DOES HEREBY WAIVE TRIAL BY JURY. No delay or omission on the part of the Payee in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Payee, nor shall any waiver by the Payee of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

24. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

VISTAGEN THERAPEUTICS, INC.

By:_
Name: H. Ralph Snodgrass Title: President

Exhibit 10.29

May 16, 2008
VistaGen Therapeutics, Inc. 384 Oyster Point Blvd. Suite #8
South San Francisco, CA 94080

RE: Second Amended and Restated Letter Loan Agreement Ladies and Gentlemen:

RECITALS

WHEREAS, Platinum Long Term Growth VII, LLC (the "Lender"), and VistaGen Therapeutics, Inc., a California corporation (the "Borrower"-), are parties to that certain Letter Loan Agreement dated June 19, 2007 (the "Original Loan Agreement"'), as amended by that certain Amended and Restated Letter Loan Agreement dated July 2, 2007 (the "Second Loan Agreement," together with the Original Loan Agreement, the "Prior Loan Agreements"), pursuant to which the Lender agreed to loan Three.Million Seven Hundred Fifty Thousand Dollars ($3,750,000) to the Borrower subject to the terms and conditions set forth therein; and

WHEREAS, the Lender and the Borrower now desire to amend the Second Loan Agreement to provide for additional loans from the Lender to the Borrower for an aggregate principal amount of up to Five Hundred Thousand Dollars ($500,000).

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties to the Second Amended and Restated Loan Agreement (this "Agreement") hereby agree as follows:

1. Loans.

a. Contemporaneously with the execution of the Prior Loan Agreements, the Lender, on the terms and conditions provided therein, loaned Three Million Seven Hundred Fifty Thousand Dollars ($3,750,000) to or for the benefit of the Borrower (the "Original Loans").

b. This Agreement when fully executed will constitute a loan agreement between the Lender and the Borrower, pursuant to which the Lender, on the terms and conditions provided herein, shall initially agree to loan Two Hundred Fifty Thousand Dollars ($250,000) to or for the benefit of the Borrower hereunder (the "Initial Loan") which shall constitute the initial closing (the "Initial Closing"). The Initial Closing shall take place at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto 94304, at 5:00 p.m. local time on May 16, 2008, or such other date as the Lender and the Borrower shall agree.

c. Subsequent to the Initial Closing, the Borrower, with the prior written consent of the Lender (which may be withheld in Lender's sole discretion) shall issue additional indebtedness hereunder to the Lender in an amount up to an additional Two Hundred Fifty Thousand Dollars ($250,000) in aggregate principal amount from the Lender (each a "Subsequent Loan," and together with the Initial Loan and the Original Loans, the "Loans"). All additional indebtedness incurred hereunder shall be reflected on Exhibit A-1, which shall be automatically amended without any further action by any party hereto. The closing of the funding of such additional indebtedness shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto 94304, on such dates or at such places as the Borrower and the Lender shall agree upon orally or in writing (which such dates and places, together with the Initial Closing, are designated as the "Closing") The Lender's obligation to make a Loan is subject to the Borrower's fulfillment of each of the applicable conditions set forth in Section 3 hereof (except as otherwise indicated).

2. Loan Documents.

a. Notes. The Original Loans are each evidenced by Senior Convertible Promissory Bridge Notes issued to the Lender in the principal amount of Two Million Five Hundred Thousand ($2,500,000) and One Million Two Hundred Fifty Thousand ($1,250,000), respectively, copies of which are attached hereto as Exhibit B-l and Exhibit B-2 (each a "Prior Note." and collectively the "Prior Notes"). Concurrent with the execution of this Agreement, the Company shall amend the Prior Notes to provide that (a) each of the New Notes shall be equal in seniority to each of the Prior Notes and to the notes issued pursuant to the New Bridge Loan Agreement (as defined below) and (b) to extend the Maturity Date (as defined in each Prior Note) until December 31, 2009. The Initial Loan and any Subsequent Loan(s) (if issued) shall be evidenced by a Senior Convertible Promissory Bridge Note issued to Lender in the principal amount of such Loan in the form attached hereto as Exhibit B-3 (each such note referred to herein as a "New Note" and together with the Prior Notes, the "Notes"). From time to time upon the funding of indebtedness hereunder, each Subsequent Loan shall be evidenced by a Senior Convertible Promissory Bridge Note issued to the Lender in the principal amount of such Loan in the form of the New Note and shall be a binding obligation of the Borrower upon execution thereof by the Borrower and delivery to the Lender. The principal amount of the Loans and interest thereon, calculated at-the rate of 10% per annum, as provided in the Notes, shall be payable as set forth more particularly therein.

b. Warrants. In consideration for the Original Loans, the Borrower, issued to the Lender a warrant to purchase 3,500,000 and 1,750,000 shares, respectively, of the Borrower's Common Stock, copies of which are attached hereto as Exhibit C-l and Exhibit C-2 (each a "Prior Warrant," and collectively, the "Prior Warrants"). Concurrent with the execution of this Agreement, the Company shall amend the Prior Warrants to extend the exercise date of each Prior Warrant such that each Prior Warrant shall expire at 5:00 p.m., Eastern Time, on December 31, 2013. Subject to the terms and conditions of this Agreement, upon the issuance of each New Note by the Borrower to Lender, the Borrower shall issue to Lender a warrant (each such warrant referred to herein as a "New Warrant" and together with the Original Warrant, the "Warrants") in the form of Exhibit C-3 attached to this Agreement, representing the right to purchase up to that number of shares of Common Stock of the Borrower equal to the principal amount of the Loan multiplied by 1.4 (as adjusted pursuant to the terms thereof) pursuant to terms of the New Warrant, with an exercise price of $0.60 per share and a term that shall expire on December 31, 2013, as more fully described in the New Warrant.

c. This Agreement, the Notes (as amended) and the Warrants (as amended) are hereinafter collectively referred to as the "Loan Documents."

3. Conditions Precedent.

a. Documents to be Delivered. The obligation of the Lender to make the Initial Loan and each Subsequent Loan is subject to the due execution and delivery by the Borrower (or the Borrower causing the due execution and delivery) to the Lender of each of the following (all documents tobe in form and substance satisfactory to the Lender):

i. This Agreement, the New Note, the New Warrant and each other instrument, agreement and document to be executed and/or delivered pursuant to this Agreement and/or the instruments, agreements and documents referred to in this Agreement.

ii. A certified copy of the resolutions of the Board of Directors (or if the Board of Directors takes action by unanimous written consent, a copy of such unanimous written consent containing all of the signatures of the members of the Board of Directors) of the Borrower, dated on or before the Initial Closing, authorizing the execution, delivery and performance of the Loan Documents,

iii. A certificate, dated as of the Initial Closing, signed by an executive officer of the Borrower to the effect that the representations and warranties set forth in Section 5 of this. Agreement are true and correct as of the Initial Closing.

b. Consent for the Loans: Amendments to Prior Bridge Documents. The Borrower shall have (i) obtained the consent for the aggregate principal amount of the Loans contemplated by this Agreement as required by that certain Share Sale and Purchase Agreement, dated February 5, 2007, by and between the Borrower and NeuroTherapeutics AB (the "NT Share Agreement"): and (ii) amended the Prior Notes and the senior convertible promissory notes (the "Non-Platinum Notes") issued pursuant to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated August 31, 2006, as amended, by and among the Borrower and certain parties thereto (the "Prior Bridge Loan Agreement") to provide that the Prior Notes and the Non-Platinum Notes will be of equal seniority to the Notes issued pursuant to this Agreement and senior in preference to all other indebtedness of the Borrower.

c. Absence of Certain Events. A Material Adverse Effect (as defined below) shall not have occurred or be continuing as of the Initial Closing.

4. Post Closing Covenants.

a. Negative Covenants. So long as any indebtedness under any of the Prior Notes or the Notes issued pursuant to this Agreement remain outstanding and has not been converted in accordance with its terms, without the prior written consent of the Lender, the Borrower shall not:

i. Additional Indebtedness. Incur or guarantee any additional indebtedness while the Notes are outstanding except for (i) up to $500;000 of indebtedness incurred in the ordinary course of business, (ii) up to $250,000 of indebtedness to additional investors pursuant to the terms and conditions set forth in the Prior Bridge Loan Agreement, and (iii) up to $2,000,000 of indebtedness to additional investors pursuant to the terms and conditions set forth in that certain Senior Convertible Bridge Note and Warrant Purchase Agreement, dated May 16, 2008, as amended from time to time, by and among the Borrower and certain parties thereto (the "New Bridge Loan Agreement").

ii. Merger. Without the Lender's prior consent, enter into any consolidation, merger, or other combination (including share exchange), effect any Sale of the Company (as defined in the New Bridge Loan Agreement) or become a partner in a partnership (excluding any research and development entered into with strategic partners in the ordinary course of business), a member of a joint venture, or a member of a limited liability company (but excluding any actions contemplated by the NT Share Agreement and any merger or combination effected exclusively for the purposes of a consolidation with a wholly-owned subsidiary of the Borrower or a change in the domicile of the Borrower).

iii. Sale of Assets. Sell, license, transfer or otherwise dispose of any interest in any of the Borrower's assets except for sales of inventory in the ordinary course of business, licenses or sublicenses of rights in intellectual property in the ordinary course of business and sales of obsolete equipment.

iv. Distributions. Declare or pay any dividends or make any distribution of any kind on the Borrower's capital stock, or purchase, redeem or otherwise acquire,

directly or indirectly, any shares of the Borrower's capital stock, any options, any convertible securities or other rights to acquire shares of capital stock of the Borrower, except for the repurchase of such securities from former employees of or consultants to the Borrower at the original issue price paid therefor pursuant to contractual rights of the Borrower upon the termination of such employees' or consultants' employment by or provision of service to the Borrower,

v. No Subsidiaries. Except for: (i) a wholly-owned subsidiary formed for the purpose of a change in domicile of the Borrower, (ii) any subsidiary resulting from the transactions contemplated by the NT Share Agreement, and (iii) a wholly-owned subsidiary to be formed under the laws of Canada for purposes of engaging in certain business activities in Canada, the Borrower will not authorize the formation or acquisition of any additional subsidiaries.

b. Affirmative Covenants. So long as any indebtedness under the Notes remains outstanding and has not been converted in accordance with their terms, the Borrower shall:

i. Compliance with Laws. Comply in all material respects with applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, and charges imposed upon it or upon its property by any governmental authority except for good faith contests for which adequate reserves are being maintained.

ii. Continuance of Business. Maintain its legal existence, licenses and privileges in good standing under and in compliance with all applicable laws and continue to operate the business currently conducted by the Borrower. Without limiting the generality of the foregoing, the Borrower shall do and cause to be done all things necessary to apply for, preserve, maintain and keep in full force and effect all of its registrations of trademarks, service marks and other marks, trade names and other trade rights, patents, copyrights and other intellectual property in accordance with prudent business practices.

iii. Maintenance. Conduct its business in a manner consistent with relevant industry standards, keep its material assets and properties in good working order and condition and make all needful and proper repairs, replacements and improvements thereof so that such business may be properly and prudently conducted at all times.

5. Representations and Warranties of the Borrower. To' induce the Lender to make the Loans, the Borrower hereby represents and warrants to the Lender that at and as of the date hereof:

a. The Borrower has been duly incorporated and is validly existing and in good standing under the laws of the state of California, with full corporate power and authority to own, lease and operate its properties and to conduct its business as currently conducted. The Borrower is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary and where the failure so to qualify would have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on the ability of the Borrower to perform its obligations hereunder or on the business, operations, properties, prospects or financial condition of the Borrower.

b. Each of the Loan Documents has been duly authorized, validly executed and delivered on behalf of the Borrower and is a valid, legal and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to limitations on enforcement by general principles of equity and by bankruptcy or other laws affecting the enforcement of creditors' rights generally, and the Borrower has full power and authority to execute and deliver this Agreement and the Loan Documents and to perform its obligations hereunder and thereunder.

c. The execution, delivery and performance of this Agreement and the Loan Documents will not (i) conflict with or result in a breach of or a default under any of the terms or provisions of, (A) the Borrower's articles of incorporation or by-laws, or (B) any material provision of any indenture, mortgage, deed of trust or other material agreement or instrument to which the Borrower is a party or by which it or any of its material properties or assets is bound, (ii) result in a violation of any material provision of any law, statute, rule, regulation, or any existing applicable decree, judgment or order by any court, Federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Borrower, or any of its material properties or assets or (iii) result in the creation or imposition of any material lien, charge or encumbrance upon any material property or assets of the Borrower or any of its subsidiaries pursuant to the terms of any agreement or instrument to which any of them is a party or by which any of them may be bound or to which any of their property or any of them is subject.

d. No consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Borrower is required in connection with the valid execution and delivery of this Agreement or the Loan Documents.

e. The Borrower has made available to the Lender all information reasonably available to the Borrower that the Lender has requested in connection with the Loans contemplated herein. The Borrower has no actual knowledge that any warranty contained herein, any certificate furnished or to be furnished in accordance with this Agreement, or the written materials furnished by or on behalf of the Borrower to the Lender or its counsel in connection with the transactions contemplated hereby (such materials when taken as a whole), contains any untrue statement of a material fact or, as to the particular matters covered therein, any materially misleading omission; it being understood that the Borrower's private placement memorandum in the form previously furnished to the Lender remains subject to completion and contains information with respect to the Borrower as of the date of the last revision of such memorandum, which date was February 22,2007. Since such date, there has not occurred any event that has or reasonably could be expected to have a material adverse effect on the Borrower's business, operations or prospects.

All statements contained in any certificate delivered by the Borrower to the Lender under this Agreement or any other Loan Document shall constitute representations and warranties made by the Borrower hereunder.

6. Representations and Warranties of the Lender. The Lender hereby represents and warrants to the Borrower that at and as of the date hereof:

a. Authorization. This Agreement has been duly authorized, validly executed and delivered on behalf of the Lender and is a valid and binding obligation of the Lender enforceable against the Lender in accordance with its terms, subject to limitations on enforcement by general principles of equity and by bankruptcy or other laws affecting the enforcement of creditors' rights generally, and the Lender has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

b. Purchase for Own Account. The Lender is acquiring the Notes, the equity securities issuable upon conversion of the Notes, the Warrants and the securities issuable upon exercise of the Warrants (collectively, the "Securities") solely for its own account and beneficial interest for investment and not as a nominee or agent, and not with a view to the resale or distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

c. Information and Sophistication. The Lender has received all the information it has requested from the Borrower and considers necessary or appropriate for deciding whether to acquire the Securities. The Lender further represents that it has had an opportunity to ask questions and receive answers from the Borrower regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given to the Lender.

The Lender further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

d. Ability to Bear Economic Risk. The Lender acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

e. Accredited Investor. The Lender represents that it is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Act").

f. Further Limitations on Disposition. Without in any way' limiting the representations set forth above, the Lender further agrees not to make any disposition of all or any portion of the Securities at any time prior to the Qualified Financing (as defined in the Note) unless and until the transferee has agreed in writing for the benefit of the Borrower to be bound by this Section 6(a) through (f) and, until the second anniversary of the date hereof, any other agreement which the purchasers of equity security are required to execute and deliver in connection with the Qualified Financing, and:

i. There is then in effect a registration statement under the Act, covering' such proposed disposition and such disposition is made in accordance with such registration statement; or

ii. a) The Lender shall have notified the Borrower of the proposed disposition and shall have furnished the Borrower with a detailed statement of the circumstances surrounding the proposed disposition, and
b) if reasonably requested by the Borrower, the Lender shall have furnished the Borrower with an opinion of counsel (at the Borrower's expense); reasonably satisfactory to the Borrower, that such disposition will not require registration of such shares under the Act.

iii. Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by the Lender to a shareholder or partner (or retired partner) of the Lender, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were an original Lender hereunder.

g. Lock-Up Agreement The Lender hereby agrees that, during the period of duration specified by the Borrower and an underwriter of common stock or other securities of the Borrower until the second anniversary of the date hereof, following the effective date of a registration statement of the Borrower filed under the Act, it shall not, to the extent requested by the Borrower and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees or affiliates who agree to be similarly bound) any securities of the Borrower held by it at any time during such period except common stock included in such registration statement; provided, however, that:

i. such agreement shall be applicable only to the first two such registration statements of the Borrower which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

ii. all officers and directors of the Borrower and all other persons with registration rights enter into similar agreements for the same time period and with the same exceptions;

iii. such market stand-off time period shall not exceed one hundred eighty
(180) days; and

iv. the obligation to enter into such agreement shall expire and be of no further force and effect on or after June 19,2009.
In order to enforce the foregoing covenant, the Borrower may impose stop-transfer instructions with respect to the Securities of the Lender (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.
Notwithstanding the foregoing, the obligations described in this Section 6 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

7. Registration Rights.

a. Right. If (but without any obligation to do so) the Borrower proposes to register any of its stock or other securities under the Act, as amended, in connection with the Qualified Financing or otherwise, whether for its own account (other than a registration statement filed on Form S-4 or S-8) or the account of others, the Borrower shall, at such time, promptly give the Lender written notice of such registration. Upon the written request of the Lender given within twenty (20) days after mailing of such notice by the Borrower, the Borrower shall, subject to the provisions of Section 7.d, use commercially reasonable efforts to cause to be registered under the Act all of the securities issuable upon conversion of the Notes, whether automatically upon consummation of the Qualified Financing or otherwise (the "Registrable Securities") that the Lender has requested to be registered in the registration statement for the Qualified Financing.

b. Right to Terminate Registration. The Borrower shall have the right to terminate or withdraw any registration initiated by it under this Section 7 prior to the effectiveness of such registration whether or not the Lender has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Borrower in accordance with Section 7.c hereof.

c. Expenses. The Borrower shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 7.a for the Lender, including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements of counsel for the Borrower in its capacity as counsel to the Lender hereunder; if Borrower counsel does not make itself available for this purpose, the Borrower will pay the reasonable fees and disbursements of one counsel for the Lender selected by it but excluding underwriting discounts and commissions relating to Registrable Securities.

d. Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Borrower's capital stock, the Borrower shall not be required under Section 7.a to include any of the Lender's securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Borrower and the underwriters selected in accordance herewith, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Borrower. If the total amount of securities, including Registrable Securities, requested to be included by security holders of the Borrower in such offering exceeds the amount of securities sold other than by the Borrower that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Borrower shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling security holders according to the total amount of securities entitled to be included therein owned by each selling shareholder or in such other proportions as shall mutually be agreed to by such selling shareholders). For purposes of the preceding parenthetical concerning apportionment, for any selling security holder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and shareholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling security holder," and any pro-rata , reduction with respect to such "selling security holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling security holder," as defined in this sentence.

e. Delay of Registration. The Lender shall not have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 7.

f. Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 7:

i. To the extent permitted by law, the Borrower will indemnify and hold harmless the Lender, the officers, directors and partners of the Lender, any underwriter (as defined in the Act) for the Lender and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the Securities Exchange Act of 1934, as amended (the "1934 Act"-), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Borrower of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act, the 1934 Act or any state securities law; and the Borrower will pay to the Lender, underwriter or controlling person, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 7.f.i shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Borrower (which consent shall not be unreasonably withheld or delayed), nor shall the Borrower be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in the registration statement by the person being indemnified.

ii. To the extent permitted by law and to the extent the Lender is participating in such registration, the Lender will indemnify and hold harmless the Borrower, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Borrower within the meaning of the Act, any underwriter, any other security holder selling securities in such registration statement and any controlling person of any such underwriter or other security holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by the Lender expressly for use in the registration statement; and the Lender will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 7.f.ii., in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 7.f.ii. shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Lender, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 7.f.ii. exceed the gross proceeds from such offering received by the Lender.

iii. Promptly after receipt by an indemnified party under this Section 7.f. of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying parry under this Section 7.f., deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 7.f., but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 7.f..

iv. If the indemnification provided for in this Section 7.f. is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with' the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

v. The obligations of the Borrower and the Lender under this Section 7.f. shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 7, and otherwise.

g. Assignment. The registration rights described in this Section 7 shall not be assignable without prior written consent of the Borrower, other than to an affiliate of the Lender.

h. Termination of Registration Rights.

i. The Lender shall not be entitled to exercise any right provided for in this Section 7 after three (3) years following the consummation of the Qualified Financing.

ii. In addition, the right of the Lender to request inclusion in any registration pursuant to Section 7 shall terminate on the closing of the first Borrower-initiated registered public offering of common stock of the Borrower if all shares of Registrable Securities held or entitled to be held upon conversion by the Lender may immediately be sold under Rule 144 during any 90-day period, or on such date after the closing of the first Borrower-initiated registered public offering of common stock of the Borrower as all shares of Registrable Securities held or entitled to be held upon conversion by the Lender may immediately be sold under Rule 144 during any 90-day period.

iii. Notwithstanding anything in the Agreement to the contrary, if the availability of Rule 144 for sales of Registrable Securities is conditioned upon the Borrower's compliance with Rule 144(i), the Lender's registration rights hereunder shall not terminate unless and until it ceases to hold any Registrable Securities.

8. Miscellaneous.

a. The representations and warranties of the Borrower contained herein shall survive the making of the Initial Loan and any Subsequent Loan and shall remain effective until all indebtedness contemplated hereby shall have been paid by the Borrower in full.

b. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to conflicts of laws principles that would result in the application of the substantive laws of another jurisdiction. This Agreement shall not be interpreted or construed with any presumption against the party causing this Agreement to be drafted.

c. Each of the Borrower and the Lender (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Agreement or the Loan Documents and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Borrower and the Lender consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in the Notes and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 8(c) shall affect or limit any right to serve process in any other manner permitted by law.

d. Any forbearance, failure, or delay by the Lender in exercising any right, power, or remedy shall not preclude the further exercise thereof, and all of the Lender's rights, powers; and remedies shall continue in full force and effect until specifically waived in writing by the Lender.

e. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

f. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

g. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

h. The Borrower shall reimburse the Lender, on demand, for all reasonable fees and costs incurred by the Lender (including reasonable fees and costs of the Lender's counsel) in connection with the enforcement of the Lender's rights and remedies hereunder. The Borrower has previously reimbursed the Lender for its legal expenses in connection with the issuance of the Prior Notes. If the Lender purchases the New Notes, the Borrower shall, within five business days after the Initial Closing, reimburse the reasonable fees and out-of-pocket expenses of one special counsel for the Lender, not to exceed $10,000.

i. This Agreement, the Notes, the Warrants and the other instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement.

j. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. The Borrower shall not assign this Agreement or any rights or obligationshereunder without the prior written consent of the Lender. Except as provided herein, the Lender may assign its rights hereunder to any other person or entity without the consent of the Borrower.

k. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

I. All remedies of the Lender under this Agreement, the Notes, the Warrants and the other Loan Documents (i) are cumulative and concurrent, (ii) may be exercised independently, successively or together with other lenders against the Borrower, (iii) shall not be exhausted by any exercise thereof, but may be exercised as often as occasion therefor may occur, and (iv) shall not be construed to be waived or released by the Lender's delay in exercising, or failure to exercise, them or any of them at any time it may be entitled to do so.

m. All notices required hereunder shall be made in accordance with Section 13 of the Notes.

By executing the appropriate signature line below, the Borrower, intending to be legally bound hereby, agrees to the terms and conditions of this Agreement as of the date hereof.

Very truly yours,

LENDER:
PLATINUM LONG TERM GROWTH VII, LLC

By:

Michael Goldberg

Name:

Title:

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED LETTER LOAN AGREEMENT

This Amendment No. 1 to Second Amended and Restated Letter Loan Agreement (the "Amendment") is made as of October/^,, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender")

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated as of May 16,2008 (the "Agreement"), pursuant to which the Lender purchased Notes and Warrants (each as defined in the Agreement) issued by the Company in accordance with the terms of the Agreement.

WHEREAS, Section 8.i. of the Agreement provides that no provision of the Agreement may be amended other than by an instrument in writing signed by the Lender.

WHEREAS, the Company and the Lender now desire to amend the Agreement to increase the aggregate indebtedness that the Company may borrow pursuant to the New Bridge Loan Agreement (as defined in the Agreement) referenced in Section 4.a.i.(iii) from $2,000,000 •to $5,000,000.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the Agreement as set forth herein, and the parties hereto agree as follows:

AMENDMENT

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendment to Section 4.a.i.(iii). Section 4.a.i.(iii) of the Agreement shall be amended to read in its entirety as follows:
"(iii) up to $5,000,000 of indebtedness to additional investors pursuant to the terms and conditions set forth in that certain Senior Convertible Bridge Note and Warrant Purchase Agreement, dated May 16,2008, as amended from time to time, by and among the Borrower and certain parties thereto (the "New Bridge Loan Agreement")."

3. Terms of Agreement. Except as expressly modified hereby,, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

4. Conflicting Terms. In the event .of any inconsistency or conflict .between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Entire Agreement. This Amendment and the Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreementand this Amendment. This Amendment riiay be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the. same instrument. , •

6. Counterparts. This Amendment may be executed in one or more counterparts., each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

[Remainder of Page Intentionally Left Blank].

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

[Signature Page to Amendment No. 1 Second Amended and Restated Letter Loan. Agreement]
IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.
THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:

Chief Executive Officer

Address: 3 84 Oyster Point Blvd. Suite #8 South San Francisco, CA 94080

[Signature Page to Amendment No. 1 Second Amended and Restated Letter Loan Agreement]
May 5, 2011
VistaGen Therapeutics, Inc. 384 Oyster Point Blvd. Suite #8
South San Francisco, CA 94080

RE: Amendment to Letter Loan Agreement Ladies and Gentlemen:

RECITALS

WHEREAS, Platinum Long Term Growth VII, LLC (the "Lender"), and VistaGen Therapeutics, Inc., a California corporation (the "Borrower"), are parties to that certain Letter Loan Agreement, dated June 19, 2007 (the "Original Loan Agreement"), as amended by that certain Amended and Restated Letter Loan Agreement, dated July 2, 2007 (the "Second Loan Agreement." as amended by that certain Second Amended and Restated Letter Loan Agreement, dated May 16, 2008 (the "Third Loan Agreement." together with the Original Loan Agreement and the Second Loan Agreement, the "Prior Loan Agreements"), pursuant to which the Lender has loaned the aggregate sum of agreed to loan Four Million Dollars ($4,000,000) to the Borrower ("Original Loans");

WHEREAS, Borrower is contemplating: (i) the sale and issuance of shares of its Common Stock at $1.75 per share, together with warrants to purchase shares of its Common Stock, for aggregate proceeds of not less than $3,000,000 (the "Financing") and (ii) immediately following the Financing, the consummation of a merger with a wholly owned subsidiary of Excaliber Enterprises, Ltd., a Nevada corporation ("Excaliber"), pursuant to which the shares of Common Stock of Borrower will be exchanged for shares of Excaliber, and Borrower will become a wholly owned subsidiary of Excaliber (the "Merger").

WHEREAS, since the date of the Third Loan Agreement, Borrower has effected a one for ten(10) reverse split of its Common Stock ("Reverse Split"), and the parties wish to reflect the Reverse Split in the terms of the Third Loan Agreement as provided in this Amendment.

WHEREAS, the Lender and the Borrower now desire to amend the Third Loan Agreement to provide for: (i) certain amendments to the Notes (as defined in the Third Loan Agreement) and the Warrants (as defined in the Third Loan Agreement) in connection with the Financing and the Merger, and (11) to reflect the Reverse Split in the Warrants.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties to the Third Loan Agreement hereby agree to amend the Third Loan Agreement as follows:

1. Effectiveness and Scope of Amendment.

a. This Amendment shall only serve to modify and amend those specific provisions to the Third Loan Agreement and those exhibits thereto specifically modified or amended herein. Except as so expressly modified and amended, the Third Loan Agreement and the exhibits thereto shall remain in full force and effect in accordance with the terms thereof.

b. This Amendment shall be subject to the closing of the Financing ("Financing Closing") and become effective as of the Financing Closing ("Effective Date").

c. Except as provided herein, defined terms set forth in the Third Loan Agreement shall have the same meaning for purposes of this Amendment.

2. Amendment of Prior Notes and Warrants.

a. Notes. The Original Loans are each evidenced by Senior Convertible Promissory Bridge Notes issued to the Lender in the principal amount of Two Million Five Hundred Thousand Dollars ($2,500,000), One Million Two Hundred Fifty Thousand Dollars ($1,250,000) and Two Hundred Fifty Thousand Dollars ($250,000), respectively, copies of which are attached hereto as Exhibit A-L Exhibit A-2 and Exhibit A-3 (each a "Prior Note." and collectively the "Prior Notes"). Concurrent with the Financing Closing and effective as of the Effective Date, Borrower shall amend, restate and consolidate each Prior Note into the form of Senior Convertible Promissory Bridge Note as set forth in Exhibit B-l hereto (the "New Note"). Upon receipt of each Prior Note marked cancelled, Borrower shall execute and deliver to Lender the New Note.

b. Adjustment of Warrants After Reverse Split and Financing. Following and as a result of the Reverse Split and after giving effect to the Financing, the number of shares of Common Stock for which each Warrant shall be exercisable and the Warrant Price shall be adjusted as provided in Sections 5 and 6 of each Warrant so that: (i) the currently outstanding Warrant, dated June 19, 2007, for 3,500,000 shares of Common Stock shall be exercisable for 350,000 shares of Common Stock at a Warrant Price of $1.50, (ii) the currently outstanding Warrant, dated July 2, 2007, for 1,750,000 shares of Common Stock shall be exercisable for 175,000 shares of Common Stock at a Warrant Price of $1.50, and (iii) the currently outstanding Warrant, dated May 16, 2008, for 350,000 shares of Common Stock shall exercisable for 35,000 shares of Common Stock at a Warrant Price of $1.50.

c. Changes to Notes after Closing of the Merger. Effective as of the closing of the Merger, references in Section 1, 2, 3, 4 and 5 of the Note to the Company shall thereafter be deemed to be references to Excaliber (with respect to the convertibility features of the Note) or Excaliber and the Company on a joint and several basis (with respect to payment obligations under the Note), provided that, the funding received by the Company in the Financing shall be deemed to be received by Excaliber for the purpose of determining if a Qualified Financing has occurred and the terms thereof. Upon and as a condition to the Merger, Excaliber shall expressly agree with Platinum to be jointly and severally liable for the Company's obligations under the Note (the "Confirmation"). For the avoidance of doubt, it is understood and agreed that, following the Merger, the Note shall convert into Common Stock of Excaliber, and appropriate and equitable adjustment to the Fixed Conversion Price set forth therein shall be made so that the Lender shall have the right thereafter to convert the Note into such number of shares of Common Stock of Excaliber that the Lender would have received had it converted the Note in full immediately prior to the Merger (without giving effect to any beneficial ownership limitation set forth therein), subject to subsequent adjustments as set forth in the Note.

d. Adjustment to Warrants After Closing of Merger. Effective as of the closing of the Merger (and after giving effect to the adjustments described in Section 2(b) above), the following adjustments shall be made in accordance with Section 4 of each Warrant to the securities acquirable on the exercise of the Warrants: (i) the currently outstanding Warrant, dated June 19, 2007, initially for 3,500,000 shares of Common Stock shall be exercisable for 175,000 shares of Excaliber Common Stock at a Warrant Price of $3.00 , (ii) the currently outstand Warrant, dated July 2, 2007, initially for 1,750,000 shares of Common Stock shall be exercisable for 87,500 shares of Excaliber Common Stock at a Warrant Price of $3.00, and (iii) the currently outstanding Warrant, dated May 16, 2008, initially for 350,000 shares of Common Stock shall exercisable for 17,500 shares of Excaliber Common Stock at a Warrant Price of $3.00. The Company has disclosed to the Lender that Excaliber intends to effect a two for one stock split on or about May 11, 2011, at which point (i) the currently outstanding Warrant, dated June 19, 2007, for 3,500,000 shares of Common Stock shall be exercisable for 350,000 shares of Common Stock at a Warrant Price of $1.50, (ii) the currently outstanding Warrant, dated July 2, 2007, for 1,750,000 shares of Common Stock shall be exercisable for 175,000 shares of Common Stock at a Warrant Price of $1.50, (iii) the currently outstanding Warrant, dated May 16, 2008, for 350,000 shares of Common Stock shall exercisable for 35,000 shares of Common Stock at a Warrant Price of $1.50 and (iv) the Fixed Conversion Price under the Note shall be $1.75.

3. Consent to Merger. Effective upon receipt of the Confirmation and the Conversion Warrants, Lender consents to the consummation of the Merger in accordance with Section 4(a)(ii) of the Third Loan Agreement on the terms set forth in the draft Merger Agreement provided to the Lender. Lender shall further execute a consent to the Merger as a shareholder of Borrower.

4. Termination of Provisions. The parties hereto acknowledge and agree that Sections 6(f) and 6(g) of the Third Loan Agreement terminated pursuant to their respective terms on or about July 2, 2009; provided, however, that the foregoing amendment shall not be deemed to limit Borrower's ability to require compliance by Lender with the Act in any sale or disposition of the Securities.

5. Issuance of Conversion Warrant. Upon the Financing Closing, the Company shall issue to the Lender a common stock purchase warrant to purchase [(125% of P&I under Note/1.75) * .25) shares, in substantially the same form as that being issued to the investors in the Financing (the "Conversion Warrant"), provided that such Conversion Warrant shall only be exercisable with respect to shares thereunder to the extent the Lender has converted the Note into four times as many shares (A) prior to such exercise or partial exercise of the Conversion Warrant and (B) prior to any automatic conversion of the Note pursuant to Section 1 of the Note. It is understood and agreed that, in the event of an automatic conversion of the Note pursuant to Section 1 thereof based on the price and securities issued in the Financing (i.e., in the event the Financing, or subsequent transaction on the same terms, is deemed to be the lowest per share price for purposes of the Qualified Financing), the Lender shall be entitled to receive substantially the same warrants (and on the same terms and conditions) issued to the investors in the Financing with respect to then Outstanding Balance under the Note and that any portion of the Conversion Warrant that was exercisable prior to such automatic conversion pursuant to the provisions of the preceding sentence shall remain exercisable in accordance with the terms of the Conversion Warrant. The Company agrees that the Lender may, in its discretion, deem the Financing to be the "lowest per share price" for purposes of the automatic conversion set forth in Section 1 of the Note.

6. Counterparts. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and, subject to the terms hereof, shall be effective when counterparts have been signed by each party and delivered to the other party. By executing the appropriate signature line below, the Borrower, intending to be legally bound hereby, agrees to the terms and conditions of this Amendment as of the date hereof.

Very truly yours,

LENDER:
PLATINUM LONG TERM GROWTH VII, LLC

By:
Name:

Title:

VISTAGEN THERAPEUTICS, INC.

Exhibit A-l
Prior Note dated June 19, 2007

THIS NOTE AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

VISTAGEN THERAPEUTICS, INC.

Senior Convertible Promissory Bridge Note

U.S. $2,500,000 Issuance Date: June 19, 2007
No.: 07- Maturity Date: June 30, 2008

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby promises to pay to the order of Platinum Long Term Growth VII, LLC or any permitted holder of this Senior Convertible Promissory Bridge Note (the "Payee"), at the principal office of the Payee set forth herein, or at such other place as the Payee may designate in writing to the Company, the principal sum of Two Million Five Hundred Thousand Dollars ($2,500,000), with interest on the unpaid principal balance hereof at a rate equal to ten percent (10%) per annum commencing on the date hereof, in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts and in immediately available funds, as provided in this Senior Convertible Promissory Bridge Note (this "Note"). This Note is being issued pursuant to the terms and conditions of that certain Letter Loan Agreement dated June 19, 2007, by and between the Company and Payee (the "Loan Agreement"). This Note, together with approximately $1,425,000 of senior convertible promissory notes, with accrued interest, previously issued by the Company (the "Original Bridge Notes") shall rank senior in preference or priority to all outstanding and future Indebtedness of the Company.

1. Automatic Conversion of Principal and Interest; Cash Payment Option.

(a) Automatic Conversion. Subject to the Payee's Cash Payment Option (as defined in Section 1(b) below) and Section 4 hereof, upon the closing by the Company of an equity or equity based financing or a series of equity financings following the Issuance Date resulting in gross proceeds to the Company totaling at least $5,000,000 whereby the Company, prior to or concurrent with the completion of such financing(s), is or becomes a Public Company (as defined below) (a "Qualified Financing"), the outstanding principal amount of this Note together with all accrued and unpaid interest hereunder (the "Outstanding Balance") shall be automatically converted, at the closing and on the same terms and conditions of the Qualified Financing, into such securities, including warrants of the Company, as are issued in the Qualified Financing (the "Qualified Financing Securities"), the number of which shall be determined in accordance with one of the following two formulas, as selected by the Payee in its sole discretion: (A) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / (the per security price of the securities sold in the Qualified Financing (valued at the lowest per share price if more than one transaction constitutes the Qualified Financing)), or (B) (the Outstanding Balance as of the closing of the Qualified Financing) / (the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined in Section 3 below) (the "Automatic Conversion Formula"); provided, however, that, without the consent of the Holder, no such automatic conversion shall

occur with respect to a portion of the Note unless and until the shares issuable to the Holder pursuant to the conversion of such portion of the Note are freely tradable as herein provided (the "Equity Conditions"). For purposes of the foregoing definition of the Equity Conditions and notwithstanding any restriction on transfer imposed by Section 6(g) of the Loan Agreement, shares issuable to Holder pursuant to a conversion of the Note shall be deemed freely tradable if: (A) the Company is then a Public Company, and (B) such shares (as to all or any portion thereof upon or immediately following conversion): (i) have been issued to Holder pursuant to a registration statement declared effective under the Securities Act, including, without limitation, any such registration statement declared effective in connection with the Qualified Financing, (ii) are registered for resale pursuant to a then effective registration statement declared effective under the Securities Act (and the Company believes, in good faith, that such effectiveness shall continue for the foreseeable future); or (iii) can be sold in any ninety (90) day period without registration under the Securities Act in compliance with Rule 144 promulgated thereunder, including, without limitation, the volume limitations with respect to such sales as contained in paragraph (e) of Rule 144 to the extent applicable. The principal amounts of this Note and the Original Bridge Notes shall not be included in determining the threshold amount for a Qualified Financing. Upon such automatic conversion, the Payee shall be deemed to be a purchaser in the Qualified Financing and shall be granted all rights, including registration rights afforded to an investor in the Qualified Financing. In the event that the Payee for any reason fails to inform the Company of the Automatic Conversion Formula it desires to use to determine the number of Qualified Financing Securities it will receive pursuant to this Section 1(a), the Outstanding Balance will be converted using the Automatic Conversion Formula that results in the Payee receiving the highest number of Qualified Financing Securities issuable to the Payee upon closing of the Qualified Financing. For purposes of this Section 1, "Public Company" shall mean the Company or the successor of the Company after the occurrence of a Public Event. "Public Event" shall mean the date upon which the Company becomes a publicly traded company or it or any successor is owned by a publicly traded company, by way or merger, share exchange or otherwise. Any balance on this Note that has not converted under this Section 1(a) because the Equity Conditions have not occurred shall thereafter automatically convert upon satisfaction of the Equity Conditions (to the extent the same has not previously been converted pursuant to Section 3 hereof).

(b) Cash Payment in Lieu of Automatic Conversion.

(i) Qualified Financing Notice. In anticipation of, and prior to, the consummation of the Qualified Financing, and no later than five (5) business days prior to the date on which the Company or its successor files the initial S-1 registration statement with the Securities and Exchange Commission (the "SEC") to the extent such a registration statement is being filed in connection with the Qualified Financing, the Company shall deliver a notice to the Payee in accordance with Section 13 of this Note (the "Qualified Financing Notice") stating (i) its bona fide intention to consummate the Qualified Financing, and (ii) the principal terms upon which it proposes to consummate the Qualified Financing;

(i i) Cash Payment. In lieu of automatic conversion of the entire Outstanding Balance upon the closing of the Qualified Financing in accordance with Section 1(a) above, the Payee may, at its option (whether or not the Equity Conditions will be satisfied), elect to receive a cash payment from the Company (the "Cash Payment Option") as partial satisfaction of the Outstanding Balance in accordance with the table set forth below (the "Cash Payment") by delivering written notice to the Company no later than three (3) business days after receipt of the Qualified Financing Notice by the Payee (the "Cash Payment Notice"), which Cash Payment Notice may be rescinded by the Payee on 15 days' prior written notice; provided, however, that the Cash Payment Notice may not be rescinded if delivered within 15 days of the closing of the Qualified Financing:

Gross Proceeds from Qualified Financing	Amount of Cash Payment	Outstanding Balance satisfied by virtue of Cash Payment
$5,000,000 to $10,000,000	$500,000.00	$400,000.00
Greater than $10,000,000	$750,000.00	$600,000.00

(iii) Delivery. If the Payee elects to exercise the Cash Payment Option in accordance with Section 1(b)(ii) above, the Company shall deliver the Cash Payment to the Payee no later than four (4) business days following the closing of the Qualified Financing;

(iv) Automatic Conversion of Remaining Outstanding Balance. Any portion of the Outstanding Balance not otherwise satisfied by virtue of the Cash Payment delivered to the Payee by the Company in accordance with this Section 1(b) shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof); and

(v) Failure to Deliver Cash Payment Notice. In the event that the Payee fails to deliver the Cash Payment Notice to the Company in a timely manner for any reason, the entire Outstanding Balance, without any further action by the Payee, shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof).

2. Issuance of Warrants. In consideration of the loan evidenced by this Note, upon the execution and delivery of this Note, the Company shall issue to the Payee Bridge Common Stock Warrants to purchase 3,500,000 shares of the Company's common stock in the form attached as Exhibit A.

3. Voluntary Conversion of Principal and Interest. Subject to the terms and conditions of this Section 3 and provided this Note remains outstanding, at any time and from time to time prior to the Maturity Date (as defined below), the Payee shall have the right, at the Payee's option, to convert all or a portion of the Outstanding Balance (the "Conversion Option") into such number of fully paid and non-assessable shares of the Company's common stock (the "Conversion Shares") as is determined in accordance with the following formula: (the Outstanding Balance as of the date of the exercise of the Conversion Option) / the lesser of (i) the price per share of the most recent Equity or Equity Linked Financing (as defined below), (ii) the price per share of any Equity or Equity Linked Financing the Company enters into ("Subsequent Financing") or (iii) the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined below); provided, however, that in the event that the Payee elects to convert all or a portion of the Outstanding Balance pursuant to this Section 3 at any time after the Qualified Financing but prior to the satisfaction of the Equity Conditions as set forth in Section 1(a) hereof, such amount shall convert into the number of Conversion Shares determined in accordance with the Automatic Conversion Formula. If the Payee desires to exercise the Conversion Option, the Payee shall, by personal delivery or nationally-recognized overnight carrier, surrender the original of this Note and give written notice to the Company (the "Conversion Notice"), which Conversion Notice shall (a) state the Payee's election to exercise the Conversion Option, and (b) provide for a representation and warranty of the Payee to the Company that, as of the date of the Conversion Notice, the Payee has not assigned or otherwise transferred all or any portion of the Payee's rights under this Note to any third parties. The Company shall, as soon as practicable thereafter, issue and deliver to the Payee the number of Conversion Shares to which the Payee shall be entitled upon exercise of the Conversion Option. Notwithstanding anything to the contrary contained in this Section 3, the Company shall have the

right, at the Company's option, on or prior to the consummation of the Qualified Financing (but not thereafter), to pay all or a portion of the accrued and unpaid interest due and payable to Payee upon Payee's exercise of the Conversion Option in cash. For purposes of this Agreement, (y) "Equity and Equity Linked Financing" shall mean the issuance and sale by the Company of its equity securities, the primary purpose of which is to raise capital for the Company, provided, however, that an Equity and Equity Linked Financing shall not be deemed to include the following issuances: (1) shares of common stock issuable or issued to employees, independent contractors, consultants, directors or vendors of the Company directly or pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors of the Company; (2) shares of common stock issued for the purpose of (I) a joint venture, technology licensing or research and development activity, (II) distribution or manufacture of the Company's products or services, or (III) any other transaction involving a corporate partner that is for a purpose other than raising capital through the sale of equity securities; (3) shares of common stock issuable upon conversion of shares of preferred stock outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; (4) securities issued for the acquisition of another company by the Company by merger, purchase of substantially all of the assets of such corporation or other reorganization; (5) securities issued as a dividend or distribution on preferred stock; (6) securities issued as a dividend on common stock where the Company declares or pays a common stock dividend on the preferred stock in the same manner as declared or paid on the common stock; (7) shares of common stock issued or issuable (I) in a public offering before or in connection with which all outstanding shares of preferred stock will be converted to common stock or (II) upon exercise of warrants or rights granted to underwriters in connection with such public offering; (8) shares of common stock issuable or shares of preferred stock issuable upon conversion or exercise of options, warrants, notes or other securities or rights granted pursuant to a loan or commercial lease transaction outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; or (9) by way of dividend or other distribution on shares of common stock excluded from the definition of additional stock by the foregoing clauses (1), (2), (3), (4), (5), (6), (7), (8) or this clause (9), and (z) "Fully-Diluted Basis" shall mean the total number of shares of common stock of the Company then issued and outstanding, assuming (1) the conversion of all preferred stock convertible into common stock; and (2) the exercise of warrants to purchase 9,566,756 shares of common stock outstanding as of the date of the Note, assuming an exercise price of $.60 per share with respect to the warrants issued to the holders of the Original Bridge Notes; and (iii) the exercise of 6,336,050 options to purchase common stock issued pursuant to the Company's stock option plans as of the date of this Note.

4. Ownership Cap and Certain Conversion Restrictions. Notwithstanding anything to the contrary set forth in this Note, if the number of shares of Common Stock to be issued pursuant to any conversion contemplated by this Note would exceed, when aggregated with all other shares of Common Stock owned by the Payee at such time, the number of shares of Common Stock which would result in the Payee beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock, then the portion of the Outstanding Balance that upon conversion would cause the Payee to own in excess of 9.99% of the then issued and outstanding shares of Common Stock shall, at the Holder's option, either (i) convert into the same number of shares of an alternative security of the Company as determined by the Board of Directors of the Borrower in the exercise of its fiduciary duties that would not otherwise result in Payee beneficially owning in excess of 9.99% of the then issued and outstanding shares of Common Stock of the Company, which security shall be convertible into the same number of shares of Common Stock (subject to an appropriate limitation on conversion to limit beneficial ownership to 9.99%) and provide typical protection in the even of merger, stock splits, and related transactions; or (b) remain outstanding (but with no additional interest accrued thereafter if, and only if, the Equity Conditions are satisfied), but such excess shall not be convertible until such portion of the Outstanding Balance can be converted into shares of the Company's Common Stock without causing the Payee to beneficially own in excess of 9.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Note providing the Borrower with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 4 with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 4 will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

5. Most Favored Nations Exchange Right. So long as this Note remains outstanding, if the Company enters into any Subsequent Financing on terms more favorable than the terms governing this Note, then the Payee in its sole discretion may exchange this Note (including principal and accrued interest hereunder) for the securities issued or to be issued in the Subsequent Financing.

6. Principal and Interest Payments.

(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of this Note, the Company shall repay the entire principal balance then outstanding under this Note on June 30, 2008 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an additional one year in its sole discretion.

(b) Interest on the outstanding principal balance of this Note shall accrue at a rate of ten percent (10%) per annum commencing on the date hereof, which interest shall be computed on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days. In the event a Qualified Financing is not completed and to the extent the Payee has not exercised the Conversion Option, all accrued and unpaid interest due under this Note shall be payable on the Maturity Date (as the same may be extended pursuant to subsection (a) above) by the Company in cash. Furthermore, upon the occurrence of an Event of Default (as defined below), then to the extent permitted by applicable law, the Company will pay interest to the Payee on the then outstanding principal balance of the Note from the date of the Event of Default until this Note is paid in full at the rate of fifteen percent (15%) per annum.

(c) Prepayment of principal under this Note without the express written consent of the Payee is not permitted. The Company may at any time, prior to the Qualified Transaction (but not thereafter unless the Equity Conditions are satisfied) without the consent of the Payee, pay accrued interest in cash.

7. Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

8. Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) the Company shall fail to make the payment of any principal amount outstanding for a period of ten (5) days after the date such payment shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(b) the Company shall fail to make the payment of any accrued and unpaid interest for a period of ten (5) days after the date such interest shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(c) any material breach by the Company of any representations or warranties or covenants or other obligations of the Company here under or in the Loan Agreement or Warrant; or

(d) the holder of any indebtedness of the Company shall accelerate any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note and notes of like tenor) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $150,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration; or

(e) A judgment or judgments for the payment of money shall be rendered against the Company for an amount in excess of $150,000 in the aggregate (net of any applicable insurance coverage) for all such judgments that shall remain unpaid for a period of thirty (30) consecutive days or more after its entry or issue or that shall not be discharged, released, dismissed, stayed or bonded (due to an appeal or otherwise) within the thirty (30) consecutive day period after its entry or issue; or

(f) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, as amended (the "Bankruptcy Code") or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic); or

(g) a proceeding or case shall be commenced in respect of the Company without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of forty-five (45) consecutive days or any order for relief shall be entered in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic) against the Company or any of its subsidiaries and shall continue undismissed, or unstayed and in effect for a period of forty-five (45) consecutive days.

9. Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Payee of this Note may at any time at its option, declare by written notice to the Company, the entire unpaid principal balance of this Note together with all interest accrued and unpaid hereon, due and payable without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Company may exercise or otherwise enforce any one or more of the Payee's rights, powers, privileges, remedies and interests under this Note or applicable law. No course of delay on the part of the Payee shall operate as a waiver thereof or otherwise prejudice the right of the Payee. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. Notwithstanding anything to the contrary contained in this Note, Payee agrees that its rights and remedies hereunder are limited to receipt of cash or shares of the Company's common stock in the amounts described herein.

10. Replacement. Upon receipt of a duly executed and notarized written statement from the Payee with respect to the loss, theft or destruction of this Note (or any replacement hereof), and without requiring an indemnity bond or other security, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Company shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

11. Parties in Interest; Transferability. This Note shall be binding upon the Company and its successors and assigns and the terms hereof shall inure to the benefit of the Payee and its successors and permitted assigns. This Note may not be transferred or sold, pledged, hypothecated or otherwise granted as security by the Payee without the prior written consent of the Company (other than to an affiliate of the Payee), which consent will not be unreasonably withheld.

12. Amendments. This Note may not be modified or amended in any manner except in writing executed by the Company and the Payee.

13. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of the Payee:	Platinum Long Term Growth VII, LLC 152 West 57th Street 54th Floor New York, NY 10019 Attention: Michael Goldberg, M.D. Tel. No.: (212) 271-7895 Fax No.: (212) 582-2424
Address of the Company:	VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080 Attention: Chief Executive Officer Tel. No.: (650) 244-9990 Fax No.: (650) 244-9991

14. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the choice of law provisions. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

15. Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

16. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a Payee's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Payee and that the remedy at law for any such breach may be inadequate. Therefore the Company agrees that, in the event of any such breach or threatened breach, the Payee shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

17. Failure or Delay Not Waiver. No failure or delay on the part of the Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

18. Enforcement Expenses. The Company agrees to pay all reasonable costs and expenses of enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses.

19. Binding Effect. The obligations of the Company and the Payee set forth herein shall be absolute and binding upon the successors and permitted assigns of each such party.

20. Compliance with Securities Laws. The Payee acknowledges and agrees that this Note and the securities issuable upon the conversion of this Note, is being, and will be, acquired solely for the Payee's own account and not as a nominee for any other party, and for investment purposes only and not with a view to the resale or distribution of any part thereof, and that the Payee shall not offer, sell or otherwise dispose of this Note or the securities issuable upon the conversion of this Note other than in compliance with applicable federal and state laws. The Payee understands that this Note and the securities issuable upon the conversion of this Note are "restricted securities" under applicable federal and state securities laws and that such securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"). The Payee represents and warrants to the Company that the Payee is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. This Note and any Note issued in substitution or replacement therefore, and the securities issuable upon the conversion of this Note, shall be stamped or imprinted with a legend in substantially the following form:

> "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

21. Severability. The provisions of this Note are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall not in any manner affect such provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

22. Consent to Jurisdiction. Each of the Company and the Payee (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Note and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Payee consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 13 hereof and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 22 shall affect or limit any right to serve process in any other manner permitted by applicable law.

23. Waivers. Except as otherwise specifically provided herein, the Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and does hereby consent to any number of renewals or extensions of the time for payment hereof and agrees that any such renewals or extensions may be made without notice and without affecting its liability herein, AND DOES HEREBY WAIVE TRIAL BY JURY. No delay or omission on the part of the Payee in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Payee, nor shall any waiver by the Payee of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

24. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

VISTAGEN THERAPEUTICS, INC.

By:
Name: H. Ralph Snodgrass
Title: President

pa-1176133

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 1 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 1 to Convertible Promissory Note (the "Amendment") is made as of July 2, 2007, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Letter Loan Agreement dated as of June 19, 2007 (the "Agreement"), pursuant to which the Lender loaned $2,500,000 to the Company and the Company issued to the Lender a senior convertible promissory note dated June 19, 2007 representing the aggregate principal amount of $2,500,000 (the "Original Platinum Note") and a warrant to purchase shares of the Company's Common Stock (the "Original Warrant") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender have agreed to amend and restate the Agreement (the "Amended Agreement") to provide for an additional loan from the Lender to the Company of One Million Two Hundred Fifty Thousand Dollars ($1,250,000) in exchange for a new senior convertible promissory note representing the aggregate principal amount of $1,250,000 (the "New Note") and a another warrant to purchase shares of the Company's Common Stock (the "New Warrant") in accordance with the terms of the Amended Agreement.

WHEREAS, the Lender and the Company now desire to amend the Original Platinum Note to provide that the New Note will be equal in seniority to the Original Platinum Note and certain other indebtedness of the Company.

WHEREAS, Section 12 of the Original Platinum Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the Original Platinum Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Original Platinum Note.

2. Amendment to the Original Platinum Note.

2.1 Amendment to First Paragraph. The last sentence of first paragraph of the Original Platinum Note shall be amended and restated to read in its entirety as follows:

> "This Note, together with the New Note and approximately $1,675,000 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company (the "Original Bridge Notes") shall rank senior in preference or priority to all outstanding and future indebtedness of the Company."

3. Terms of Original Platinum Note. Except as expressly modified hereby, all terms, conditions and provisions of the Original Platinum Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Original Platinum Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

pa-1176133

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: _____
H. Ralph Snodgrass, President

Address: 384 Oyster Point Blvd.
Suite #8
South San Francisco, CA 94080

[Signature Page to Amendment No. 1 to Senior Convertible Promissory Bridge Note]

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

LENDER:

PLATINUM GROWTH FUND VII, LLC

By: _____
Its: _____

[Signature Page to Amendment No. 1 to Senior Convertible Promissory Bridge Note]

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 2 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 2 to Convertible Promissory Note (the "Amendment") is made as of May 16, 2008, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Letter Loan Agreement dated as of June 19, 2007, as amended and restated by that certain Amended and Restated Letter Loan Agreement dated July 2, 2007 (the "Prior Agreement"), pursuant to which the Lender loaned the Company $2,500,000 on June 19, 2007 and $1,250,000 on July 2, 2007 and the Company issued to the Lender a senior convertible promissory note dated June 19, 2007 (the "Original Platinum Note") and a senior convertible promissory note dated July 2, 2007 (the "Subsequent Platinum Note") and two warrants to purchase 3,500,000 shares and 1,750,000 shares of the Company's Common Stock, respectively, (hereinafter, the "Initial Warrant" and the "Subsequent Platinum Warrant", respectively) in accordance with the terms of the Prior Agreement.

WHEREAS, the Company and the Lender have agreed to amend and restate the Prior Agreement (the "Amended Agreement") to provide the Company with the opportunity to borrow up to an aggregate of Five Hundred Thousand Dollars ($500,000), from time to time, in exchange for new senior convertible promissory notes (each a "New Note") representing the amount of indebtedness incurred at such Closing (as defined in the Amended Agreement) and new warrants to purchase shares of the Company's Common Stock (the "New Warrant"), as soon as reasonably practicable after the date of the issuance of each New Note, in accordance with the terms of the Amended Agreement.

WHEREAS, the Lender and the Company now desire to amend the Original Platinum Note to provide that the New Notes will be equal in seniority to the Original Platinum Note, Subsequent Platinum Note and certain other indebtedness of the Company.

WHEREAS, Section 12 of the Original Platinum Note provides that the note may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the Original Platinum Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Original Platinum Note.

2. Amendment to the Original Platinum Note.

2.1 Amendment to First Paragraph. The last sentence of first paragraph of the Original Platinum Note shall be amended and restated to read in its entirety as follows:

"This Note, together with (a) the Senior Convertible Promissory Bridge Notes representing an aggregate principal amount of up to $500,000 issued by the Company to the Payee pursuant to that certain Loan Agreement between the Company and the Payee dated May 16, 2008, (b) the Senior Convertible Promissory Bridge Note dated July 2, 2007, representing an aggregate principal amount of $1,250,000 issued by the Company to the Payee, (c) approximately $2,010,341 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company pursuant to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated August 31, 2006, as amended by that certain Amendment No. 1 to Senior Convertible Note and Warrant Purchase Agreement dated January 31, 2007, as amended by that certain Amendment No. 2 to Senior Convertible Bridge Note and Warrant Purchase Agreement and Amendment No. 1 to Convertible Promissory Note and Warrant to Purchase Common Stock dated June 11, 2007, as amended by that certain Amendment No. 2 to Convertible Promissory Note dated June 27, 2007 (the "Original Bridge Notes"), and (d) the approximately $2,000,000 of senior convertible promissory notes, to be issued by the Company pursuant to the Senior Convertible Promissory Bridge Note and Warrant Agreement dated May 16, 2008 (the "New Bridge Notes") shall rank senior in preference or priority to all outstanding and future Indebtedness of the Company."

2.2 Amendment to Section 6. Section 6(a) of the Original Platinum Note shall be amended and restated in its entirety as follows:

"(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2009 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of Original Platinum Note. Except as expressly modified hereby, all terms, conditions and provisions of the Original Platinum Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Original Platinum Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:_____
Franklin Rice
Executive Vice President Finance and Administration

Address: 384 Oyster Point Blvd.
Suite #8
South San Francisco, CA 94080

[Signature Page to Amendment No. 2 to Senior Convertible Promissory Bridge Note]

pa-1176186

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

LENDER:

PLATINUM LONG TERM GROWTH VII, LLC

By: _____
Its: _____

[Signature Page to Amendment No. 2 to Senior Convertible Promissory Bridge Note]

pa-1176186

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 3 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 3 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December 30, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 14, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated June 19, 2007 in the aggregate principal amount of $2,500,000 (the "June 19 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to amend the June 19 Note to extend the Maturity Date (as defined in the June 19 Note) from December 31, 2009 to December 31, 2010.

WHEREAS, Section 12 of the June 19 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the June 19 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the June 19 Note.

2. Amendment to Section 6(a) of the June 19 Note. Section 6(a) of the June 19 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2010 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of June 19 Note. Except as expressly modified hereby, all terms, conditions and provisions of the June 19 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the June 19 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC.	PLATINUM LONG TERM GROWTH VII, LLC
By:_____	By:_____
Shawn Singh Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 3 to Senior Convertible Promissory Bridge Note]

pa-1176186

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 4 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 4 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December ___, 2010, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 16, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated June 19, 2007 in the aggregate principal amount of $2,500,000 (as amended, the "June 19 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to further amend the June 19 Note to extend the Maturity Date (as defined in the June 19 Note) from December 31, 2010 to December 31, 2011.

WHEREAS, Section 12 of the June 19 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the June 19 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the June 19 Note.

2. Amendment to Section 6(a) of the June 19 Note. Section 6(a) of the June 19 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2011 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of June 19 Note. Except as expressly modified hereby, all terms, conditions and provisions of the June 19 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the June 19 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC.	PLATINUM LONG TERM GROWTH VII, LLC
By:_____	By:_____
Shawn K. Singh, JD	
Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 4 to Senior Convertible Promissory Bridge Note]

pa-1176186

Exhibit A-2

Prior Note dated July 2, 2007

THIS NOTE AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

VISTAGEN THERAPEUTICS, INC.

Senior Convertible Promissory Bridge Note

U.S. $1,250,000 Issuance Date: July 2, 2007
Maturity Date: June 30, 2008

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby promises to pay to the order of Platinum Long Term Growth VII, LLC or any permitted holder of this Senior Convertible Promissory Bridge Note (the "Payee"), at the principal office of the Payee set forth herein, or at such other place as the Payee may designate in writing to the Company, the principal sum of One Million Two Hundred Fifty Thousand Dollars ($1,250,000), with interest on the unpaid principal balance hereof at a rate equal to ten percent (10%) per annum commencing on the date hereof, in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts and in immediately available funds, as provided in this Senior Convertible Promissory Bridge Note (this "Note"). This Note is being issued pursuant to the terms and conditions of that certain Amended and Restated Letter Loan Agreement dated July 2, 2007, by and between the Company and Payee (the "Loan Agreement"). This Note, together with the Senior Convertible Promissory Note dated June 19, 2007 representing an aggregate principal amount of $2,500,000 issued by the Company to the Payee and approximately $1,675,000 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company (the "Original Bridge Notes") shall rank senior in preference or priority to all outstanding and future Indebtedness of the Company.

1. Automatic Conversion of Principal and Interest; Cash Payment Option.

(a) Automatic Conversion. Subject to the Payee's Cash Payment Option (as defined in Section 1(b) below) and Section 4 hereof, upon the closing by the Company of an equity or equity based financing or a series of equity financings following the Issuance Date resulting in gross proceeds to the Company totaling at least $5,000,000 whereby the Company, prior to or concurrent with the completion of such financing(s), is or becomes a Public Company (as defined below) (a "Qualified Financing"), the outstanding principal amount of this Note together with all accrued and unpaid interest hereunder (the "Outstanding Balance") shall be automatically converted, at the closing and on the same terms and conditions of the Qualified Financing, into such securities, including warrants of the Company, as are issued in the Qualified Financing (the "Qualified Financing Securities"), the number of which shall be determined in accordance with one of the following two formulas, as selected by the Payee in its sole discretion: (A) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / (the per security price of the securities sold in the Qualified Financing (valued at the lowest per share price if more than one transaction constitutes the Qualified Financing)), or (B) (the Outstanding

Balance as of the closing of the Qualified Financing) / (the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined in Section 3 below) (the "Automatic Conversion Formula"); provided, however, that, without the consent of the Holder, no such automatic conversion shall occur with respect to a portion of the Note unless and until the shares issuable to the Holder pursuant to the conversion of such portion of the Note are freely tradable as herein provided (the "Equity Conditions"). For purposes of the foregoing definition of the Equity Conditions and notwithstanding any restriction on transfer imposed by Section 6(g) of the Loan Agreement, shares issuable to Holder pursuant to a conversion of the Note shall be deemed freely tradable if: (A) the Company is then a Public Company, and (B) such shares (as to all or any portion thereof upon or immediately following conversion): (i) have been issued to Holder pursuant to a registration statement declared effective under the Securities Act, including, without limitation, any such registration statement declared effective in connection with the Qualified Financing, (ii) are registered for resale pursuant to a then effective registration statement declared effective under the Securities Act (and the Company believes, in good faith, that such effectiveness shall continue for the foreseeable future); or (iii) can be sold in any ninety (90) day period without registration under the Securities Act in compliance with Rule 144 promulgated thereunder, including, without limitation, the volume limitations with respect to such sales as contained in paragraph (e) of Rule 144 to the extent applicable. The principal amounts of this Note and the Original Bridge Notes shall not be included in determining the threshold amount for a Qualified Financing. Upon such automatic conversion, the Payee shall be deemed to be a purchaser in the Qualified Financing and shall be granted all rights, including registration rights afforded to an investor in the Qualified Financing. In the event that the Payee for any reason fails to inform the Company of the Automatic Conversion Formula it desires to use to determine the number of Qualified Financing Securities it will receive pursuant to this Section 1(a), the Outstanding Balance will be converted using the Automatic Conversion Formula that results in the Payee receiving the highest number of Qualified Financing Securities issuable to the Payee upon closing of the Qualified Financing. For purposes of this Section 1, "Public Company" shall mean the Company or the successor of the Company after the occurrence of a Public Event. "Public Event" shall mean the date upon which the Company becomes a publicly traded company or it or any successor is owned by a publicly traded company, by way or merger, share exchange or otherwise. Any balance on this Note that has not converted under this Section 1(a) because the Equity Conditions have not occurred shall thereafter automatically convert upon satisfaction of the Equity Conditions (to the extent the same has not previously been converted pursuant to Section 3 hereof).

(b) Cash Payment in Lieu of Automatic Conversion.

(i) Qualified Financing Notice. In anticipation of, and prior to, the consummation of the Qualified Financing, and no later than five (5) business days prior to the date on which the Company or its successor files the initial S-1 registration statement with the Securities and Exchange Commission (the "SEC") to the extent such a registration statement is being filed in connection with the Qualified Financing, the Company shall deliver a notice to the Payee in accordance with Section 13 of this Note (the "Qualified Financing Notice") stating (i) its bona fide intention to consummate the Qualified Financing, and (ii) the principal terms upon which it proposes to consummate the Qualified Financing;

(ii) Cash Payment. In lieu of automatic conversion of the entire Outstanding Balance upon the closing of the Qualified Financing in accordance with Section 1(a) above, the Payee may, at its option (whether or not the Equity Conditions will be satisfied), elect to receive a cash payment from the Company (the "Cash Payment Option") as partial satisfaction of the Outstanding Balance in accordance with the table set forth below (the "Cash Payment") by delivering written notice to the Company no later than three (3) business days after receipt of the Qualified Financing Notice by the Payee (the "Cash Payment Notice"), which Cash Payment Notice may be rescinded by the Payee on 15 days' prior written notice; provided, however, that the Cash Payment Notice may not be rescinded if delivered within 15 days of the closing of the Qualified Financing:

Gross Proceeds from Qualified Financing	Amount of Cash Payment	Outstanding Balance satisfied by virtue of Cash Payment
$5,000,000 to $10,000,000	$250,000.00	$200,000.00
Greater than $10,000,000	$375,000.00	$300,000.00

(iii) Delivery. If the Payee elects to exercise the Cash Payment Option in accordance with Section 1(b)(ii) above, the Company shall deliver the Cash Payment to the Payee no later than four (4) business days following the closing of the Qualified Financing;

(iv) Automatic Conversion of Remaining Outstanding Balance. Any portion of the Outstanding Balance not otherwise satisfied by virtue of the Cash Payment delivered to the Payee by the Company in accordance with this Section 1(b) shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof); and

(v) Failure to Deliver Cash Payment Notice. In the event that the Payee fails to deliver the Cash Payment Notice to the Company in a timely manner for any reason, the entire Outstanding Balance, without any further action by the Payee, shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof).

2. Issuance of Warrants. In consideration of the loan evidenced by this Note, upon the execution and delivery of this Note, the Company shall issue to the Payee Bridge Common Stock Warrants to purchase 1,750,000 shares of the Company's common stock in the form attached as Exhibit A.

3. Voluntary Conversion of Principal and Interest. Subject to the terms and conditions of this Section 3 and provided this Note remains outstanding, at any time and from time to time prior to the Maturity Date (as defined below), the Payee shall have the right, at the Payee's option, to convert all or a portion of the Outstanding Balance (the "Conversion Option") into such number of fully paid and non-assessable shares of the Company's common stock (the "Conversion Shares") as is determined in accordance with the following formula: (the Outstanding Balance as of the date of the exercise of the Conversion Option) / the lesser of (i) the price per share of the most recent Equity or Equity Linked Financing (as defined below), (ii) the price per share of any Equity or Equity Linked Financing the Company enters into ("Subsequent Financing") or (iii) the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined below); provided, however, that in the event that the Payee elects to convert all or a portion of the Outstanding Balance pursuant to this Section 3 at any time after the Qualified Financing but prior to the satisfaction of the Equity Conditions as set forth in Section 1(a) hereof, such amount shall convert into the number of Conversion Shares determined in accordance with the Automatic Conversion Formula. If the Payee desires to exercise the Conversion Option, the Payee shall, by personal delivery or nationally-recognized overnight carrier, surrender the original

of this Note and give written notice to the Company (the "Conversion Notice"), which Conversion Notice shall (a) state the Payee's election to exercise the Conversion Option, and (b) provide for a representation and warranty of the Payee to the Company that, as of the date of the Conversion Notice, the Payee has not assigned or otherwise transferred all or any portion of the Payee's rights under this Note to any third parties. The Company shall, as soon as practicable thereafter, issue and deliver to the Payee the number of Conversion Shares to which the Payee shall be entitled upon exercise of the Conversion Option. Notwithstanding anything to the contrary contained in this Section 3, the Company shall have the right, at the Company's option, on or prior to the consummation of the Qualified Financing (but not thereafter), to pay all or a portion of the accrued and unpaid interest due and payable to Payee upon Payee's exercise of the Conversion Option in cash. For purposes of this Agreement, (y) "Equity and Equity Linked Financing" shall mean the issuance and sale by the Company of its equity securities, the primary purpose of which is to raise capital for the Company, provided, however, that an Equity and Equity Linked Financing shall not be deemed to include the following issuances: (1) shares of common stock issuable or issued to employees, independent contractors, consultants, directors or vendors of the Company directly or pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors of the Company; (2) shares of common stock issued for the purpose of (I) a joint venture, technology licensing or research and development activity, (II) distribution or manufacture of the Company's products or services, or (III) any other transaction involving a corporate partner that is for a purpose other than raising capital through the sale of equity securities; (3) shares of common stock issuable upon conversion of shares of preferred stock outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; (4) securities issued for the acquisition of another company by the Company by merger, purchase of substantially all of the assets of such corporation or other reorganization; (5) securities issued as a dividend or distribution on preferred stock; (6) securities issued as a dividend on common stock where the Company declares or pays a common stock dividend on the preferred stock in the same manner as declared or paid on the common stock; (7) shares of common stock issued or issuable (I) in a public offering before or in connection with which all outstanding shares of preferred stock will be converted to common stock or (II) upon exercise of warrants or rights granted to underwriters in connection with such public offering; (8) shares of common stock issuable or shares of preferred stock issuable upon conversion or exercise of options, warrants, notes or other securities or rights granted pursuant to a loan or commercial lease transaction outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; or (9) by way of dividend or other distribution on shares of common stock excluded from the definition of additional stock by the foregoing clauses (1), (2), (3), (4), (5), (6), (7), (8) or this clause (9), and (z) "Fully-Diluted Basis" shall mean the total number of shares of common stock of the Company then issued and outstanding, assuming (1) the conversion of all preferred stock convertible into common stock; and (2) the exercise of warrants to purchase 9,566,756 shares of common stock outstanding as of the date of the Note, assuming an exercise price of $.60 per share with respect to the warrants issued to the holders of the Original Bridge Notes; and (iii) the exercise of 6,336,050 options to purchase common stock issued pursuant to the Company's stock option plans as of the date of this Note.

4. Ownership Cap and Certain Conversion Restrictions. Notwithstanding anything to the contrary set forth in this Note, if the number of shares of Common Stock to be issued pursuant to any conversion contemplated by this Note would exceed, when aggregated with all other shares of Common Stock owned by the Payee at such time, the number of shares of Common Stock which would result in the Payee beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock, then the portion of the Outstanding Balance that upon conversion would cause the Payee to own in excess of 9.99% of the then issued and outstanding shares of Common Stock shall, at the Holder's option, either (i) convert into the same number of shares of an alternative security of the Company as determined by the Board of Directors of the Borrower in the exercise of its fiduciary duties that would not otherwise result in Payee beneficially owning in excess of 9.99% of the then issued and outstanding shares of Common Stock of the Company, which security shall be convertible into the same number of shares of Common Stock (subject to an appropriate limitation on conversion to limit beneficial ownership to 9.99%) and provide typical protection in the even of merger, stock splits, and related transactions; or (b) remain outstanding (but with no additional interest accrued thereafter if, and only if, the Equity Conditions are satisfied), but such excess shall not be convertible until such portion of the Outstanding Balance can be converted into shares of the Company's Common Stock without causing the Payee to beneficially own in excess of 9.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Note providing the Borrower with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 4 with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 4 will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

5. Most Favored Nations Exchange Right. So long as this Note remains outstanding, if the Company enters into any Subsequent Financing on terms more favorable than the terms governing this Note, then the Payee in its sole discretion may exchange this Note (including principal and accrued interest hereunder) for the securities issued or to be issued in the Subsequent Financing.

6. Principal and Interest Payments.

(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of this Note, the Company shall repay the entire principal balance then outstanding under this Note on June 30, 2008 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an additional one year in its sole discretion.

(b) Interest on the outstanding principal balance of this Note shall accrue at a rate of ten percent (10%) per annum commencing on the date hereof, which interest shall be computed on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days. In the event a Qualified Financing is not completed and to the extent the Payee has not exercised the Conversion Option, all accrued and unpaid interest due under this Note shall be payable on the Maturity Date (as the same may be extended pursuant to subsection (a) above) by the Company in cash. Furthermore, upon the occurrence of an Event of Default (as defined below), then to the extent permitted by applicable law, the Company will pay interest to the Payee on the then outstanding principal balance of the Note from the date of the Event of Default until this Note is paid in full at the rate of fifteen percent (15%) per annum.

(c) Prepayment of principal under this Note without the express written consent of the Payee is not permitted. The Company may at any time, prior to the Qualified Transaction (but not thereafter unless the Equity Conditions are satisfied) without the consent of the Payee, pay accrued interest in cash.

7. Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

8. Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) the Company shall fail to make the payment of any principal amount outstanding for a period of ten (5) days after the date such payment shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(b) the Company shall fail to make the payment of any accrued and unpaid interest for a period of ten (5) days after the date such interest shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(c) any material breach by the Company of any representations or warranties or covenants or other obligations of the Company here under or in the Loan Agreement or Warrant; or

(d) the holder of any indebtedness of the Company shall accelerate any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note and notes of like tenor) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $150,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration; or

(e) A judgment or judgments for the payment of money shall be rendered against the Company for an amount in excess of $150,000 in the aggregate (net of any applicable insurance coverage) for all such judgments that shall remain unpaid for a period of thirty (30) consecutive days or more after its entry or issue or that shall not be discharged, released, dismissed, stayed or bonded (due to an appeal or otherwise) within the thirty (30) consecutive day period after its entry or issue; or

(f) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, as amended (the "Bankruptcy Code") or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic); or

(g) a proceeding or case shall be commenced in respect of the Company without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of forty-five (45) consecutive days or any order for relief shall be entered in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic) against the Company or any of its subsidiaries and shall continue undismissed, or unstayed and in effect for a period of forty-five (45) consecutive days.

9. Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Payee of this Note may at any time at its option, declare by written notice to the Company, the entire unpaid principal balance of this Note together with all interest accrued and unpaid hereon, due and payable without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Company may exercise or otherwise enforce any one or more of the Payee's rights, powers, privileges, remedies and interests under this Note or applicable law. No course of delay on the part of the Payee shall operate as a waiver thereof or otherwise prejudice the right of the Payee. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. Notwithstanding anything to the contrary contained in this Note, Payee agrees that its rights and remedies hereunder are limited to receipt of cash or shares of the Company's common stock in the amounts described herein.

10. Replacement. Upon receipt of a duly executed and notarized written statement from the Payee with respect to the loss, theft or destruction of this Note (or any replacement hereof), and without requiring an indemnity bond or other security, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Company shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

11. Parties in Interest; Transferability. This Note shall be binding upon the Company and its successors and assigns and the terms hereof shall inure to the benefit of the Payee and its successors and permitted assigns. This Note may not be transferred or sold, pledged, hypothecated or otherwise granted as security by the Payee without the prior written consent of the Company (other than to an affiliate of the Payee), which consent will not be unreasonably withheld.

12. Amendments. This Note may not be modified or amended in any manner except in writing executed by the Company and the Payee.

13. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of the Payee:	Platinum Long Term Growth VII, LLC 152 West 57th Street 54th Floor New York, NY 10019 Attention: Michael Goldberg, M.D. Tel. No.: (212) 271-7895 Fax No.: (212) 582-2424
Address of the Company:	VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080 Attention: Chief Executive Officer Tel. No.: (650) 244-9990 Fax No.: (650) 244-9991

14. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the choice of law provisions. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

15. Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

16. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a Payee's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Payee and that the remedy at law for any such breach may be inadequate. Therefore the Company agrees that, in the event of any such breach or threatened breach, the Payee shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

17. Failure or Delay Not Waiver. No failure or delay on the part of the Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

18. Enforcement Expenses. The Company agrees to pay all reasonable costs and expenses of enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses.

19. Binding Effect. The obligations of the Company and the Payee set forth herein shall be absolute and binding upon the successors and permitted assigns of each such party.

20. Compliance with Securities Laws. The Payee acknowledges and agrees that this Note and the securities issuable upon the conversion of this Note, is being, and will be, acquired solely for the Payee's own account and not as a nominee for any other party, and for investment purposes only and not with a view to the resale or distribution of any part thereof, and that the Payee shall not offer, sell or otherwise dispose of this Note or the securities issuable upon the conversion of this Note other than in compliance with applicable federal and state laws. The Payee understands that this Note and the securities issuable upon the conversion of this Note are "restricted securities" under applicable federal and state securities laws and that such securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"). The Payee represents and warrants to the Company that the Payee is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. This Note and any Note issued in substitution or replacement therefore, and the securities issuable upon the conversion of this Note, shall be stamped or imprinted with a legend in substantially the following form:

> "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

21. Severability. The provisions of this Note are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall not in any manner affect such provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

22. Consent to Jurisdiction. Each of the Company and the Payee (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Note and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Payee consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 13 hereof and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 22 shall affect or limit any right to serve process in any other manner permitted by applicable law.

23. Waivers. Except as otherwise specifically provided herein, the Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and does hereby consent to any number of renewals or extensions of the time for payment hereof and agrees that any such renewals or extensions may be made without notice and without affecting its liability herein, AND DOES HEREBY WAIVE TRIAL BY JURY. No delay or omission on the part of the Payee in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Payee, nor shall any waiver by the Payee of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

24. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

VISTAGEN THERAPEUTICS, INC.

By:
Name: H. Ralph Snodgrass, Ph.D.
Title: President

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 1 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 1 to Convertible Promissory Note (the "Amendment") is made as of May 16, 2008, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Letter Loan Agreement dated as of June 19, 2007, as amended and restated by that certain Amended and Restated Letter Loan Agreement dated July 2, 2007 (the "Prior Agreement"), pursuant to which the Lender loaned the Company $2,500,000 on June 19, 2007 and $1,250,000 on July 2, 2007 and the Company issued to the Lender a senior convertible promissory note dated June 19, 2007 (the "Original Platinum Note") and a senior convertible promissory note dated July 2, 2007 (the "Subsequent Platinum Note") and two warrants to purchase 3,500,000 shares and 1,750,000 shares of the Company's Common Stock, respectively, (hereinafter, the "Initial Warrant" and the "Subsequent Platinum Warrant", respectively) in accordance with the terms of the Prior Agreement.

WHEREAS, the Company and the Lender have agreed to amend and restate the Prior Agreement (the "Amended Agreement") to provide the Company with the opportunity to borrow up to an aggregate of Five Hundred Thousand Dollars ($500,000), from time to time, in exchange for new senior convertible promissory notes (each a "New Note") representing the amount of indebtedness incurred at such Closing (as defined in the Amended Agreement) and new warrants to purchase shares of the Company's Common Stock (the "New Warrant"), as soon as reasonably practicable after the date of the issuance of each New Note, in accordance with the terms of the Amended Agreement.

WHEREAS, the Lender and the Company now desire to amend the Subsequent Platinum Note to provide that the New Notes will be equal in seniority to the Original Platinum Note, Subsequent Platinum Note and certain other indebtedness of the Company.

WHEREAS, Section 12 of the Subsequent Platinum Note provides that the note may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the Subsequent Platinum Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Subsequent Platinum Note.

2. Amendment to the Subsequent Platinum Note.

2.1 Amendment to First Paragraph. The last sentence of first paragraph of the Subsequent Platinum Note shall be amended and restated to read in its entirety as follows:

"This Note, together with (a) the Senior Convertible Promissory Bridge Notes representing an aggregate principal amount of up to $500,000 issued by the Company to the Payee pursuant to that certain Second Amended and Restated Letter Loan Agreement between the Company and the Payee dated May 16, 2008, (b) the Senior Convertible Promissory Bridge Note dated June 19, 2007, representing an aggregate principal amount of $2,500,000 issued by the Company to the Payee, (c) approximately $2,010,341 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company pursuant to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated August 31, 2006, as amended by that certain Amendment No. 1 to Senior Convertible Note and Warrant Purchase Agreement dated January 31, 2007, as amended by that certain Amendment No. 2 to Senior Convertible Bridge Note and Warrant Purchase Agreement and Amendment No. 1 to Convertible Promissory Note and Warrant to Purchase Common Stock dated June 11, 2007, as amended by that certain Amendment No. 2 to Convertible Promissory Note dated June 27, 2007 (the "Original Bridge Notes"), and (d) the approximately $2,000,000 of senior convertible promissory notes, to be issued by the Company pursuant to the Senior Convertible Promissory Bridge Note and Warrant Agreement dated May 16, 2008 (the "New Bridge Notes") shall rank senior in preference or priority to all outstanding and future Indebtedness of the Company."

2.2 Amendment to Section 6. Section 6(a) of the Subsequent Platinum Note shall be amended and restated in its entirety as follows:

"(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2009 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of Subsequent Platinum Note. Except as expressly modified hereby, all terms, conditions and provisions of the Subsequent Platinum Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Subsequent Platinum Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: _____
Franklin Rice
Executive Vice President Finance and Administration

Address: 384 Oyster Point Blvd.
Suite #8
South San Francisco, CA 94080

[Signature Page to Amendment No. 1 to Senior Convertible Promissory Bridge Note]

pa-1249409

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

LENDER:

PLATINUM LONG TERM GROWTH VII, LLC

By: _____
Its: _____

[Signature Page to Amendment No. 1 to Senior Convertible Promissory Bridge Note]

pa-1249409

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 2 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 2 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December 30, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 14, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated July 2, 2007 in the aggregate principal amount of $1,250,000 (the "July 2 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to amend the July 2 Note to extend the Maturity Date (as defined in the July 2 Note) from December 31, 2009 to December 31, 2010.

WHEREAS, Section 12 of the July 2 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the July 2 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the July 2 Note.

2. Amendment to Section 6(a) of the July 2 Note. Section 6(a) of the July 2 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2010 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of July 2 Note. Except as expressly modified hereby, all terms, conditions and provisions of the July 2 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the July 2 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC.	PLATINUM LONG TERM GROWTH VII, LLC
By:_____	By:_____
Shawn Singh	
Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 2 to Senior Convertible Promissory Bridge Note]

pa-1249409

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 3 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 3 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December ___, 2010, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 16, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated July 2, 2007 in the aggregate principal amount of $1,250,000 (as amended, the "July 2 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to further amend the July 2 Note to extend the Maturity Date (as defined in the July 2 Note) from December 31, 2010 to December 31, 2011.

WHEREAS, Section 12 of the July 2 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the July 2 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the July 2 Note.

2. Amendment to Section 6(a) of the July 2 Note. Section 6(a) of the July 2 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2011 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of July 2 Note. Except as expressly modified hereby, all terms, conditions and provisions of the July 2 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the July 2 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC. LLC	PLATINUM LONG TERM GROWTH VII,
By:_____	By:_____
Shawn K. Singh, JD	
Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 3 to Senior Convertible Promissory Bridge Note]

pa-1249409

Exhibit A-3

Prior Note dated May 16, 2008

THIS NOTE AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

VISTAGEN THERAPEUTICS, INC.

Senior Convertible Promissory Bridge Note

U.S. $250,000 Issuance Date: May 16, 2008
Maturity Date: December 31, 2009

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby promises to pay to the order of Platinum Long Term Growth VII, LLC or any permitted holder of this Senior Convertible Promissory Bridge Note (the "Payee"), at the principal office of the Payee set forth herein, or at such other place as the Payee may designate in writing to the Company, the principal sum of Two Hundred Fifty Thousand Dollars ($250,000), with interest on the unpaid principal balance hereof at a rate equal to ten percent (10%) per annum commencing on the date hereof, in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts and in immediately available funds, as provided in this Senior Convertible Promissory Bridge Note (this "Note"). This Note is being issued pursuant to the terms and conditions of that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, by and between the Company and Payee (the "Loan Agreement"). This Note, together with (a) the Senior Convertible Promissory Bridge Note dated June 19, 2007, representing an aggregate principal amount of $2,500,000 issued by the Company to the Payee, (b) the Senior Convertible Promissory Bridge Note dated July 2, 2007, representing an aggregate principal amount of $1,250,000 issued by the Company to the Payee, (c) approximately $2,010,341 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company pursuant to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated August 31, 2006, as amended by that certain Amendment No. 1 to Senior Convertible Note and Warrant Purchase Agreement dated January 31, 2007, as amended by that certain Amendment No. 2 to Senior Convertible Bridge Note and Warrant Purchase Agreement and Amendment No. 1 to Convertible Promissory Note and Warrant to Purchase Common Stock dated June 11, 2007, as amended by that certain Amendment No. 2 to Convertible Promissory Note dated June 27, 2007, (the "Original Bridge Notes"), (d) up to $2,000,000 of senior convertible promissory notes, issued or to be issued by the Company pursuant to the Senior Convertible Promissory Bridge Note and Warrant Agreement dated May 16, 2008 (the "New Bridge Notes") in substantially the form and containing the terms and conditions presented to the Holder on the date hereof, and (e) any note issued to the Payee evidencing a Subsequent Loan under the Loan Agreement, shall rank senior in preference or priority to all outstanding and future Indebtedness of the Company.

1. Automatic Conversion of Principal and Interest; Cash Payment Option.

(a) Automatic Conversion. Subject to the Payee's Cash Payment Option (as defined in Section 1(b) below) and Section 4 hereof, upon the closing by the Company of an equity or equity based financing or a series of equity financings following the Issuance Date resulting in gross proceeds to the Company totaling at least $5,000,000 whereby the Company, prior to or concurrent with the completion of such financing(s), is or becomes a Public Company (as defined below) (a "Qualified Financing"), the outstanding principal amount of this Note together with all accrued and unpaid interest hereunder (the "Outstanding Balance") shall be automatically converted, at the closing and on the same terms and conditions of the Qualified Financing, into such securities, including warrants of the Company, as are issued in the Qualified Financing (the "Qualified Financing Securities"), the number of which shall be determined in accordance with one of the following two formulas, as selected by the Payee in its sole discretion: (A) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / (the per security price of the securities sold in the Qualified Financing (valued at the lowest per share price if more than one transaction constitutes the Qualified Financing)), or (B) (the Outstanding Balance as of the closing of the Qualified Financing) / (the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined in Section 3 below) (the "Automatic Conversion Formula"); provided, however, that, without the consent of the Holder, no such automatic conversion shall occur with respect to a portion of the Note unless and until the shares issuable to the Holder pursuant to the conversion of such portion of the Note are freely tradable as herein provided (the "Equity Conditions"). For purposes of the foregoing definition of the Equity Conditions and notwithstanding any restriction on transfer imposed by Section 6(g) of the Loan Agreement, shares issuable to Holder pursuant to a conversion of the Note shall be deemed freely tradable if: (A) the Company is then a Public Company, and (B) such shares (as to all or any portion thereof upon or immediately following conversion): (i) have been issued to Holder pursuant to a registration statement declared effective under the Securities Act, including, without limitation, any such registration statement declared effective in connection with the Qualified Financing, (ii) are registered for resale pursuant to a then effective registration statement declared effective under the Securities Act (and the Company believes, in good faith, that such effectiveness shall continue for the foreseeable future); or (iii) can be sold in any ninety (90) day period without registration under the Securities Act in compliance with Rule 144 promulgated thereunder, including, without limitation, the volume limitations with respect to such sales as contained in paragraph (e) of Rule 144 to the extent applicable. The principal amounts of this Note and the Original Bridge Notes shall not be included in determining the threshold amount for a Qualified Financing. Upon such automatic conversion, the Payee shall be deemed to be a purchaser in the Qualified Financing and shall be granted all rights, including registration rights afforded to an investor in the Qualified Financing. In the event that the Payee for any reason fails to inform the Company of the Automatic Conversion Formula it desires to use to determine the number of Qualified Financing Securities it will receive pursuant to this Section 1(a), the Outstanding Balance will be converted using the Automatic Conversion Formula that results in the Payee receiving the highest number of Qualified Financing Securities issuable to the Payee upon closing of the Qualified Financing. For purposes of this Section 1, "Public Company" shall mean the Company or the successor of the Company after the occurrence of a Public Event. "Public Event" shall mean the date upon which the Company becomes a publicly traded company or it or any successor is owned by a publicly traded company, by way or merger, share exchange or otherwise. Any balance on this Note that has not converted under this Section 1(a) because the Equity Conditions have not occurred shall thereafter automatically convert upon satisfaction of the Equity Conditions (to the extent the same has not previously been converted pursuant to Section 3 hereof).

(b) Cash Payment in Lieu of Automatic Conversion.

(i) Qualified Financing Notice. In anticipation of, and prior to, the consummation of the Qualified Financing, and no later than five (5) business days prior to the date on which the Company or its successor files the initial S-1 registration statement with the Securities and Exchange Commission (the "SEC") to the extent such a registration statement is being filed in connection with the Qualified Financing, the Company shall deliver a notice to the Payee in accordance with Section 13 of this Note (the "Qualified Financing Notice") stating (i) its bona fide intention to consummate the Qualified Financing, and (ii) the principal terms upon which it proposes to consummate the Qualified Financing;

(ii) Cash Payment. In lieu of automatic conversion of the entire Outstanding Balance upon the closing of the Qualified Financing in accordance with Section 1(a) above, the Payee may, at its option (whether or not the Equity Conditions will be satisfied), elect to receive a cash payment from the Company (the "Cash Payment Option") as partial satisfaction of the Outstanding Balance in accordance with the table set forth below (the "Cash Payment") by delivering written notice to the Company no later than three (3) business days after receipt of the Qualified Financing Notice by the Payee (the "Cash Payment Notice"), which Cash Payment Notice may be rescinded by the Payee on 15 days' prior written notice; provided, however, that the Cash Payment Notice may not be rescinded if delivered within 15 days of the closing of the Qualified Financing:

Gross Proceeds from Qualified Financing	Amount of Cash Payment	Outstanding Balance satisfied by virtue of Cash Payment
$5,000,000 to $10,000,000	$50,000.00	$40,000.00
Greater than $10,000,000	$75,000.00	$60,000.00

(iii) Delivery. If the Payee elects to exercise the Cash Payment Option in accordance with Section 1(b)(ii) above, the Company shall deliver the Cash Payment to the Payee no later than four (4) business days following the closing of the Qualified Financing;

(iv) Automatic Conversion of Remaining Outstanding Balance. Any portion of the Outstanding Balance not otherwise satisfied by virtue of the Cash Payment delivered to the Payee by the Company in accordance with this Section 1(b) shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof); and

(v) Failure to Deliver Cash Payment Notice. In the event that the Payee fails to deliver the Cash Payment Notice to the Company in a timely manner for any reason, the entire Outstanding Balance, without any further action by the Payee, shall automatically be converted into Qualified Financing Securities upon the closing of the Qualified Financing in accordance with Section 1(a) above (subject, however, to the satisfaction of the Equity Conditions, as set forth in Section 1(a) hereof).

2. Issuance of Warrants. In consideration of the loan evidenced by this Note, upon the execution and delivery of this Note, the Company shall issue to the Payee Bridge Common Stock Warrants to purchase 350,000 shares of the Company's common stock in the form attached as Exhibit A.

3. Voluntary Conversion of Principal and Interest. Subject to the terms and conditions of this Section 3 and provided this Note remains outstanding, at any time and from time to time prior to the Maturity Date (as defined below), the Payee shall have the right, at the Payee's option, to convert all or a portion of the Outstanding Balance (the "Conversion Option") into such number of fully paid and non-assessable shares of the Company's common stock (the "Conversion Shares") as is determined in accordance with the following formula: (the Outstanding Balance as of the date of the exercise of the Conversion Option) / the lesser of (i) the price per share of the most recent Equity or Equity Linked Financing (as defined below), (ii) the price per share of any Equity or Equity Linked Financing the Company enters into ("Subsequent Financing") or (iii) the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined below); provided, however, that in the event that the Payee elects to convert all or a portion of the Outstanding Balance pursuant to this Section 3 at any time after the Qualified Financing but prior to the satisfaction of the Equity Conditions as set forth in Section 1(a) hereof, such amount shall convert into the number of Conversion Shares determined in accordance with the Automatic Conversion Formula. If the Payee desires to exercise the Conversion Option, the Payee shall, by personal delivery or nationally-recognized overnight carrier, surrender the original

of this Note and give written notice to the Company (the "Conversion Notice"), which Conversion Notice shall (a) state the Payee's election to exercise the Conversion Option, and (b) provide for a representation and warranty of the Payee to the Company that, as of the date of the Conversion Notice, the Payee has not assigned or otherwise transferred all or any portion of the Payee's rights under this Note to any third parties. The Company shall, as soon as practicable thereafter, issue and deliver to the Payee the number of Conversion Shares to which the Payee shall be entitled upon exercise of the Conversion Option. Notwithstanding anything to the contrary contained in this Section 3, the Company shall have the right, at the Company's option, on or prior to the consummation of the Qualified Financing (but not thereafter), to pay all or a portion of the accrued and unpaid interest due and payable to Payee upon Payee's exercise of the Conversion Option in cash. For purposes of this Agreement, (y) "Equity and Equity Linked Financing" shall mean the issuance and sale by the Company of its equity securities, the primary purpose of which is to raise capital for the Company, provided, however, that an Equity and Equity Linked Financing shall not be deemed to include the following issuances: (1) shares of common stock issuable or issued to employees, independent contractors, consultants, directors or vendors of the Company directly or pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors of the Company; (2) shares of common stock issued for the purpose of (I) a joint venture, technology licensing or research and development activity, (II) distribution or manufacture of the Company's products or services, or (III) any other transaction involving a corporate partner that is for a purpose other than raising capital through the sale of equity securities; (3) shares of common stock issuable upon conversion of shares of preferred stock outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; (4) securities issued for the acquisition of another company by the Company by merger, purchase of substantially all of the assets of such corporation or other reorganization; (5) securities issued as a dividend or distribution on preferred stock; (6) securities issued as a dividend on common stock where the Company declares or pays a common stock dividend on the preferred stock in the same manner as declared or paid on the common stock; (7) shares of common stock issued or issuable (I) in a public offering before or in connection with which all outstanding shares of preferred stock will be converted to common stock or (II) upon exercise of warrants or rights granted to underwriters in connection with such public offering; (8) shares of common stock issuable or shares of preferred stock issuable upon conversion or exercise of options, warrants, notes or other securities or rights granted pursuant to a loan or commercial lease transaction outstanding on the date hereof at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the date hereof; or (9) by way of dividend or other distribution on shares of common stock excluded from the definition of additional stock by the foregoing clauses (1), (2), (3), (4), (5), (6), (7), (8) or this clause (9), and (z) "Fully-Diluted Basis" shall mean the total number of shares of common stock of the Company then issued and outstanding, assuming (1) the conversion of all preferred stock convertible into common stock; and (2) the exercise of warrants to purchase 9,566,756 shares of common stock outstanding as of the date of the Note, assuming an exercise price of $.60 per share with respect to the warrants issued to the holders of the Original Bridge Notes; and (iii) the exercise of 6,336,050 options to purchase common stock issued pursuant to the Company's stock option plans as of the date of this Note.

4. Ownership Cap and Certain Conversion Restrictions. Notwithstanding anything to the contrary set forth in this Note, if the number of shares of Common Stock to be issued pursuant to any conversion contemplated by this Note would exceed, when aggregated with all other shares of Common Stock owned by the Payee at such time, the number of shares of Common Stock which would result in the Payee beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock, then the portion of the Outstanding Balance that upon conversion would cause the Payee to own in excess of 9.99% of the then issued and outstanding shares of Common Stock shall, at the Holder's option, either (i) convert into the same number of shares of an alternative security of the Company as determined by the Board of Directors of the Borrower in the exercise of its fiduciary duties that would not otherwise result in Payee beneficially owning in excess of 9.99% of the then issued and outstanding shares of Common Stock of the Company, which security shall be convertible into the same number of shares of Common Stock (subject to an appropriate limitation on conversion to limit beneficial ownership to 9.99%) and provide typical protection in the even of merger, stock splits, and related transactions; or (b) remain outstanding (but with no additional interest accrued thereafter if, and only if,

the Equity Conditions are satisfied), but such excess shall not be convertible until such portion of the Outstanding Balance can be converted into shares of the Company's Common Stock without causing the Payee to beneficially own in excess of 9.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Note providing the Borrower with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 4 with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 4 will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

5. Most Favored Nations Exchange Right. So long as this Note remains outstanding, if the Company enters into any Subsequent Financing on terms more favorable than the terms governing this Note, then the Payee in its sole discretion may exchange this Note (including principal and accrued interest hereunder) for the securities issued or to be issued in the Subsequent Financing.

6. Principal and Interest Payments.

(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of this Note, the Company shall repay the entire principal balance then outstanding under this Note on December 31, 2009 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an additional one year in its sole discretion.

(b) Interest on the outstanding principal balance of this Note shall accrue at a rate of ten percent (10%) per annum commencing on the date hereof, which interest shall be computed on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days. In the event a Qualified Financing is not completed and to the extent the Payee has not exercised the Conversion Option, all accrued and unpaid interest due under this Note shall be payable on the Maturity Date (as the same may be extended pursuant to subsection (a) above) by the Company in cash. Furthermore, upon the occurrence of an Event of Default (as defined below), then to the extent permitted by applicable law, the Company will pay interest to the Payee on the then outstanding principal balance of the Note from the date of the Event of Default until this Note is paid in full at the rate of fifteen percent (15%) per annum.

(c) Prepayment of principal under this Note without the express written consent of the Payee is not permitted. The Company may at any time, prior to the Qualified Transaction (but not thereafter unless the Equity Conditions are satisfied) without the consent of the Payee, pay accrued interest in cash.

7. Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

8. Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) the Company shall fail to make the payment of any principal amount outstanding for a period of ten (5) days after the date such payment shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(b) the Company shall fail to make the payment of any accrued and unpaid interest for a period of ten (5) days after the date such interest shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or

(c) any material breach by the Company of any representations or warranties or covenants or other obligations of the Company here under or in the Loan Agreement or Warrant; or

(d) the holder of any indebtedness of the Company shall accelerate any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note and notes of like tenor) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $150,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration; or

(e) A judgment or judgments for the payment of money shall be rendered against the Company for an amount in excess of $150,000 in the aggregate (net of any applicable insurance coverage) for all such judgments that shall remain unpaid for a period of thirty (30) consecutive days or more after its entry or issue or that shall not be discharged, released, dismissed, stayed or bonded (due to an appeal or otherwise) within the thirty (30) consecutive day period after its entry or issue; or

(f) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, as amended (the "Bankruptcy Code") or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic); or

(g) a proceeding or case shall be commenced in respect of the Company without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of forty-five (45) consecutive days or any order for relief shall be entered in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic) against the Company or any of its subsidiaries and shall continue undismissed, or unstayed and in effect for a period of forty-five (45) consecutive days.

9. Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Payee of this Note may at any time at its option, declare by written notice to the Company, the entire unpaid principal balance of this Note together with all interest accrued and unpaid hereon, due and payable without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Company may exercise or otherwise enforce any one or more of the Payee's rights, powers, privileges, remedies and interests under this Note or applicable law. No course of delay on the part of the Payee shall operate as a waiver thereof or otherwise prejudice the right of the Payee. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. Notwithstanding anything to the contrary contained in this Note, Payee agrees that its rights and remedies hereunder are limited to receipt of cash or shares of the Company's common stock in the amounts described herein.

10. Replacement. Upon receipt of a duly executed and notarized written statement from the Payee with respect to the loss, theft or destruction of this Note (or any replacement hereof), and without requiring an indemnity bond or other security, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Company shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

11. Parties in Interest; Transferability. This Note shall be binding upon the Company and its successors and assigns and the terms hereof shall inure to the benefit of the Payee and its successors and permitted assigns. This Note may not be transferred or sold, pledged, hypothecated or otherwise granted as security by the Payee without the prior written consent of the Company (other than to an affiliate of the Payee), which consent will not be unreasonably withheld.

12. Amendments. This Note may not be modified or amended in any manner except in writing executed by the Company and the Payee.

13. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of the Payee:
Platinum Long Term Growth VII, LLC
152 West 57th Street
54th Floor
New York, NY 10019
Attention: Michael Goldberg, M.D.
Tel. No.: (212) 271-7895
Fax No.: (212) 582-2424

Address of the Company:
VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite #8
South San Francisco, CA 94080
Attention: Chief Executive Officer
Tel. No.: (650) 244-9990
Fax No.: (650) 244-9991

14. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the choice of law provisions. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

15. Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

16. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a Payee's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Payee and that the remedy at law for any such breach may be inadequate. Therefore the Company agrees that, in the event of any such breach or threatened breach, the Payee shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

17. Failure or Delay Not Waiver. No failure or delay on the part of the Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

18. Enforcement Expenses. The Company agrees to pay all reasonable costs and expenses of enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses.

19. Binding Effect. The obligations of the Company and the Payee set forth herein shall be absolute and binding upon the successors and permitted assigns of each such party.

20. Compliance with Securities Laws. The Payee acknowledges and agrees that this Note and the securities issuable upon the conversion of this Note, is being, and will be, acquired solely for the Payee's own account and not as a nominee for any other party, and for investment purposes only and not with a view to the resale or distribution of any part thereof, and that the Payee shall not offer, sell or otherwise dispose of this Note or the securities issuable upon the conversion of this Note other than in compliance with applicable federal and state laws. The Payee understands that this Note and the securities issuable upon the conversion of this Note are "restricted securities" under applicable federal and state securities laws and that such securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"). The Payee represents and warrants to the Company that the Payee is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. This Note and any Note issued in substitution or replacement therefore, and the securities issuable upon the conversion of this Note, shall be stamped or imprinted with a legend in substantially the following form:

> "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

21. Severability. The provisions of this Note are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall not in any manner affect such provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

22. Consent to Jurisdiction. Each of the Company and the Payee (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Note and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Payee consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 13 hereof and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 22 shall affect or limit any right to serve process in any other manner permitted by applicable law.

23. Waivers. Except as otherwise specifically provided herein, the Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and does hereby consent to any number of renewals or extensions of the time for payment hereof and agrees that any such renewals or extensions may be made without notice and without affecting its liability herein, AND DOES HEREBY WAIVE TRIAL BY JURY. No delay or omission on the part of the Payee in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Payee, nor shall any waiver by the Payee of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

24. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

pa-1249409

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

VISTAGEN THERAPEUTICS, INC.

By:
Name: Franklin Rice
Title: Executive Vice President Finance and Administration

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 1 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 1 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December 30, 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 14, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated May 16, 2008 in the aggregate principal amount of $250,000 (the "May 16 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to amend the May 16 Note to extend the Maturity Date (as defined in the May 16 Note) from December 31, 2009 to December 31, 2010.

WHEREAS, Section 12 of the May 16 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the May 16 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the May 16 Note.

2. Amendment to Section 6(a) of the May 16 Note. Section 6(a) of the May 16 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2010 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of May 16 Note. Except as expressly modified hereby, all terms, conditions and provisions of the May 16 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the May 16 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC. LLC	PLATINUM LONG TERM GROWTH VII,
By:_____	By:_____
Shawn Singh	
Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 1 to Senior Convertible Promissory Bridge Note]

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 2 TO SENIOR CONVERTIBLE PROMISSORY BRIDGE NOTE

This Amendment No. 2 to Senior Convertible Promissory Bridge Note (the "Amendment") is made as of December ___, 2010, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and Platinum Long Term Growth VII, LLC (the "Lender").

RECITALS

WHEREAS, the Lender and the Company are parties to that certain Second Amended and Restated Letter Loan Agreement dated May 16, 2008, as amended by that certain Amendment No. 1 to Second Amended and Restated Letter Loan Agreement dated October 16, 2009 (the "Agreement"), pursuant to which the Company issued to the Lender a senior convertible promissory note dated May 16, 2008 in the aggregate principal amount of $250,000 (as amended, the "May 16 Note") in accordance with the terms of the Agreement.

WHEREAS, the Company and the Lender now desire to amend the May 16 Note to extend the Maturity Date (as defined in the May 16 Note) from December 31, 2010 to December 31, 2011.

WHEREAS, Section 12 of the May 16 Note provides that it may only be amended by written consent of the Company and the Lender.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Lender hereby agree to amend the May 16 Note as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the May 16 Note.

2. Amendment to Section 6(a) of the May 16 Note. Section 6(a) of the May 16 Note shall be amended and restated in its entirety as follows:

> "(a) In the event a Qualified Financing is not completed and the Payee has not exercised the Conversion Option with respect to the entire amount of the Note, the Company shall repay the entire principal balance then outstanding under the Note on December 31, 2011 (the "Maturity Date"); provided that the Payee may extend the Maturity Date up to an addition year in its sole discretion."

3. Terms of May 16 Note. Except as expressly modified hereby, all terms, conditions and provisions of the May 16 Note shall continue in full force and effect.

4. Conflicting Terms. In the event of any inconsistency or conflict between the May 16 Note and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

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

THE COMPANY:	**LENDER:**
VISTAGEN THERAPEUTICS, INC. LLC	PLATINUM LONG TERM GROWTH VII,
By:_____	By:_____
Shawn K. Singh, JD	
Chief Executive Officer	Its: _____

[Signature Page to Amendment No. 2 to Senior Convertible Promissory Bridge Note]

Exhibit B-l
Form of New Note

THIS NOTE AND THE SECURITIES INTO WHICH IT IS CONVERTIBLE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

VISTAGEN THERAPEUTICS, INC. Amended and Restated Senior Convertible Promissory Bridge Note

U.S. $4,000,000 Original Issuance Date: June 19,2007
Maturity Date: June 30, 2012

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), hereby promises to pay to the order of Platinum Long Term Growth VII, LLC or any permitted holder of this Senior Convertible Promissory Bridge Note (the "Payee"), at the principal office of the Payee set forth herein, or at such other place as the Payee may designate in writing to the Company, the principal sum of Four Million Dollars ($4,000,000), with interest on the unpaid principal balance hereof at a rate equal to ten percent (10%) per annum from and including November 1, 2009 (the "Interest Accrual Date"), in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts and in immediately available funds, as provided in this Senior Convertible Promissory Bridge Note (this "Note"). This Note is being issued pursuant to the terms and conditions of that certain Letter Loan Agreement, dated June 19, 2007, as amended, by and between the Company and Payee, (the "Loan Agreement"), and replaces those senior convertible promissory notes in the aggregate principal amount of Four Million Dollars ($4,000,000) issued by the Company as provided in the Loan Agreement.

1. Automatic Conversion of Principal and Interest; Cash Payment Option.
Subject to Section 4 hereof, upon the closing by the Company of a "Qualified Financing", (as defined below), the outstanding principal amount of this Note together with all accrued and unpaid interest hereunder (the "Outstanding Balance") shall be automatically converted, at the closing and on the same terms and conditions of the Qualified Financing, into such securities, including warrants of the Company, as are issued in the Qualified Financing (the "Qualified Financing Securities"), the number of which shall be determined in accordance with one of the following three formulas, as selected by the Payee in its sole discretion: (A) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / $1.75 per share of the Company's Common Stock (as the same may be adjusted as set forth herein, the "Fixed Conversion Price"). (B) (the Outstanding Balance as of the closing of the Qualified Financing x (1.25) / (the per security price of the securities sold in the Qualified Financing (valued at the lowest per share price if more than one transaction constitutes the Qualified Financing)), or (C) (the Outstanding Balance as of the closing of the Qualified Financing) / (the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined in Section 3 below) (the "Automatic Conversion Formula""): provided, however, that, without the consent of the Holder, no such automatic conversion shall occur with respect to a portion of the Note unless and until the shares issuable to the Holder pursuant to the conversion of such portion of the Note are freely tradable as herein provided (the "Equity Conditions"). For purposes of this Note, a "Qualified Financing" shall mean and be deemed to have occurred following the last to occur of the following: (i) the closing by the Company of an equity or equity based financing or a series of equity financing following May 1, 2011 resulting in aggregate gross proceeds to the Company totaling at least $5,000,000 (including the cancellation of indebtedness not otherwise convertible by its terms); and (ii) the Company becomes a Public Company (as defined below). For purposes of the foregoing definition of the Equity Conditions and notwithstanding any restriction on transfer imposed by Section 6(g) of the Loan Agreement, shares issuable to Holder pursuant to a conversion of the Note shall be deemed freely tradable if: (A) the Company is then a Public Company, and (B) such shares (as to all or any portion thereof upon or immediately following conversion): (i) have been issued to Holder pursuant to a registration statement declared effective under the Securities Act, including, without limitation, any such registration statement declared effective in connection with the Qualified Financing, (ii) are registered for resale pursuant to a then effective registration statement declared effective under the Securities Act (and the Company believes, in good faith, that such effectiveness shall continue for the foreseeable future); or (iii) can be sold in any ninety (90) day period without registration under the Securities Act in compliance with Rule 144 promulgated thereunder, including, without limitation, the volume limitations with respect to such sales as contained in paragraph (e) of Rule 144 to the extent applicable. The principal amounts of this Note shall not be included in determining the threshold amount for a Qualified Financing. Upon such automatic conversion, the Payee shall be deemed to be a purchaser in the Qualified Financing and shall be granted all rights, including registration rights afforded to an investor in the Qualified Financing. In the event that the Payee for any reason fails to inform the Company of the Automatic Conversion Formula it desires to use to determine the number of Qualified Financing Securities it will receive pursuant to this Section 1(a), the Outstanding Balance will be converted using the Automatic Conversion Formula that results in the Payee receiving the highest number of Qualified Financing Securities issuable to the Payee upon closing of the Qualified Financing. For purposes of this Section 1, "Public Company" shall mean the Company or the successor of the Company after the occurrence of a Public Event. "Public Event" shall mean the date upon which the Company becomes a publicly traded company or it or any successor is owned by a publicly traded company, by way or merger, share exchange or otherwise. Any balance on this Note that has not converted under this Section 1(a) because the Equity Conditions have not occurred shall thereafter automatically convert upon satisfaction of the Equity Conditions (to the extent the same has not previously been converted pursuant to Section 3 hereof).

2. Adjustment to Fixed Exercise Price. In the event that the Company shall (a) issue additional shares of the Common Stock as a dividend or other distribution on outstanding Common Stock issued by the Company, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of the Common Stock, then, in each such event, the Fixed Exercise Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Fixed Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Fixed Exercise Price then in effect. The Fixed Exercise Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 2. Similar equitable adjustments shall be made for purposes of the determination of the price of any Qualified Financing pursuant to Section 1 above.

3. Voluntary Conversion of Principal and Interest. Subject to the terms and conditions of this Section 3 and provided this Note remains outstanding, at any time and from time to time prior to the Maturity Date (as defined below), the Payee shall have the right, at the Payee's option, to convert all or a portion of the Outstanding Balance (the "Conversion Option") into such number of fully paid and non-assessable shares of the Company's common stock (the "Conversion Shares") as is determined in accordance with the following formula: (125% of the Outstanding Balance being converted as of the date of the exercise of the Conversion Option) / the lesser of (i) the Fixed Conversion Price, (ii) the price per share of any Equity or Equity Linked Financing the Company enters into ("Subsequent Financing") or (iii) the per share price of a share of the Company's common stock assuming a $30 million valuation of the Company on a Fully Diluted Basis (as defined below); provided, however, that in the event that the Payee elects to convert all or a portion of the Outstanding Balance pursuant to this Section 3 at any time after the Qualified Financing but prior to the satisfaction of the Equity Conditions as set forth in Section 1(a) hereof, such amount shall convert into the number of Conversion Shares determined in accordance with the Automatic Conversion Formula selected by the Payee pursuant to Section 1 above. If the Payee desires to exercise the Conversion Option, the Payee shall, by personal delivery or nationally-recognized overnight carrier, surrender the original of this Note and give written notice to the Company (the "Conversion Notice"), which Conversion Notice shall (a) state the Payee's election to exercise the Conversion Option, and (b) provide for a representation and warranty of the Payee to the Company that, as of the date of the Conversion Notice, the Payee has not assigned or otherwise transferred all or any portion of the Payee's rights under this Note to any third parties. The Company shall, as soon as practicable thereafter, issue and deliver to the Payee the number of Conversion Shares to which the Payee shall be entitled upon exercise of the Conversion Option, together with a note representing the unconverted balance (if any). Notwithstanding anything to the contrary contained in this Section 3, the Company shall have the right, at the Company's option, on or prior to the consummation of the Qualified Financing (but not thereafter), to pay all or a portion of the accrued and unpaid interest due and payable to Payee upon Payee's exercise of the Conversion Option in cash. For purposes of this Agreement, (y) "Equity and Equity Linked Financing" shall mean the issuance and sale by the Company of its equity securities, the primary purpose of which is to raise capital for the Company, provided, however, that an Equity and Equity Linked Financing shall not be deemed to include the following issuances: (1) shares of common stock issuable or issued to employees, independent contractors, consultants, directors or vendors of the Company directly or pursuant to a stock option plan, restricted stock plan or other agreement approved by the Board of Directors of the Company; (2) shares of common stock issued for the purpose of (I) a joint venture, technology licensing or research and development activity, (II) distribution or manufacture of the Company's products or services, or (III) any other transaction involving a corporate partner that is for a purpose other than raising capital through the sale of equity securities; (3) shares of common stock issuable upon conversion of shares of preferred stock outstanding on the Original Issuance Date at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the Original Issuance Date; (4) securities issued for the acquisition of another company by the Company by merger, purchase of substantially all of the assets of such corporation or other reorganization; (5) securities issued as a dividend or distribution on preferred stock; (6) securities

issued as a dividend on common stock where the Company declares or pays a common stock dividend on the preferred stock in the same manner as declared or paid on the common stock; (7) shares of common stock issued or issuable (I) in apublic offering before or in connection with which all outstanding shares of preferred stock will be converted to common stock or (II) upon exercise of warrants or rights granted to underwriters in connection with such public offering; (8) shares of common stock issuable or shares of preferred stock issuable upon conversion or exercise of options, warrants, notes or other securities or rights granted pursuant to a loan or commercial lease transaction outstanding on the Original Issuance Date at the conversion price determined in accordance with the Company's amended and restated articles of incorporation in effect as of the Original Issuance Date; or (9) by way of dividend or other distribution on shares of common stock excluded from the definition of additional stock by the foregoing clauses (1), (2), (3), (4), (5), (6), (7), (8) or this clause (9), and (z) "Fully-Diluted Basis" shall mean the total number of shares of common stock of the Company then issued and outstanding, assuming (1) the conversion of all preferred stock convertible into common stock; and (2) the exercise of warrants to purchase 956,676 shares of common stock outstanding as of the Original Issuance Date of the Note, assuming an exercise price of $6.00 per share with respect to the warrants issued to the holders of the Original Bridge Notes; and (iii) the exercise of 633,605 options to purchase common stock issued pursuant to the Company's stock option plans as of the Original Issuance Date of this Note.

4. Ownership Cap and Certain Conversion Restrictions. Notwithstanding anything to the contrary set forth in this Note, if the number of shares of Common Stock to be issued pursuant to any conversion contemplated by this Note would exceed, when aggregated with all other shares of Common Stock owned by the Payee at such time, the number of shares of Common Stock which would result in the Payee beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock, then the portion of the Outstanding Balance that upon conversion would cause the Payee to own in excess of 9.99% of the then issued and outstanding shares of Common Stock shall, at the Holder's option, either (i) convert into the same number of shares of an alternative security of the Company as determined by the Board of Directors of the Borrower in the exercise of its fiduciary duties that would not otherwise result in Payee beneficially owning in excess of 9.99% of the then issued and outstanding shares of Common Stock of the Company, which security shall be convertible into the same number of shares of Common Stock (subject to an appropriate limitation on conversion to limit beneficial ownership to 9.99%) without payment of additional consideration (other than a proportionate surrender of such security) and provide typical protection in the even of merger, stock splits, and related transactions; or (b) remain outstanding (but with no additional interest accrued thereafter if, and only if, the Equity Conditions are satisfied), but such excess shall not be convertible until such portion of the Outstanding Balance can be converted into shares of the Company's Common Stock without causing the Payee to beneficially own in excess of 9.99% of the then issued and outstanding shares of Common Stock; provided, however, that upon a holder of this Note providing the Borrower with sixty-one (61) days notice (the "Waiver Notice") that such Holder would like to waive this Section 4 with regard to any or all shares of Common Stock issuable upon conversion of this Note, this Section 4 will be of no force or effect with regard to all or a portion of the Note referenced in the Waiver Notice.

5. Most Favored Nations Exchange Right. So long as this Note remains outstanding, if the Company enters into any Subsequent Financing on terms more favorable than the terms governing this Note, then the Payee in its sole discretion may exchange this Note (including principal and accrued interest hereunder) for the securities issued or to be issued in the Subsequent Financing.

6. Principal and Interest Payments.

(a) In the event a Qualified Financing is not completed or the Payee has not exercised the Conversion Option with respect to the entire amount of this Note, the Company shall repay the entire principal balance then outstanding under this Note on June 30, 2012 (the "Maturity Date"): provided that the Payee may extend the Maturity Date up to an additional one year in its sole discretion.
(b) Interest on the outstanding principal balance of this Note shall accrue at a rate of ten percent (10%) per annum commencing on the Interest Accrual Date, which interest shall be computed on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days. In the event a Qualified Financing occurs on or before December 31, 2011, any interest
occurring from the date of issuance of this Amended and Restated Note (May , 2011) to the date
of closing of such Qualified Financing shall be forgiven. In the event a Qualified Financing is not completed and/or to the extent the Payee has not exercised the Conversion Option, all accrued and unpaid interest due under this Note shall be payable on the Maturity Date (as the same may be extended pursuant to subsection (a) above) by the Company in cash. Furthermore, upon the occurrence of an Event of Default (as defined below), then to the extent permitted by applicable law, the Company will pay interest to the Payee on the then outstanding principal balance of the Note from the date of the Event of Default until this Note is paid in full at the rate of fifteen percent (15%) per annum.
(c) Prepayment of principal under this Note without the express written consent of the Payee is not permitted. The Company may at any time, prior to the Qualified Transaction (but not thereafter unless the Equity Conditions are satisfied) without the consent of the Payee, pay accrued interest in cash.

7. Non-Business Days. Whenever any payment to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due on the next succeeding business day and such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

8. Events of Default. The occurrence of any of the following events shall be an "Event of Default" under this Note:

(a) the Company shall fail to make the payment of any principal amount outstanding for a period of ten (10) days after the date such payment shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or
(b) the Company shall fail to make the payment of any accrued and unpaid interest for a period of ten (10) days after the date such interest shall become due and payable hereunder; provided, however, that the Company shall have five (5) days to cure any such default; or
(c) any material breach by the Company of any representations or warranties or covenants or other obligations of the Company hereunder or in the Loan Agreement or the Warrants issued to the Payee; or
(d) the holder of any indebtedness of the Company shall accelerate any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note and notes of like tenor) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $150,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration; or

(e) A judgment or judgments for the payment of money shall be rendered against the Company for an amount in excess of $150,000 in the aggregate (net of any applicable insurance coverage) for all such judgments that shall remain unpaid for a period of thirty (30) consecutive days or more after its entry or issue or that shall not be discharged, released, dismissed, stayed or bonded (due to an appeal or otherwise) within the thirty (30) consecutive day period after its entry or issue; or

(f) the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property or assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Federal Bankruptcy Code, as amended (the "Bankruptcy Code") or under the comparable laws of any jurisdiction (foreign or domestic), (iv) file a petition seeking to take advantage of any bankruptcy, insolvency, moratorium, reorganization or other similar law affecting the enforcement of creditors' rights generally, or (v) acquiesce in writing to any petition filed against it in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic); or

(g) a proceeding or case shall be commenced in respect of the Company without its application or consent, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, moratorium, dissolution, winding up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets or (iii) similar relief in respect of it under any law providing for the relief of debtors, and such proceeding or case described in clause (i), (ii) or (iii) shall continue undismissed, or unstayed and in effect, for a period of forty-five (45) consecutive days or any order for relief shall be entered in an involuntary case under the Bankruptcy Code or under the comparable laws of any jurisdiction (foreign or domestic) against the Company or any of its subsidiaries and shall continue undismissed, or unstayed and in effect for a period of forty-five (45) consecutive days.

9. Remedies Upon An Event of Default. If an Event of Default shall have occurred and shall be continuing, the Payee of this Note may at any time at its option, declare by written notice to the Company, the entire unpaid principal balance of this Note together with all interest accrued and unpaid hereon, due and payable without presentment, demand, protest, or notice, all of which are hereby expressly unconditionally and irrevocably waived by the Company may exercise or otherwise enforce any one or more of the Payee's rights, powers, privileges, remedies and interests under this Note or applicable law. No course of delay on the part of the Payee shall operate as a waiver thereof or otherwise prejudice the right of the Payee. No remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise. Notwithstanding anything to the contrary contained in this Note, Payee agrees that its rights and remedies hereunder are limited to receipt of cash or shares of the Company's common stock in the amounts described herein.

10. Replacement. Upon receipt of a duly executed and notarized written statement from the Payee with respect to the loss, theft or destruction of this Note (or any replacement hereof), and without requiring an indemnity bond or other security, or, in the case of a mutilation of this Note, upon surrender and cancellation of such Note, the Company shall issue a new Note, of like tenor and amount, in lieu of such lost, stolen, destroyed or mutilated Note.

11. Parties in Interest; Transferability. This Note shall be binding upon the Company and its successors and assigns and the terms hereof shall inure to the benefit of the Payee and its successors and permitted assigns. This Note may not be transferred or sold, pledged, hypothecated or otherwise granted as security by the Payee without the prior written consent of the Company (other than to an affiliate of the Payee), which consent will not be unreasonably withheld.

12. Amendments. This Note may not be modified or amended in any manner except in writing executed by the Company and the Payee.

13. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of the Payee: Platinum Long Term Growth VII, LLC
152 West 57th Street 4th Floor
New York, NY 10019 Attention: Michael Goldberg, M.D. Tel. No.: (212) 271-7895 Fax No.: (212) 582-2424
Address of the Company: VistaGen. Therapeutics, Inc.
384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080 Attention: Chief Executive Officer Tel. No.: (650) 244-9990 Fax No.: (650) 244-9991

14. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to the choice of law provisions. This Note shall not be interpreted or construed with any presumption against the party causing this Note to be drafted.

15. Headings. Article and section headings in this Note are included herein for purposes of convenience of reference only and shall not constitute a part of this Note for any other purpose.

16. Remedies, Characterizations. Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note, at law or in equity (including, without limitation, a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a
Payee's right to pursue actual damages for any failure by the Company to comply with the terms of this Note. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable and material harm to the Payee and that the remedy at law for any such breach may be inadequate. Therefore the Company agrees that, in the event of any such breach or threatened breach, the Payee shall be entitled, in addition to all other available rights and remedies, at law or in equity, to seek and obtain such equitable relief, including but not limited to an injunction restraining any such breach or threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

17. Failure or Delay Not Waiver. No failure or delay on the part of the Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

18. Enforcement Expenses. The Company agrees to pay all reasonable costs and expenses of enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses.

19. Binding Effect. The obligations of the Company and the Payee set forth herein shall be absolute and binding upon the successors and permitted assigns of each such party.

20. Compliance with Securities Laws. The Payee acknowledges and agrees that this Note and the securities issuable upon the conversion of this Note, is being, and will be, acquired solely for the Payee's own account and not as a nominee for any other party, and for investment purposes only and not with a view to the resale or distribution of any part thereof, and that the Payee shall not offer, sell or otherwise dispose of this Note or the securities issuable upon the conversion of this Note other than in compliance with applicable federal and state laws. The Payee understands that this Note and the securities issuable upon the conversion of this Note are "restricted securities" under applicable federal and state securities laws and that such securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"). The Payee represents and warrants to the Company that the Payee is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. This Note and any Note issued in substitution or replacement therefore, and the securities issuable upon the conversion of this Note, shall be stamped or imprinted with a legend in substantially the following form:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS VISTAGEN THERAPEUTICS, INC. SHALL HAVE RECEIVED AN OPINION OF COUNSEL THAT THE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT AND UNDER THE PROVISIONS OF APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

21. Severability. The provisions of this Note are severable, and if any provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall not in any manner affect such provision in any other jurisdiction or any other provision of this Note in any jurisdiction.

22. Consent to Jurisdiction. Each of the Company and the Payee (i) hereby irrevocably submits to the jurisdiction of the United States District Court sitting in the Southern District of New York and the courts of the State of New York located in New York county for the purposes of any suit, action or proceeding arising out of or relating to this Note and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Payee consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address set forth in Section 13 hereof and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 22 shall affect or limit any right to serve process in any other manner permitted by applicable law.

23. Waivers. Except as otherwise specifically provided herein, the Company hereby waives presentment, demand, notice of nonpayment, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, and does hereby consent to any number of renewals or extensions of the time for payment hereof and agrees that any such renewals or extensions may be made without notice and without affecting its liability herein, AND DOES HEREBY WAIVE TRIAL BY JURY. No delay or omission on the part of the Payee in exercising its rights under this Note, or course of conduct relating hereto, shall operate as a waiver of such rights or any other right of the Payee, nor shall any waiver by the Payee of any such right or rights on any one occasion be deemed a waiver of the same right or rights on any future occasion.

24. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

VISTAGEN THERAPEUTICS, INC.

By:,,
Name: H. Ralph Snodgrass Title: President

Exhibit 10.30

PROMISSORY NOTE

$352,273 South San Francisco, California
April 29, 2011

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation ("Company"), in connection with the satisfaction of certain amounts owed by Company to Cato Holding Company ("Payee"), and as consideration for:

1. cancellation in full of all amounts due and payable, as of the date hereof, by Company to Payee under that certain Loan Agreement, dated February 3 , 2004 (the "Loan Agreement"), as amended August 10,2006, and further amended pursuant to Amendment No. 2, dated February 14, 2007, Amendment No. 3, dated December 31, 2009, and Amendment No. 4, dated December 31,2010, each attached hereto as Exhibit A, and,
2. cancellation of $ 105,000 in principal amount owed by Company to Payee under that Unsecured Promissory Note, dated August 19,2010 (the "August 2010 Note"), as amended December 31,2010, each attached hereto as Exhibit B,
3. the release by Payee of certain security interests in Company's marketable personal property as given in Exhibit B to the Loan Agreement as attached hereto as Exhibit C. Company hereby promises to pay to Payee or any permitted holder of this Promissory Note (the "2011 Note") designated by Payee (a "Holder"), at its offices located at 4364 South Alston Ave., Durham, NC, 27713, or at such other place as Payee or a Holder may from time to time designate in writing, in lawful money of the United States of America, the principal sum of Three Hundred Fifty-One Thousand Seven Hundred Sixty Dollars ($352,273) in full satisfaction of those amounts due under the Loan Agreement and the August 2010 Note, as of April 29, 2011, as listed above, and in accordance with the following:

1. Payments.

(a) Company shall pay to Payee the principal sum of Three Hundred Fifty-Two Thousand Two Hundred Seventy Three Dollars ($352,273) in accordance with the following payment schedule:

1. Ten Thousand Dollars ($ 10,000) each month, beginning May 1,2011 and ending on October 1,2011;

2. Twelve Thousand Dollars ($12,500) each month, beginning November 1, 2011, and each month thereafter until the balance under the 2011 Note, is paid in full, with the final monthly payment to be made in the amount equal to the then current outstanding balance of principal and interest due under the 2011 Note, subject to certain conditions described in Section 3 below.

2. Interest. The 2011 Note shall bear interest at the rate of 7.0% per annum, compounded monthly.

3. Events of Default and Remedies.

Any one of the following occurrences shall constitute an "Event of Default" under this Note:

(a) The failure by Company to make any payment upon this 2011 Note within ten (10) days of the date the same becomes due and payable in accordance with the terms hereof; or
(b) The occurrence of any default under this 2011 Note other than as described in the preceding clause and the continuation of such default for twenty (20) days after notice thereof is given to Company by the Payee; or
(c) Company becoming the subject of any proceedings or action of any regulatory agency or any court relating to its insolvency or for the appointment of a trustee, receiver or similar officer for Company, making an assignment for the benefit of its creditors, or entering into any agreement for the extension or readjustment of all or substantially all of its obligations.

Upon the occurrence of any Event of Default hereunder, (i) the entire unpaid principal balance at the option of Payee and without notice or demand of any kind to Company or any other person, immediately becomes due and payable; and (ii) the Payee shall have and may exercise any and all rights and remedies available at law or in equity.

4. Time of Cancellation.

(a) The cancellation of the $105,000 due under the August 2010 Note described above shall occur immediately before the conversion of the remaining sums due under such note pursuant to the certain Conversion Agreement between the Company and certain holders of the Company's promissory notes dated on or about April 29, 2011.

5. Miscellaneous.

(a) The provisions of this 2011 Note shall inure to the benefit of and be binding on any successor to Company, or any assignees hereof, and shall extend to any Holder hereof.

(b) The obligation to pay the Holder of this 2011 Note shall be absolute and unconditional and the rights of such Holder shall not be subject to any defense, setoff, counterclaim or recoupment or by reason of any indebtedness or liability at any time owing by Holder to Company.

(c) This 2011 Note shall not be amended unless such amendment is in writing and executed by both Holder and Company.

(d) This 2011 Note shall be governed by and construed in accordance with the laws of the State of California.

(e) Company reserves the right to prepay the outstanding balance under this 2011 Note in full or in part at any time during the term of this 2011 Note without notice and without premium or penalty.

IN WITNESS WHEREOF, the undersigned has executed and delivered this 2011 Note as of the date and year first above written.
VISTAGEN THERAPEUTICS, INC.

By: /s/ Shawn K. Singh
Shawn K. Singh
Chief Executive Officer

Cato Holding Company hereby agrees that, upon execution of this note by Company, (1) all amounts due under the Loan Agreement are cancelled, (2) $105,000 due under the August 2010 Note is cancelled, and (3) all security interests under Exhibit B of the Loan Agreement are cancelled.

By: /s/ Cato Holding Company

Exhibit A

LOAN AGREEMENT

Dated as of February 3, 2004 by and between CATO HOLDING COMPANY

CATO VENTURE GROUP
as lender
and
VISTAGEN THERAPEUTICS, INC.
as borrower

TOTAL CREDIT AMOUNT: $200,000

Maturity; 36 months
Formula: None.
Loan Fee: None
Interest: Prime plus 1%
Warrants: 25,000 shares of Common Stock
Warrant Price: $0.08 per share

1. The terms and information set forth on this cover page are a part of the attached Loan Agreement, dated as of the date first written above (this "Agreement"), entered into by and between Cato Holding Company; a North Carolina corporation dba Cato Venture Group ("Lender"), and VistaGen Therapeutics, Inc., a California Corporation ("Borrower"), The terms and conditions of the Agreement agreed to between Lender and Borrower are as follows:

Advances.

(a) Borrower may request and promptly receive one or more advances (each, an "Advance" and collectively, the "Advances") from time to time in an aggregate outstanding amount up to the total Credit Amount specified on the cover page thereafter, provided all matters relating to the requested Advances have been completed to Lender's satisfaction

(b) To obtain an Advance, Borrower shall give Lender irrevocable written notice in the form acceptable to Lender (attached as Exhibit A) by 10:00 a.m. New York Time on the business day prior to the date of such Advance. The Advances made pursuant to this Agreement and all payments made hereunder shall be recorded by Lender on its books and records. The failure to record any Advance, prepayment or payment shall hot limit or otherwise affect the obligation of Borrower to pay any amounts due hereunder. Each request for an Advance shall- be deemed to affirmthat the representations and warranties set forth in Section 3 are true, complete and correct.

(c) Borrower shall pay interest on the outstanding Advances at a floating rate, equal to the Prime Rate announced from time to time by Lender plus themargin specified on the cover page hereof. Interest shall be payable in arrears on the first day of each month. The Prime Rate shall mean the published 'Prime Rate" that appears in the "Money Rates" section of The Wall Street Journal. The entire outstanding principal balance of the Advances, all accrued arid unpaid interest thereon, and all fees, expenses and other amounts outstanding, if any, hereunder shall.be immediately due and payable on the Maturity Date specified on the cover page.

(d) All payments on this Agreement shall be applied first to fees and expenses, if any, then to interest and then to principal. Any principal or interest payments on this Agreement outstanding after the occurrence and during the continuance of a default under this Agreement shall bear interest at a rate equal to the lesser of 5% above the rate otherwise applicable under this Agreement or the maximum rate permitted under law. The provision in this paragraph for late fees and default interest shall not be construed as Lender's consent to Borrower's failure to pay any amounts in strict accordance with this Agreement, and Lender's acceptance of iany such payments shall not restrict Lender's exercise of any remedies arising out of any such fai lure.

2. Security Interest. As security for all present and future indebtedness, guarantees|iabilities, and other obligations of Borrower to Lender under this Agreement or otherwise (collectively, the "Obligations"). Borrower hereby assigns and grants Lender a continuing security interest in Borrower's personal property, whether now owned (as specified in Exhibit B) or hereafter acquired, and wherever located, including without limitation all of the following: all accounts, cash, general intangibles, chattel paper, documents, letters of credit, instruments, deposit accounts, investment property, inventory, fixtures and equipment, as such terms are defined in Division 9 of the California Uniform Commercial Code in effect on the date hereof, excluding all of Borrower's intellectual property, including patents, patent applications, cell lines, licensed property and copyrights and trademarks and all products and proceeds thereof, but including any insurance proceeds of the foregoing (collectively, the "Collateral"). Borrower will provide Lender timely access to such documents from time to time to ensure perfectionor continuity of the security interest granted hereunder.

3. Representations and Warranties. Borrower represents to Lender on the date hereof and ori each date on which an Advance is requested, as follows: (a) Borrower is not knowingly in default under any agreement under which Borrower owes any money, or any agreement, the violation or termination of which could have a material adverse effect on Borrower; (b) Borrower has taken all action necessary to authorize the execution, delivery and performance of this Agreement; (c) there are no liens, security interests or other encumbrances on the Collateral other than the first priority security interest granted to Lender hereunder; (d) the execution and performance of this Agreement do not conflict with, or constitute a default under, any agreement to which Borrower is party or by which Borrower is bound; (e) the information provided to Lender on or prior to the date of this Agreement is true and correct in all material respects; (f) All financial statements and other information provided to Lender fairly present Borrower's financial condition, and there has not been a material adverse change in the financial condition of Borrower since the date of the most recent of the financial statements submitted to Lender; (g) the execution and performance of this Agreement do not conflict with, or constitute a default under, any agreement to which Borrower is party or by which Borrower is bound; (h) Borrower is in compliance with all laws and orders applicable to it; (i) Borrower is not party to any litigation and is not the subject of any government investigation, and Borrower has no knowledge of'any pending litigation or investigation or the existence of circumstances that reasonably cotild be expected to give rise to such litigation or investigation; and (j) no representation or other statement made by Borrower to Lender contains any untrue statement of a material adverse fact or omits to state a material adverse fact necessary to make any statements made to Lender not misleading

4. Covenants.

(a) Borrower will provide Lender (i) within 45 days after the last day of each quarter, company-prepared quarterly financial statements in same form and substance as provided to all investors, (ii) as soon as available, but in any event with ninety (90) days after the end of each fiscal year, compiled financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with a unqualified opinion on such financial statements of the Borrower's independent certified public accounting firm; and (iii) promptly upon Lender's request, such other information relating to Borrower's operations and condition as Lender may reasonably request from time to time. Lender, at its cost, shall have a right to examine and copy Borrower's bojoks andrecords from time to time within the Company's facilities.and upon reasonable notice to Borrower. Borrower will maintain insurance in the form and amount found acceptable to Lender prior to closing relating to the Collateral and Borrower's business If permitted by Borrower's insurance carrier, any insurance on the Collateral shall include a lender's loss payable endorsement in favor of Lender as an additional loss payee, and any liability insurance shall show Lender as an additional insured.

(b) Borrower will maintain its corporate existence and good standing and will maintain in force all licenses and agreements necessary or appropriate in Borrower's judgement to the conduct of its business. Borrower will pay all taxes on or before the date such taxes are due, and will comply with all laws and orders applicable to it.

(c) Borrower will not without advance approval of Lender whoose approval shall not be unreasonably with held, (i) make any material investments in, or loans or advances to,any person other than in the ordinary course of business as currently conducted or currently planned to be conducted , (ii) acquire any material assets other than in the ordinary course of business as currently conducted, (iii) make any material distributions or pay any dividends to any person on account of Borrower's shares, (iv) excepting sales of convertible debt approved for sale by the Company's Director's, borrow any money, or otherwise become substantially more liable in connection with any indebtedness outside the ordinary course of business as currently conducted, (v) move, dispose of or encumber any, portion of its Collateral, except for dispositions of inventory in the ordinary course of business as currently conducted, or (vi) merge or consolidate with or into any person or entity.

5. Fees and Expenses. Lender shall pay all of its legal and underwriting expenses in connection with this Agreement, with the exception of the insurance endorsements as set forth in Section 4(a). Borrower shall, pay all of its legal expenses in connection with this Agreement and all reasonable out of pocket costs that Lender incurs in enforcing this Agreement or exercising any rights withjrespeet to the Collateral including all costs incurred after the occurrence of an Insolvency Event), including without limitation reasonable attorneys fees and expenses.

6. Events of Default: Remedies. Any one or more of the following shall constitute an Event of Default under this Agreement:

(a) Borrower's failure (i) to comply with written notice from Lender of Borrowers providing 48-hour notice to pay all or any part of the overdue principal or interest payments required hereunder as of the date due and payable, or (ii) to comply with any agreement or covenant set forth in this Agreement, or (iii) to comply with any law to which Borrower is subject; or (b) Borrower becomes the subject of any case or proceeding under the United States Bankruptcy Code or any other law relating to the reorganization or restructuring of debt (an "Insolvency Event"); or (c) any representation made to Lender in this Agreement, or any information given to Lender by or on behalf of Borrower shall be incorrect in any adverse material respect; or (d) any part of the Collateral becomes subject to an attachment, lien, security interest or levy in favor of any person or entity other than Lender; or (e) a judgment or judgments for the payment of money shall be rendered against Borrower and shall remainunsatisfied and unstayed for a period of twenty (20) business days.

7. Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest; and other amounts owing hereunder shall, at the option of Lender, be immediately due and payable and collectible by or on behalf of Lender, and Lender may exercise all of the rights of a secured party under the California Uniform Commercial Code and any other applicable law. Lender may immediately set off and apply to any obligation outstanding hereunder any balances or deposits held by Lender or any indebtedness at any time: owing to or for the credit or the account of Borrower held by Lender. Borrower shall assemble the Collateral in accordance with Lender's directions within 14 days, and Lender shall have a right at Borrower's sole expense to dispose of all or any portion of the Collateral in the order and manner that Lender elects, in its sole discretion, in any commercially reasonable manner. Lender shall have a royalty-free license to use any name, trademark, or any property of Borrower to complete production of, advertisement for, and disposition of any Collateral and Lender shall have a license to enter into, occupy and use Borrower's premises during normal business hours and in the presence of one or more officers of the Company and the Collateral without charge to exercise any of Lender's rights or remedies under this Agreement. Borrower irrevocably appoints Lender (and any of Lender's designated employees or agents) as Borrower's true and lawful attorney in fact to: endorse Borrower's name on any checks or other forms of payment; make, settle and adjust all claims under and decisions with respect to Borrower's policies of insurance; settle and adjust disputes and claims respecting accounts receivable with account debtors; execute and deliver all notices, instruments and agreements in connection with the perfection of the security interest granted in this Agreement; and sell, lease or otherwise dispose of all or any part of the Collateral. The appointment of Lender as Borrower's attorney in fact, and each of Lender's rights and powers, being coupled with an interest, is irrevocable until all amount owing to Lender have been repaid in full. Waivers: Indemnity. Borrower shall pay all reasonable costs of collection and enforcement of this Agreement when incurred, including reasonable attorneys' fees, costs and expenses incurred before, after or in connection with of an Insolvency Event. Lender shall be liable for any loss of, or damage to, the Collateral, the risk of which shall beborne by Lender. Borrower shall hold Lender harmless from any claim, obligation or liability (including without limitation reasonable attorneys fees and expenses) arising out of this Agreement or the transactions contemplated hereby, including any claim, obligation or liability arising before, after or in connection with an Insolvency Event. The indemnity obligation hereunder shall survive repayment of all Obligations and termination of this Agreement until all applicable statute of limitation periods as to actions that may be brought against Lender have run.

8. Miscellaneous. Lender may assign all or any part of its interest in this Agreement and the Advances to any person or entity, or grant a participation of any interest in this Agreement, without notice to, or the consent of, Borrower. This Agreement can be amended only by an instrument signed by Lender and Borrower, AD prior agreements, understandings and. negotiations with the Lender are superseded by this Agreement. Borrowermay not assign any obligation hereunder without Lender's consent, which consent will not be unreasonably with held.. This Agreement maybe executed in two or more counterparts, each of which shall be deemed an original, but all of which, shall constitute one instrument. Each provision of this Agreement shall be severable from every other provision of this Agreement fir the purpose of deteirnining the legal enforceability of any specific provision. All covenants, representations and warrants made in this Agreement shall continue in full force and effect so long as any obligations hereunder remain outstanding. This Agreement shall be governed by the internal laws of the State of California, without regard to conflicts of laws rules. Borrower and Lender consent to the jurisdiction of the United States District Court of the Northern District of California and the state courts for Santa Clara County, California.

JURY WAIVER. LENDER AND BORROWER WAIVE ANY RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL

IN WITNESS WHEREOF, -the undersigned have executed this Agreement as of the first day above written.

VISTAGEN THERAPEUTICS, INC.

CATO HOLDING COMPANY
DBA CATO VENTURE GROUP

AMENDMENT NO. 2 TO LOAN AGREEMENT

THIS AMENDMENT NO. 2 TO LOAN AGREEMENT (the"Amendment") is made and entered Into as of February 14 2007, by and between Cato Holding Company, a North Carolina corporation dba Cato BioVentures ("LENDER"), and VistaGen Therapeutics, Inc., a California corporation ("BORROWER").

WHEREAS, the parties entered into that certain Loan Agreement dated as of February 3, 2007, as amended by an Agreement dated August 16,2006 (collectively; the "Agreement"), pursuant to which LENDER extended to BORROWER a $200,000 line of credit at an interest rate of Prime plus 1% and with a maturity of thirty-six (36) months from the date of the Agreement; and

WHEREAS, the parties desire to amend the Agreement to increase the line of credit extended to BORROWER to: $400,000 and to amend the maturity date and repayment terms;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration the receipt and sufficiency of which Is hereby acknowledged, the parties agree as follows:

1. Total Crsdit Amount on the Cover Page of the Agreement. The Total Credit Amount is hereby amended by deleting "$200,000" and replacing it with "$400,000".

2. Maturity on the Cover Page of the Agreement The Maturity Is hereby amended by deleting it in its entirety and replacing it with the following:"Maturity: The earlier of one hundred eighty (180) days after the closing of Borrower's offering of common stock in connection with its simultaneous reverse merger Into a public shell company whose common stock currently trades on the OTC Bulletin Board (the "Offering") or December 31, 2009."

3. Confirmation of Agreement. Except as otherwise amended or modified hereby, all terms and conditions of the Agreement shall remain in full force and effect,

4. Capitalized Terms. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to them in the Agreement.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

Cato Holding Company

By: /s/ Cato Holding Company

Name:
Title:

VistaGen Therapeutics, Inc

By: /s/ Shawn K. Singth
Name: Shawn K. Singh
Title: CEO

AMENDMENT NO. 3

TO

LOAN AGREEMENT

THIS AMENDMENT NO. 3 TO LOAN AGREEMENT (the "Amendment") is made and entered into as of December 31, 2009, by and between Cato Holding Company, a North Carolina corporation dba Cato BioVentures ("LENDER"), and VistaGen Therapeutics, inc., a California corporation ("BORROWER").

WHEREAS, the parties entered into that certain Loan Agreement dated as of February 3, 2004, as amended by an Agreement dated August 18, 2006 and Amendment No. 2 dated February 14, 2007 (collectively, the "Agreement"), pursuant to which LENDER extended to BORROWER a $400,000 line of. credit at an interest rate of Prime plus 1 %; and

WHEREAS, the parties desire to amend the Agreement to amend the maturity date and repayment terms;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Maturity on the Cover Page of the Agreement. The Maturity is hereby amended by deleting it in its entirety and replacing it with the following:

"Maturity: The earlier of ninety (90) days after the closing of Borrower's initial public offering of common stock in the United States or Canada (the "Offering") or December 31, 2010."

2. Confirmation of Agreement. Except as otherwise amended or modified hereby, all terms and conditions of the Agreement shall remain in full force and effect.

3. Capitalized Terms. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to them in the Agreement.

4. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

Cato Holding Company

By: /s/ Cato Holding Company

Name:
Title:

VistaGen Therapeutics, Inc

By: /s/ Shawn K. Singth
Name: Shawn K. Singh
Title: CEO

AMENDMENT NO. 4 TO
LOAN AGREEMENT

THIS AMENDMENT NO. 4 TO LOAN AGREEMENT (the "Amendment") is made and entered into as of December 30 2010, by and between Cato Holding Company, a North Carolina corporation dba Cato BioVentures ("LENDER"), and VistaGen Therapeutics, Inc., a California corporation ("BORROWER").

WHEREAS, the parties entered into that certain Loan Agreement dated as of February 3, 2004, as amended by an Agreement dated. August 18, 2006, Amendment #2 dated February 14, 2007, and Amendment #3 dated December 31, 2009, (collectively, the "Agreement"), pursuant to which LENDER extended to BORROWER a $400,000 line of credit at an interest rate of Prime plus 1 % and with a maturity of December 31, 2010; and

WHEREAS, the parties desire to amend the Agreement to amend the maturity date and repayment terms;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Maturity on the Cover Page of the Agreement. The Maturity is hereby amended by deleting it in its entirety and replacing it with the following:

"Maturity: Ninety (90) days following the first to occur of a.) the closing of Borrower's offering of $5,000,000 or more in common stock, or b.) the closing of a reverse merger into a public shell company whose common stock currently trades on the OTC Bulletin Board (the "Offering"), or c.) December 31,2012."

2. Confirmation of Agreement. Except as otherwise amended or modified hereby, all terms and conditions of the Agreement shall remain in full force and effect.

3. Capitalized Terms. Capitalized terms used but not defined in this Amendment shall have the meanings ascribed to them In the Agreement.

4. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

Cato Holding Company

Exhibit 10.31

UNSECURED PROMISSORY NOTE

Issuance Date: April 2011

FOR VALUE RECEIVED, the undersigned VISTAGEN THERAPEUTICS, INC. a California corporation ("Maker"), hereby promises to pay to DES JARDINS SECURITIES INC. "Payee") at 25 York Street, 10th Floor, Toronto, Ontario M5J 2V5 Canada, or at such other place or to such other party as Payee may from time to time designate, the principal sum of TWO HUNDRED THIRTY SIX THOUSAND FIFTY-EIGHT DOLLARS ($236,058), plus interest from the date hereof, in immediately available funds on the terns and subject to the conditions set forth below. This Note is issued by Maker to Payee in full satisfaction of all amounts owed by Maker to Payee, whether or not subject to outstanding invoices, pursuant to that certain engagement letter, dated March 12,2010, as amended, between Maker and Payee through the Issuance Date of this Unsecured Promissory Note ("Note"), Including the outstanding invoices listed on Schedule A attached hereto,

1 Maturity Date. Unless sooner paid in accordance with the terms hereof, the entire unpaid principal amount and all accrued interest shall become fully due and payable on the earliest of (i) June 30,2014, (ii) the consummation of a Change of Control (as defined below); and (in) the acceleration of the maturity of this Note by the Payee upon the occurrence and during the continuance of an Event of Default (such earliest date, the "Maturity Date"), The entire amount of unpaid principal and accrued but unpaid interest, if any, shall be due and payable on the Maturity Date. For purposes of this Note, "Change of Control" shall mean (A) the acquisition of the shares of the Maker by another entity by means of any reorganization, merger or consolidation (but excluding any reorganization, merger, reverse merger or consolidation effected exclusively for the purpose of changing the domicile of Maker or effecting a going public transaction involving Maker), (B) any transaction or series of related transactions in which Maker's shareholders of record as constituted on the date hereof immediately after such transaction or series of related transactions (by virtue of securities issued in such transaction or series of related transactions) fail to hold at least 50% of the voting power of the resulting or surviving corporation following such transaction or series of related transactions, or (C) a sale of all or substantially all of the assets of Maker by means of a transaction or series of related transactions.

2 Interest. Interest on the outstanding balance of this Note shall be computed from the Issuance Date at the per annum rate of seven and one-half percent (7.5%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate of intejsst then permitted under applicable law and shall continue to accrue until paid in full; provided, however, upon the occurrence of an Event of Default (as defined in Section 5 below), the outstanding balance of this Note shall accrue interest at the per annum rate of ten percent (10%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less at the highest rate permitted under applicable law, and shall continue to accrue until paid in full

3 Payment.

(a) Form of Payment. All payments of interest and principal shall be in lawful money of Canada to Payee by wire transfer. All payments shall be applied first to accrued interest, and thereafter to principal

(b) Principal and Interest Payments. Beginning on May 31,2011, and on or before the last business day of each calendar month thereafter until December 31,2011, Maker shall pay Payee Four Thousand Dollars per month ($4,000% by wire transfer ("Monthly Payment") until the earlier of; (a) the Ml payment of this Note or (b) June 30,2014; provided, however, that (1) beginning on January 31,2012, the Monthly Payment shall increase to Six Thousand Dollars ($6,000), (2) upon the closing by Maker of a Qualified Financing (as defined below), Maker shall pay Payee a lump sum equal to Thirty-Nine Thousand Six Hundred Dollars ($39,600) within ten (10) business days of the closing of such Qualified Financing; (3) beginning on January 1,2012, Maker shall be required to make certain interim cash payments to Payee under this Note equal to one-half of one percent (0.5%) of the proceeds of all of Maker's pubic or private equity financings during the term of the Note forthwith upon closing of such public or private equity financings; and (4) if, during the term of the Note, (i) Maker receives a loan from the federal government of Canada under the "Prosperity Initiative" (or a comparable low interest long term federal loan program) with net loan proceeds to Maker of at least CDN $5,000,000 in cash, and (ii) the terms of such loan permit the use of loan proceeds by Maker to pay prior indebtedness to Payee then Maker shall make an interim cash payment to Payee equal to one percent (1%) of such loan proceeds within ten (10) days of Maker's receipt thereof fi*om the Canadian federal government. All amounts paid under this Note shall be folly credited against the outstanding Note balance at the time each payment is made. If any amount remains unpaid as of June 30,2014, such remaining amount shall be paid in by the Maturity Date, For purposes of this Section 3, "Qualified Financing" means an equity or equity based financing or series of equity financings between the Issuance Date and June 30,2012, resulting in gross proceeds to Maker totaling at least CDN Five Million Five Hundred Thousand Dollars (CDN $5,500,000).

4. Prepayment Maker reserves the right to prepay the outstanding balance under this Note in full or in part at any time prior to the Maturity Date without notice and without premium or penalty.

5- Conversion into Maker Equity Securities, Until the Maturity Date, Payee shall have the right to convert all or a portion of the outstanding balance of this Note into the equity securities offered by Maker, and on the same terms offered by Maker to new investors, in connection with any private placement of equity securities by Maker,

6. Events of Default: Remedies, Any one of the following occurrences shall constitute an "Event of Default" under this Note

(a) Maker fails to make a payment of any installment of principal or interest on this Note when and as the same becomes due and payable in accordance with the terms hereof, whether upon the Maturity Date or upon any date upon which a Monthly Payment is due or by acceleration or otherwise;

(b) Maker fails to perform any obligation under this Note;

(c) Maker shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business or (iii) take any action to authorize any of the actions or events set forth above in this Section 6(c);

(d) Any judgments or arbitration awards shall be entered against Maker, or Maker shall enter into any settlement agreements with respect to any litigation or arbitration, in the amount of One Hundred Thousand Dollars ($100,000) or more, and such judgment, award or agreement has not been satisfied, vacated, discharged or stayed or bonded pending appeal within thirty (30) days after the entry thereof; or Maker or any of its Subsidiaries shall be enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

(e) Maker becomes bankrupt, commits any act of bankruptcy, becomes the subject of any proceedings or action of any regulatory agency or any court relating to insolvency$_9$ or makes an assignment for the benefit of its creditors, or enters into any agreement for the composition, extension, or readjustment of all or substantially all of his obligations;

(f) The holder of any indebtedness of Maker accelerates any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of One Hundred Thousand Dollars ($100,000), whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration 1ms not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration.

7. Consequences of Events of Default. Upon the occurrence of any Event of Default hereunder, Payee shall send a written notice of such default to Maker declaring the nature of the Event of Default Maker shall have thirty (30) business days to cure any Event of Default, if such Event of Default may be cured within such time. If the Event of Default is not so cured, then Maker shall immediately (and in no event later than two (2) days thereafter) pay the entire outstanding balance under this Note (including, for greater certainty, principal, interest and out-of-pocket expenses) to Payee Failure to pay in full when this Note is due or upon the occurrence of an Event of Default shall result in a reinstatement of any of Payee's prior invoices that were forgiven upon execution of this Note and not otherwise paid under this Note. Maker agrees to pay Payee all out-of-pocket costs and expenses incurred by Payee in an effort to collect indebtedness under this Note, including attorneys' fees and to pay interest at the post-default interest rate as provided in Section 2 of this Note.

8. Independent Counsel: Terms of Transaction. Maker acknowledps and agrees (i) that the terms of this Note are fair and reasonable to Maker, (ii) that Payee has advised Maker of all terms of the transaction in writing and Maker has been urged to, and given the opportunity to, seek the advice of an independent counsel of Maker's choice, (iii) that Maker has had a reasonable opportunity to seek such advice from such independent counsel and (iv) that Maker consents to the terms of this Note and the actions contemplated hereby.

9. Miscellaneous.

(a) Team of Note. The Maker represents, warrants and covenants that the terms and conditions of this Note are substantially the same as, and in any event, not worse than the terms and conditions of any indebtedness (including the Other Notes (as defined herein) entered into by the Matker with any other service provider or advisor to the Maker,

(b) Lost. Stolen Destroyed or Mutilated Notes. In case any Note shall be mutilated, lost, stolen or destroyed, Maker shall have received an executed lost note affidavit attesting to the same, Maker shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to Maker of the loss, theft or destruction of such Note.

(c) Amendment and Waiver, Any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Maker and Payee. Any amendment or waiver effected in accordance with this Section shall be binding upon Maker and Payee.

This Note shall rank equally with the Other Notes regardless of their actual date of issue. No modification, variation or amendment of any provision of the Other Notes more favourable than those expressed in this Note shall be made unless the Maker notifies the Payee at least 10 Business Days before doing so the Maker enters into amending documentation in favour of the Payee contemporaneously with the grant of the more favourable terms to such other holders. For purposes hereof, "Other Notes" collectively the unsecured promissoiy notes issued by the Maker on or about the date hereof to each of Monison & Foerster LLP and McCarthy Tetrault LLP, in the form presented to the Payee prior to the delivery by the Maker of this Note.

(d) Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur,

Address of Payee: Desjardins Securities
25 York Street, 10th Floor Toronto, ON M5 J 2VS Attn; Dennis Logan Tell No.: (416) 607-3039 Fax No.:

Address of Maker: VistaGen Therapeutics, Ine,
384 Oyster Point Blvd., Suite #8 South San Fjsuiciseo, CA 94080 Attention: Chief Executive Officer Tel No.: (650)**244-9997** ext 224 Fax No.: (650) 244-9979

(e) Severability, If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(f) Remedies Cumulative: Failure or Indulgence Not a Waiver. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note. No failure or delay on the part of Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other rights power or privilege.

(g) Payments. Whenever any payment of cash is to be made by Maker to any Person pursuant to this Note such payment shall be made in lawful money of the United States of America via wire transfer of immediately available funds to the account designated by Payee.

(h) Waiver. Maker waives diligence, presentment protest and demand and also notice of protest, demand, dishonor and nonpayment of this Note. No extension of time for the payment of this Note shall affect the original liability under this Note of Maker, The pleading of any statute of limitations as a defense to any demand against Maker is expressly waived by Maker to the full extent permitted by law.

(i) Setoff. The obligation to pay Payee shall be absolute and unconditionand the rights of Payee shall not be subject to any defense, setoff, counterclaim or recoupment orby reason of any indebtedness or liability at any time owing by Payee to Maker.

(j) Governing Law. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Payee to enforce this Note in any other proper jurisdiction, the Maker hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the City ofToronto in the Province of Ontario in connection with this Note,

(k) Successors and Assigns. This Note shall inure to the benefit of Payee and its successors and assigns, The obligations of Maker hereunder shall not be assignable.

(1) Excessive Interest. Notwithstanding any other provision herein to the contrary, this Note is hereby expressly limited so that the interest rate charged hereunder shall at no time exceed the maximum rate permitted by applicable law. If, for any circumstance whatsoever, the interest rate charged exceeds the maximum rate peiraitted by applicable law, the interest rate shall be reduced to the maximum rate peimitted, and if Payee shall have received anamount that would cause the interest rate charged to be in excess of the maximum rate permitted, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to Maker.

(m) Currency, Any inference in this Note to $ or to dollars shall refer to the lawful currency of Canada, unless otherwise specified..

{Signature page to follow}

IN WITNESS WHEREOF, the undersigned has executed and delivered this Note as of the date first above written.

'MAKER'

VISTAGEN THERAPEUTICS, INC.
a California corporation

"PAYEE*

DESJARDINS SECURITIES INC

Denrffs Logan* Managing **Directs** Investment Banking

Acceptance:

Payee hereby agrees that, upon execution of this Note by Payee all amounts owed by Maker to Payee, whether or not subject to outstanding invoices, pursuant to that certain engagement letter, dated Match 12, 2010, as amended, between Maker and Payee through the Issuance Date of this Note, including the outstanding invoices listed on Schedule A attached hereto, shall be satisfied in full

Printed Name: Dennis Logan
Title: Managing Director, Investment Banking, Desjardins Securities Inc.

SCHEDULE A SCHEDULE OF INVOICES

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 5, 2011, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

UNSECURED PROMISSORY NOTE
CDN$502,796.79
Issuance Date: May 5,2011

FOR VALUE RECEIVED, the undersigned **VISTAGEN THERAPEUTICS, INC.** a California corporation ("Maker"), hereby promises to pay to **McCARTHY TETRAULT LLP** ("Payee") at Box 48, Suite 5300, Toronto Dominion Bank Tower, Toronto, Ontario M5K 1E6 Canada, or at such other place or to such other party as Payee may from time to time designate, the principal sum of FIVE HUNDRED AND TWO THOUSAND SEVEN HUNDRED AND NINETY-SIX CANADIAN DOLLARS AND SEVENTY-NINE CENTS (CDN$502,796.79), plus interest from the date hereof, in immediately available funds on the terms and subject to the conditions set forth below. This Note is issued by Maker to Payee in full satisfaction of all amounts owed by Payee, whether or not subject to outstanding invoices, for services rendered by Payee on behalf of Maker through the Issuance Date of this Unsecured Promissory Note ("Note"), including the outstanding invoices listed on Schedule A attached hereto.

1. Maturity Date. Unless sooner paid in accordance with the terms hereof, the entire unpaid principal amount and all accrued interest shall become fully due and payable on the earliest of (i) June 14, 2014, (ii) the consummation of a Change of Control (as defined below) and (iii) the acceleration of the maturity of this Note by the Payee upon the occurrence and during the continuance of an Event of Default (such earliest date, the "Maturity Date"). The entire amount of unpaid principal and accrued but unpaid interest, if any, shall be due and payable on the Maturity Date. For purposes of this Note, "Change of Control" shall mean (A) the acquisition of Maker by another entity by means of any reorganization, merger or consolidation (but excluding any reorganization, merger, reverse merger or consolidation effected exclusively for the purpose of changing the domicile of Maker or effecting a going public transaction involving Maker), (B) any transaction or series of related transactions in which Maker's shareholders of record as constituted immediately prior to such transaction or series of related transactions will, immediately after such transaction or series of related transactions (by virtue of securities issued in such transaction or series of related transactions) fail to hold at least 50% of the voting power of the resulting or surviving corporation following such transaction or series of related transactions, or (C) a sale of all or substantially all of the assets of Maker by means of a transaction or series of related transactions.

2. Interest. Interest on the outstanding principal balance of this Note shall be computed from the Issuance Date at the per annum rate of seven and one-half percent (7.5%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate of interest then permitted under applicable law, and shall continue to accrue until paid in full; provided, however, upon the occurrence of an Event of Default (as defined in Section 5 below), the outstanding balance of this Note shall accrue interest at the per annum rate

of ten percent (10%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate permitted under applicable law, and shall continue to accrue until paid in full.

3. Payment.

(a) Form of Payment. All payments of interest and principal shall be in lawful money of the United States of America to Payee by wire transfer to a Canadian dollar account designated by Payee. All payments shall be applied first to accrued interest, and thereafter to principal. The Payee will advise the Maker, within a reasonable period of time, each time any payment is received in the Payee's Canadian dollar account of the United States dollar-Canadian dollar exchange rate applied by the Payee's financial institution, and such amount shall be conclusively deemed to be the Canadian dollar equivalent of such payment for the purposes of calculating any remaining outstanding principal or interest. At the Maker's option, payments of interest and principal may be made in lawful money of Canada by wire transfer to a Canadian dollar account designated by Payee.

(b) Principal and Interest Payments. Beginning on May 31,2011, and on or before the last business day of each calendar month thereafter until December 31, 2011, Maker shall pay Payee Ten Thousand Dollars per month ($10,000), by wire transfer ("Monthly Payment") until the earlier of: (a) the full payment of this Note or (b) June 30, 2014; provided, however, that (1) beginning on January 31, 2012, the Monthly Payment shall increase to Fifteen Thousand Dollars ($15,000), (2) upon the closing by Maker of a Qualified Financing (as defined below), Maker shall pay Payee a lump sum equal to One Hundred Thousand Dollars ($100,000) within ten (10) business days of the closing of such Qualified Financing; (3) beginning on January 1, 2012, Maker shall be required to make certain interim cash payments to Payee under this Note equal to one percent (1.0%) of the proceeds of all of Maker's public or private equity financings during the term of the Note; and (4) if, during the term of the Note, (i) Maker receives a loan from the federal government of Canada under the "Prosperity Initiative" (or a comparable low interest long term federal loan program) with net loan proceeds to Maker of at least CDN$5,000,000 in cash, and (ii) the terms of such loan permit the use of loan proceeds by Maker to pay prior indebtedness to Payee, then Maker shall make an interim cash payment to Payee equal to three percent (3%) of such loan proceeds within ten (10) days of Maker's receipt thereof from the Canadian federal government. All amounts paid under this Note shall be fully credited against the outstanding Note balance at the time each payment is made. If any amount remains unpaid as of June 30, 2014, such remaining amount shall be paid in full by the Maturity Date. For purposes of this Section 3, "Qualified Financing" means an equity or equity based financing or series of equity financings between the Issuance Date and June 30,2012, resulting in gross proceeds to Maker totaling at least CDN Five Million Five Hundred Thousand Dollars (CDN $5,500,000).

4. Conversion into Maker Equity Securities. At any time before or after the Maturity Date, Payee shall have the right to convert all or a portion of the outstanding balance of this Note into equity securities of the Maker at the then fair market value of the equity securities.

5. Events of Default; Remedies. Any one of the following occurrences shall constitute an "Event of Default" under this Note

(a) Maker fails to make a payment of any installment of principal or interest on this Note when and as the same becomes due and payable in accordance with the terms hereof, whether upon the Maturity Date or upon any date upon which a Monthly Payment is due or by acceleration or otherwise;

(b) Maker fails to perform any obligation under this Note;

(c) Maker shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business or (iii) take any action to authorize any of the actions or events set forth above in this Section 5(c);

(d) Any judgments or arbitration awards shall be entered against Maker, or Maker shall enter into any settlement agreements with respect to any litigation or arbitration, in the amount of One Hundred Thousand Dollars ($100,000) or more, and such judgment, award or agreement has not been satisfied, vacated, discharged or stayed or bonded pending appeal within thirty (30) days after the entry thereof; or Maker or any of its Subsidiaries shall be enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

(e) Maker becomes bankrupt, commits any act of bankruptcy, becomes the subject of any proceedings or action of any regulatory agency or any court relating to insolvency, or makes an assignment for the benefit of its creditors, or enters into any agreement for the composition, extension, or readjustment of all or substantially all of his obligations;

(f) The holder of any indebtedness of Maker accelerates any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of One Hundred Thousand Dollars ($100,000), whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration.

6. Consequences of Events of Default. Upon the occurrence of any Event of Default hereunder, Payee shall send a written notice of such default to Maker declaring the nature of the Event of Default. Maker shall have thirty (30) business days to cure any Event of Default, if such Event of Default may be cured within such time. If the Event of Default is not so cured, then Maker shall immediately (and in no event later than two (2) days thereafter) pay the entire outstanding balance under this Note to Payee. Failure to pay in full when this Note is due or upon the occurrence of an Event of Default shall result in a reinstatement of any of Payee's prior invoices that were forgiven upon execution of this Note and not otherwise paid under this Note. Maker agrees to pay Payee all out-of-pocket costs and expenses incurred by Payee in an effort to collect indebtedness under this Note, including attorneys' fees and to pay interest at the post-default interest rate as provided in Section 2 of this Note.

7. Independent Counsel; Terms of Transaction. Maker acknowledges and agrees (i) that the terms of this Note are fair and reasonable to Maker, (ii) that Payee has advised Maker of all terms of the transaction in writing and Maker has been urged to, and given the opportunity to, seek the advice of an independent counsel of Maker's choice, (iii) that Maker has had a reasonable opportunity to seek such advice from such independent counsel and (iv) that Maker consents to the terms of this Note and the actions contemplated hereby.

8. Miscellaneous.

(a) Terms of Note. The Maker represents, warrants and covenants that the terms and conditions of this Note are substantially the same as, and in any event, not worse than, the terms and conditions of any indebtedness entered into by the Maker with any other service provider or advisor to the Maker.

(b) Lost, Stolen, Destroyed or Mutilated Notes In case any Note shall be mutilated, lost, stolen or destroyed, Maker shall have received an executed lost note affidavit attesting to the same, Maker shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to Maker of the loss, theft or destruction of such Note.

(c) Amendment and Waiver. Any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Maker and Payee. Any amendment or waiver effected in accordance with this Section shall be binding upon Maker and Payee.

(d) Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of Payee:
Box 48, Suite 5300,
Toronto Dominion Bank Tower Toronto, Ontario M5K 1E6 Canada
Attention: Vanessa Grant Tel. No.: (416) 601-7525 Fax No.: (416) 868-0673

Address of Maker:
VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080 Attention: Chief Executive Officer Tel. No.: (650) 244-9997 ext 224 Fax No.: (650) 244-9979

(e) Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(f) Remedies Cumulative; Failure or Indulgence Not a Waiver. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note. No failure or delay on the part of Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

(g) Payments. Whenever any payment of cash is to be made by Maker to any Person pursuant to this Note, such payment shall be made in lawful money of the United States of America via wire transfer of immediately available funds to the account designated by Payee.

(h) Waiver. Maker waives diligence, presentment, protest and demand and also notice of protest, demand, dishonor and nonpayment of this Note. No extension of time for the payment of this Note shall affect the original liability under this Note of Maker. The pleading of any statute of limitations as a defense to any demand against Maker is expressly waived by Maker to the full extent permitted by law.

(i) Setoff. The obligation to pay Payee shall be absolute and unconditionaland the rights of Payee shall not be subject to any defense, setoff, counterclaim or recoupment or by reason of any indebtedness or liability at any time owing by Payee to Maker.

(j) Governing Law. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario, Canada.

(k) Successors and Assigns. This Note shall inure to the benefit of Payee and its successors and assigns. The obligations of Maker hereunder shall not be assignable.

(1) Excessive Interest. Notwithstanding any other provision herein to the contrary, this Note is hereby expressly limited so that the interest rate charged hereunder shall at no time exceed the maximum rate permitted by applicable law. If, for any circumstance whatsoever, the interest rate charged exceeds the maximum rate permitted by applicable law, the interest rate shall be reduced to the maximum rate permitted, and if Payee shall have received an amount that would cause the interest rate charged to be in excess of the maximum rate permitted, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest, or

if such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to Maker.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Note as of the date first above written.

"MAKER"

VISTAGEN THERAPEUTICS, INC.
a California corporation

SCHEDULE A SCHEDULE OF INVOICES

Exhibit 10.33

UNSECURED PROMISSORY NOTE

U.S. $2,200,000

Issuance Date: May 5, 2011

FOR VALUE RECEIVED, the undersigned **VISTAGEN THERAPEUTICS, INC.** a California corporation ("Maker"), hereby promises to pay to **MORRISON & FOERSTER LLP** ("Payee") at 755 Page Mill Road, Palo Alto, CA 94304, or at such other place or to such other party as Payee may from time to time designate, the principal sum of TWO MILLION TWO HUNDRED THOUSAND DOLLARS ($2,200,000.00), plus any amounts added to the Note in accordance to Section 7(a) below, plus interest from the date hereof, in lawful money of the United States of America and in immediately available funds on the terms and subject to the conditions set forth below. This Note is issued by Maker to Payee in full satisfaction of certain invoices for services rendered by Payee on behalf of Maker through March 31, 2011, which are listed on Schedule A attached hereto and in connection with the cancellation of Maker's unsecured promissory note to Payee issued March 15, 2010.

1. Maturity Date. Unless sooner paid in accordance with the terms hereof, the entire unpaid principal amount and all accrued interest shall become fully due and payable on the earliest of (i) March 31, 2016, (ii) the consummation of a Change of Control (as defined below) or (iii) the acceleration of the maturity of this Note by the Payee upon the occurrence and during the continuance of an Event of Default (such earlier date, the "Maturity Date"). The entire amount of unpaid principal and accrued but unpaid interest, if any, shall be due and payable on the Maturity Date. For purposes of this Note, "Change of Control" shall mean (A) the acquisition of Maker by another entity by means of any reorganization, merger or consolidation (but excluding any reorganization, merger or consolidation effected exclusively for the purpose of changing the domicile of Maker), (B) any transaction or series of related transactions in which Maker's shareholders of record as constituted immediately prior to such transaction or series of related transactions will, immediately after such transaction or series of related transactions (by virtue of securities issued in such transaction or series of related transactions) fail to hold at least 50% of the voting power of the resulting or surviving corporation following such transaction or series of related transactions, or (C) a sale of all or substantially all of the assets of Maker by means of a transaction or series of related transactions.

2. Interest. Interest on the outstanding balance of this Note shall be computed from the Issuance Date at the per annum rate of seven and one-half percent (7.5%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate of interest then permitted under applicable law, and shall continue to accrue until paid in full; provided, however, upon the occurrence of an Event of Default (as defined in Section 5 below), the outstanding balance of this Note shall accrue interest at the per annum rate of ten percent (10%) (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate permitted under applicable law, and shall continue to accrue until paid in full.

3. Payment.

(a) Form of Payment. All payments of interest and principal shall be in lawful money of the United States of America to Payee by wire transfer. All payments shall be applied first to accrued interest, and thereafter to principal.

(b) Principal and Interest Payments. Beginning on the Issuance Date, and on or before the last business day of each calendar month thereafter, Maker shall pay Payee Ten Thousand Dollars ($10,000) each month by wire transfer ("Monthly Payment") until June 1, 2011. Thereafter, the Monthly Payment shall increase to Fifteen Thousand Dollars ($15,000) per month through March 31, 2012. Beginning April 1, 2012 and continuing through March 31, 2013, the Monthly Payment shall increase to Twenty-Five Thousand Dollars per month ($25,000). From April 1, 2013 to the first to occur of March 31, 2016 and payment in full, the Monthly Payment shall be Fifty-Thousand Dollars ($50,000). In addition to the foregoing, within three (3) business days of the date of this Note, Maker shall pay Payee a lump sum equal to One Hundred Thousand Dollars ($100,000). Notwithstanding the foregoing, beginning on January 1, 2012 and continuing to the Maturity Date, Maker shall make interim cash payments to Payee equal to five percent (5.0%) of the net proceeds of any of equity financing by Maker during the term of this Note. All amounts paid under this Note shall be fully credited against the outstanding Note balance at the time each payment is made. If any amount remains unpaid as of March 31, 2016, such remaining amount shall be paid in full by the Maturity Date.

4. Prepayment. Maker reserves the right to prepay the outstanding balance under this Note in full or in part at any time during the term of this Note without notice and without premium or penalty. If Maker prepays the entire amount of unpaid principal and accrued but unpaid interest prior to December 31, 2012, the balance of principal and interest outstanding at the time of such prepayment shall be reduced by ten percent (10%), provided, however, that such prepayment discount shall not exceed one hundred thousand dollars ($100,000).

5. Events of Default; Remedies. Any one of the following occurrences shall constitute an "Event of Default" under this Note:

(a) Maker fails to make a payment of any installment of principal or interest on this Note when and as the same becomes due and payable in accordance with the terms hereof, whether upon the Maturity Date or upon any date upon which a Monthly Payment is due or by acceleration or otherwise;

(b) Maker fails to timely pay on any invoices issued after the closing of the Private Placement (as defined below) pursuant to Section 7(b);

(c) Maker fails to perform any obligation under this Note;

(d) Maker or any of its Subsidiaries shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business or (iii) take any action to authorize any of the actions or events set forth above in this Section 5(d);

(e) Any judgments or arbitration awards shall be entered against Maker or any of its Subsidiaries, or Maker or any of its Subsidiaries shall enter into any settlement agreements with respect to any litigation or arbitration, in the amount of One Hundred Thousand Dollars ($100,000) or more, and such judgment, award or agreement has not been satisfied, vacated, discharged or stayed or bonded pending appeal within thirty (30) days after the entry thereof; or

Maker or any of its Subsidiaries shall be enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

(f) Maker becomes insolvent or bankrupt, commits any act of bankruptcy, generally fails to pay its debts as they become due, becomes the subject of any proceedings or action of any regulatory agency or any court relating to insolvency, or makes an assignment for the benefit of its creditors, or enters into any agreement for the composition, extension, or readjustment of all or substantially all of his obligations;

(g) The holder of any indebtedness of Maker accelerates any payment of any amount or amounts of principal or interest on any such indebtedness (the "Indebtedness") (other than with respect to this Note) prior to its stated maturity or payment date, the aggregate principal amount of which Indebtedness is in excess of $100,000, whether such Indebtedness now exists or shall hereinafter be created, and such accelerated payment entitles the holder thereof to immediate payment of such Indebtedness which is due and owing and such indebtedness has not been discharged in full or such acceleration has not been stayed, rescinded or annulled within fifteen (15) business days of such acceleration.

For purposes of this Section 5, "Subsidiaries" shall mean any (i) Person of which more than fifty percent (50%) of the voting stock or other equity interest is owned directly or indirectly by any other Person or one or more of the other Subsidiaries of such other Person or a combination thereof, or (ii) any Person included in the financial statements of another Person on a consolidated basis. "Person" shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

6. Consequences of Events of Default. Upon the occurrence of any Event of Default hereunder, Payee shall send a written notice of such default to Maker declaring the nature of the Event of Default. Maker shall have thirty (30) business days to cure any Event of Default, if such Event of Default may be cured within such time. If the Event of Default is not so cured, then Maker shall immediately (and in no event later than two (2) days thereafter) pay the entire outstanding balance under this Note to Payee. Failure to pay in full when this Note is due or upon the occurrence of an Event of Default shall result in a reinstatement of any of Payee's prior invoices that were forgiven upon execution of this Note and not otherwise paid under this Note. Maker agrees to pay Payee all out-of-pocket costs and expenses incurred by Payee in an effort to collect indebtedness under this Note, including attorneys' fees and to pay interest at the post-default interest rate as provided in Section 2 of this Note.

7. Fees for Future Services.

(a) Amounts payable for services rendered by Payee on behalf of Maker from April 1,2011 through the closing of Maker's next private placement of equity securities with aggregate gross proceeds to Maker of at least Three Million Dollars ($3,000,000) (the "Private Placement") shall automatically be added to the outstanding principal balance of this Note upon delivery of an invoice for such services by Payee to Maker. Maker hereby authorizes Payee, without any further action by Maker, to update Schedule A to reflect such additional invoices for

services rendered prior to the closing of the Private Placement and hereby agree to pay such amounts in accordance with the terms and conditions set forth in this Note.

(b) For services rendered by Payee on behalf of Maker after the closing of the Private Placement, payment shall be made within thirty (30) days of the date Maker receives the invoice for such services from Payee. Failure to timely pay any invoices issued by Payee after the closing of the Private Placement shall be deemed an Event of Default under this Note.

8. Independent Counsel; Terms of Transaction. Maker acknowledges and agrees (i) that the terms of this Note are fair and reasonable to Maker, (ii) that Payee has advised Maker of all terms of the transaction in writing and Maker has been urged to, and given the opportunity to, seek the advice of an independent counsel of Maker's choice, (iii) that Maker has had a reasonable opportunity to seek such advice from such independent counsel and (iv) that Maker consents to the terms of this Note and the actions contemplated hereby.

9. Miscellaneous.

(a) Lost, Stolen, Destroyed or Mutilated Notes. In case any Note shall be mutilated, lost, stolen or destroyed, Maker shall have received an executed lost note affidavit attesting to the same, Maker shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to Maker of the loss, theft or destruction of such Note.

(b) Amendment and Waiver. Except as provided in Section 7(a) hereof, any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Maker and Payee. Any amendment or waiver effected in accordance with this Section shall be binding upon Maker and Payee.

(c) Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery by telecopy or facsimile at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur.

Address of Payee:

Morrison & Foerster LLP
755 Page Mill Road Palo Alto, CA 94304
Attention: Michael C. Phillips Tel. No.: (650) 813-5620 Fax No.: (650) 251-3844

Address of Maker:

VistaGen Therapeutics, Inc.
384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080
Attention: Chief Executive Officer Tel. No.: (650) 244-9990 Fax No.: (650) 244-9991

(d) Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(e) Remedies Cumulative; Failure or Indulgence Not a Waiver. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note. No failure or delay on the part of Payee in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

(f) Payments. Whenever any payment of cash is to be made by Maker to any Person pursuant to this Note, such payment shall be made in lawful money of the United States of America via wire transfer of immediately available funds to the account designated by Payee.

(g) Waiver. Maker waives diligence, presentment, protest and demand and also notice of protest, demand, dishonor and nonpayment of this Note. No extension of time for the payment of this Note shall affect the original liability under this Note of Maker. The pleading of any statute of limitations as a defense to any demand against Maker is expressly waived by Maker to the full extent permitted by law.

(h) Setoff. The obligation to pay Payee shall be absolute and unconditional and the rights of Payee shall not be subject to any defense, setoff, counterclaim or recoupment or by reason of any indebtedness or liability at any time owing by Payee to Maker.

(i) Governing Law. This Note shall be governed by and construed in

accordance with the laws of the State of California.

(j) Successors and Assigns. This Note shall inure to the benefit of Payee and its successors and assigns. The obligations of Maker hereunder shall not be assignable.

(k) Excessive Interest. Notwithstanding any other provision herein to the contrary, this Note is hereby expressly limited so that the interest rate charged hereunder shall at no time exceed the maximum rate permitted by applicable law. If, for any circumstance whatsoever, the interest rate charged exceeds the maximum rate permitted by applicable law, the interest rate shall be reduced to the maximum rate permitted, and if Payee shall have received an amount that would cause the interest rate charged to be in excess of the maximum rate permitted, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest, or

if such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to Maker.

[Signature page to follow]

EST WITNESS WHEREOF, the undersigned has executed and delivered this Note as of the date first above written.

"MAKER"

Exhibit 10.34

PROMISSORY NOTE
$170,000.00
South San Francisco, California February 25, 2010

FOR VALUE RECEIVED VistaGen Therapeutics, Inc, Inc., a California corporation (the "Payor"), promises to pay to the order of The Regents of University of California or its assigns (the "Holder"), the principal sum of One Hundred Seventy Thousand Dollars ($170,000) with interest on the outstanding principal amount at the simple rate of ten percent (10%) per annum. Interest shall commence with the date hereof and shall accrue on the outstanding principal until paid in full.

1. The unpaid balance of principal and all unpaid accrued interest shall become due and payable in the following four (4) installments:

a. Fifteen Thousand Dollars ($15,000) on February 15,2010
b. Fifteen Thousand Dollars ($15,000) on April 30,2010;
c. Fifteen Thousand Dollars ($15,000) on May 31,2010; and
d. One Hundred Twenty-Five Thousand Dollars ($125,000), plus all accrued and unpaid interest, on or before June 30, 2010.

Notwithstanding the foregoing, if Payor completes its initial public offering ("IPO") in Canada prior to June 30, 2010, then the outstanding amount of principal and interest owed under this Note on the date that Payor completes its IPO (the "IPO Completion Date") shall be due and payable in full within ten (10) business days after the IPO Completion Date.

Unless otherwise specified by Holder in writing to Payor, all payments of principal and interest under this Note shall be made in lawful money of the United States of America to Holder, in care of the following:

Ahmad Hakim-Elahi, Ph.D., J.D.
Executive Director, Research Administration
Office of Research
University of California, Davis
1850 Research Park Drive, Suite 300
Davis, CA 95618

2. This Note is to be construed in accordance with and governed by the internal laws of the-State of California (as permitted by Section 1646.5 of the California Civil Code or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. The federal and state courts within the State of California shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement.

3. Any term of this Note may be amended or waived with the written consent of both Payor and Holder.

4. Any notice or demand required or permitted by or in connection with this Note shall be given to Payor in care of Shawn K. Singh, J.D., Chief Executive Officer, VistaGen Therapeutics, Inc., 384 Oyster Point Boulevard, South San Francisco, CA 94080. Failure to provide such notice or demand shall not constitute a waiver of any of Holder's rights hereunder.

5. If any provision of this Note, or the application of such provision to any person or circumstance, is held invalid or unenforceable, the remainder of this Note, or the application of such provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

VISTAGEN THERAPEUTICS, INC.

NOTE AND WARRANT PURCHASE AGREEMENT

THIS NOTE AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made as of August 31, 2010 by and among **VISTAGEN THERAPEUTICS, INC.**, a California corporation (the "Company"), and the investors listed on Exhibit A hereto, each of which is herein referred to as an "Investor."

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1

ISSUANCE OF NOTES AND WARRANTS

1.1 Issuance of Notes. Subject to the terms and conditions of this Agreement, at each Closing (as defined below), the Company shall issue and sell to each Investor participating in such Closing a promissory note (each such note, a "Note" and collectively, the "Notes") in the principal amount (the "Principal Amount") equal to the amount set forth beneath the caption "Principal Amount" with respect to such Closing set forth opposite such Investor's name on Exhibit A attached hereto, against payment by such Investor to the Company of the note purchase price (the "Note Purchase Price") equal to the amount set forth beneath the caption "Note Purchase Price" with respect to such Closing set forth opposite such Investor's name on Exhibit A attached hereto. The Notes shall each be in the form of Exhibit B attached hereto. The Principal Amount of each Note shall be equal to the Note Purchase Price multiplied by 1.33. Capitalized but otherwise undefined terms used herein shall have the meanings provided therefor in the Notes.

1.2 Issuance of Warrants. Subject to the terms and conditions of this Agreement, at each Closing, the Company shall issue to each Investor that has purchased a Note hereunder, with respect to each such Note, a warrant (the "Warrant"), in the form of Exhibit C attached hereto, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted for stock splits, recapitalizations or other similar events) calculated as follows:

number of shares of Common Stock issuable upon exercise of the Warrant = (Note Purchase Price) x (0.33)

This Warrant shall be exercisable at any time from time to time from and after the date of issuance thereof (the "Issuance Date") up to and including 5:00 p.m. (Pacific Time) on the first to occur of (i) the third anniversary of the Issuance Date or (ii) ten (10) days preceding the closing date of any reorganization, consolidation or merger of the Company, transfer of all or substantially all of the assets of the Company or any simultaneous sale of more than a majority of the then outstanding securities of the Company other than a mere reincorporation transaction (such earlier date being referred to as the "Expiration Date"), and shall be exercisable at an exercise price (subject to adjustment as set forth in the Warrant) equal to $3.00 per share. Each Investor hereby expressly acknowledges that the per share exercise price of the Warrant may be higher than the current fair market value of a share of Common Stock of the Company. The Warrant shall otherwise be exercisable on the terms and conditions set for the therein.

SECTION 2

CLOSINGS

2.1 Initial Closing. The initial closing of the purchase and sale of Notes hereunder (the "Initial Closing") shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, CA 94304, on the date of this Agreement or at such other place and date as is mutually agreeable to the Company and Investors that are identified on Exhibit A as purchasing Notes representing a majority of the aggregate Principal Amounts of all notes to be issued at the Initial Closing.

2.2 Subsequent Closings. The Company may issue and sell Notes with an aggregate Note Purchase Price of $1,000,000 hereunder, which represents an aggregate Principal Amount of $1,330,000. Subsequent to the Initial Closing and subject to the foregoing limitation, the Company may issue and sell additional Notes to such additional investors as it shall select in its sole and absolute discretion. Any such additional investor shall execute and deliver a counterpart signature page to this Agreement, and thereby become a party to and be deemed an Investor hereunder. All additional Investors and all additional Principal Amounts invested hereunder shall be reflected on Exhibit A, which shall be automatically amended without any further action by any party hereto. The closing of the purchase and sale of such additional Notes hereunder shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, CA 94304, on such date or at such other place as is mutually agreeable to the Company and Investors that are identified on Exhibit A as purchasing Notes representing a majority of the aggregate Principal Amounts of all Notes to be issued at such closing (which each such date and place, together with the Initial Closing, are designated as a "Closing").

2.3 Delivery. At each Closing (i) each Investor participating in such Closing shall deliver to the Company a check or wire transfer of immediately available funds in the amount of such Investor's Note Purchase Price with respect to such Closing, and (ii) the Company shall execute and deliver to each such Investor a Note reflecting the name of the Investor, a principal amount equal to such Investor's Principal Amount and the date of such Closing, together with its Warrant as contemplated by Section 1.2. Each such Note and Warrant shall be a binding obligation of the Company upon execution thereof by the Company and delivery thereof to an Investor.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF INVESTORS

Each Investor hereby represents, warrants and covenants to the Company as follows:

3.1 Authorization. Such Investor has full power and authority to enter into this Agreement and any other Transaction Documents, and such Agreement and other Transaction Documents constitute its valid and legally binding obligation, enforceable against it in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2 Purchase for Own Account. Such Investor represents that it is acquiring the Notes, the Warrants and the Common Stock issuable upon exercise of the Warrants (collectively, the "Securities") solely for investment for such Investor's own account not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The acquisition by such Investor of any of the Securities shall constitute confirmation of the representation by such Investor that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

3.3 Disclosure of Information. Such Investor has received all the information it considers necessary or appropriate for deciding whether to acquire the Securities. Such Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company.

3.4 Investment Experience. Either (i) such Investor or its officers, directors, managers or controlling persons has a preexisting personal or business relationship with the Company or its officers, directors or controlling persons, or (ii) such Investor, by reason of its own business and financial experience, has the capacity to protect its own interests in connection with the investment contemplated hereby. Such Investor represents that it is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. Such Investor acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

3.5 Accredited Investor. Such Investor represents that it is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect and, for the purpose of Section 25102(f) of the California Corporations Code, he or she is excluded from the count of "purchasers" pursuant to Rule 260.102.13 thereunder.

3.6 Usury Exemption. The lending transactions contemplated by this Agreement are exempt from the constitutional usury provisions of the California Constitution by operation of Section 25118 of the California Corporations Code, it being expressly acknowledged by each Investor that it has a preexisting personal or business relationship with the Company and that each Investor, through its professional advisors, has the capacity to protect its own interests in connection with the transactions contemplated by this Agreement as such terms are used in Section 25118(f) of such Corporations Code.

3.7 Restrictions on Transfer. Such Investor understands that the Securities are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act"), only in certain limited circumstances. In this connection, such Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. SUCH INVESTOR UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S SECURITIES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF HIS, HER OR ITS INVESTMENT. Such Investor understands that the Securities have not been and will not be registered under the Act and have not been and will not be registered or qualified in any state in which they are offered, and thus the Investor will not be able to resell or otherwise transfer his, her or its Securities unless they are registered under the Act and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. Such Investor has no immediate need for liquidity in connection with this investment and does not anticipate that it will need to sell his, her or its Securities in the foreseeable future.

3.8 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this SECTION 3, and:

(a) there is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) if reasonably requested by the Company, such Investor shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

(c) Notwithstanding the provisions of subsections (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by an Investor that is a partnership or limited liability company to a partner of such partnership or a member of such limited liability company or a retired partner of such partnership who retires after the date hereof or a retired member of such limited liability company who retires after the date hereof, or to the estate of any such partner, retired partner, member or retired member or the transfer by gift, will or intestate succession by any partner or member to his or her spouse or to the siblings, lineal descendants or ancestors of such partner or member or his or her spouse, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if he or she were an original Investor hereunder.

3.9 Legends. The Investor understands that the Securities, and any securities issued in respect thereof or exchange therefor, may bear one or all of the following legends:

(a) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(b) Any legend required by the Blue Sky laws of any state to the extent such laws are applicable to the shares represented by the certificate so legended.

3.10 Lock-Up Agreement.

(a) In the event the Company files a registration statement under the Act, each Investor hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(i) such agreement shall be applicable only to the first two such registration statements of the Company which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(ii) all officers and directors of the Company and all other persons with registration rights enter into similar agreements; and

(iii) such market stand-off time period shall not exceed one hundred eighty (180) days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 3.10(a) shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

(b) In the event the Company files a final prospectus with securities regulatory authorities in Canada to effectuate a public offering of its securities (a "Canadian Offering"), each Investor agrees that, without the prior written consent of the Company, such consent not to be unreasonably withheld, from the date that is one-hundred eighty (180) days from the closing date of the Canadian Offering (the "Lock-Up Period"), each Investor will not, directly or indirectly (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, any Common Stock of the Company or any securities convertible into, exercisable or exchangeable for or that represent the right to receive Common Stock (including without limitation, Common Stock which may be deemed to be beneficially owned by each Investor in accordance with applicable securities laws and securities which may be issued upon exercise of a stock option or warrant) whether now owned or hereafter acquired (the "Applicable Securities"), or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Applicable Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing restriction is expressly agreed to preclude each Investor from engaging in any hedging or other transaction which is designed to or which could reasonably be expected to lead to or result in a sale or disposition of Applicable Securities even if such securities would be disposed of by someone other than the Investor. Such prohibited hedging or other transactions would include, without limitation, any short sale or any purchase, sale or grant of any right (including, without limitation, any put or call option) with respect to any Applicable Securities or with respect to any security that includes, relates to, or derives any significant part of its value from the Applicable Securities. The foregoing restrictions are subject to the following conditions:

(i) Each Investor agrees to authorize the Company, during the Lock-Up Period, to cause any transfer agent for the Applicable Securities to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, Applicable Securities for which the Investor is the record holder and, in the case of Applicable Securities for which the Investor is the beneficial but not the record holder, agrees during the Lock-Up Period to cause the record holder, as soon as reasonably practicable after the date hereof, to cause the relevant transfer agent to decline to transfer, and to note stop transfer restrictions on the share register and other records relating to, such Applicable Securities.

(ii) During the applicable Lock-Up Period, each Investor may, without the consent of the Company's agent in the Canadian Offering or the Company, transfer, sell or tender any or all of the Applicable Securities pursuant to a take-over bid (as defined in the Securities Act (Ontario)) or any other transaction, including, without limitation, a merger, arrangement or amalgamation, involving a change of control of the Company, provided that: (i) all Applicable Securities not transferred, sold or tendered remain subject to this undertaking; and (ii) it shall be a condition of such transfer, sale or tender that if such take-over bid or other transaction is not completed, any Applicable Securities subject to this undertaking shall remain subject to the restrictions herein.

(iii) Subject to Section 3.10(b)(iv) below, the foregoing restrictions in Section 3.10(b) shall only apply to seventy-five percent (75%) of the Applicable Securities held by each Investor.

(iv) All officers, directors and shareholders holding greater than ten percent (10%) of the outstanding shares of Common Stock of the Company and all other persons with registration rights shall have entered into similar agreements, except that all Applicable Securities held by such officers, directors and shareholders holding greater than ten percent (10%) of the outstanding shares of Common Stock shall be subject to the foregoing restrictions.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Investor that:

4.1 Organization, Good Standing and Qualification; Licenses. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

4.2 Authorization. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder and the authorization, issuance, sale and delivery of the Securities has been taken or will be taken prior to the Initial Closing.

SECTION 5

MISCELLANEOUS

5.1 Survival of Representations, Warranties and Covenants. The warranties, representations and covenants of the Company and Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and all Closings and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors or the Company.

5.2 Successors and Assigns. Except as otherwise provided therein, the terms and conditions of this Agreement and the other Transaction Documents shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities); provided, however, that the Company may not assign or transfer its rights or obligations hereunder or under the other Transaction Documents without the prior written consent of all Investors. The Securities shall be transferable upon obtaining the prior written consent of the Company and subject to compliance with applicable securities laws and SECTION 3. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law; Venue; Jury Trial Waiver. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California.

5.4 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

5.6 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon receipt or upon deposit with the United States Post Office, by registered or certified mail, postage prepaid, addressed to the Company at 384 Oyster Point Blvd., Suite #8, South San Francisco, California 94080, or to each Investor at the address listed on the signature pages hereto, or at such other address as such party may designate by ten (10) days advance written notice to the other party.

5.7 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 Investor 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 each Investor or any of its officers, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor 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.

5.8 Amendments and Waivers. Any term of this Agreement, and of any Note or Warrant issued hereunder, may be amended and the observance of any such term may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Majority Investors. Any amendment or waiver effected in accordance with this section shall be binding upon each Investor, each holder of any Securities acquired under this Agreement at the time outstanding, each future holder of all such Securities, and the Company.

5.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

5.10 Corporate Securities Law. THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

5.11 Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, any Note or any Warrant, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

5.12 Register. The Company shall maintain at its principal executive offices a register for the Securities, in which the Company shall record the name and address of the person in whose name the Securities have been issued (including the name and address of each transferee) and the amount of the Securities held by such person. The Company shall keep the register open and available during business hours for inspection by the Investors or their legal representatives upon prior written notice.

5.13 Interpretation. In this Agreement and the other Transaction Documents, except to the extent the context otherwise requires: (i) any reference in this Agreement or other Transaction Document to a Section, a Schedule or an Exhibit is a reference to a Section thereof, a schedule thereto or an exhibit thereto, respectively, and to a subsection thereof or a clause thereof is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (ii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement or other Transaction Document as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears; (iii) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (iv) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto; (v) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to; and (vi) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or other Transaction Document.

5.14 Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurance as may be reasonably requested by any other party to evidence and reflect the transactions described in this Agreement and the other Transaction Documents and contemplated hereby and thereby and to carry into effect the intents and purposes of this Agreement and the other Transaction Documents.

5.15 Independent Nature of Investors. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. Each Investor shall be responsible only for its own representations, warranties, agreements and covenants hereunder. The decision of each Investor to purchase Securities pursuant to this Agreement has been made by such Investor independently of any other Investor and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Company or any of its Subsidiaries which may have been made or given by any other Investor or by any agent or employee of any other Investor, and no Investor or any of its agents or employees shall have any liability to any other Investor (or any other person) relating to or arising from any such information, materials, statements or opinions. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Except as otherwise provided in any Transaction Document, each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose.

5.16 Confidentiality. The Investors shall hold all non-public, proprietary or confidential information with respect to the Company obtained pursuant to or in connection with this Agreement in accordance with their customary procedures for handling confidential information of this nature; provided, however, that the Investors may make disclosure of any such information (i) to their respective examiners, Affiliates, outside auditors, counsel, consultants, appraisers and other professional advisors in connection with this Agreement, (ii) to any proposed transferee in connection with the contemplated transfer of any Securities (subject to receipt of a confidentiality agreement in which such transferee agrees to an obligation of confidentiality substantially similar to the terms of this Section 5.16), (iii) as required or requested by any Governmental Authority or representative thereof or in connection with the enforcement hereof or of any Transaction Document or related document or pursuant to legal process, (iv) when otherwise required to do so in accordance with applicable law, or (v) with the prior written consent of the Company. Notwithstanding the foregoing, such obligation of confidentiality shall not apply if the information or substantially similar information (A) is rightfully received by any Investor from a Person other than the Company or any of its Affiliates without the Investor being under an obligation to such Person not to disclose such information, or (B) is or becomes part of the public domain.

5.17 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

* * *

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

COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:_____
A. Franklin Rice, Chief Financial Officer

Address: 384 Oyster Point Blvd., Suite #8
South San Francisco, CA 94080

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

INVESTOR(S) (INDIVIDUAL)

Signature

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)

Signature of Joint Purchaser

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)

Address

Tax Identification or Social Security Number for Purchaser(s)

INVESTOR (ENTITY)

(Name of Corporation or Other Entity)

By:
Signature of Authorized Officer, Trustee or Partner

Title

Address

Tax Identification Number for Purchaser

EXHIBIT A

SCHEDULE OF INVESTORS

Name/Address	Note Purchase Price	Principal Amount
TOTAL		

Closing Dated: _____, 2010

THIS PROMISSORY NOTE HAS BEEN ACQUIRED FOR INVESTMENT AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THIS SECURITY MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS PROMISSORY NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN NOTE AND WARRANT PURCHASE AGREEMENT, DATED AUGUST 3, 2010, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

PROMISSORY NOTE

$_____ August ____, 2010
South San Francisco, California

FOR VALUE RECEIVED, VISTAGEN THERAPEUTICS, INC., a California corporation (the "Company"), promises to pay to the order of _____, or its registered assigns ("Holder"), the principal sum of _____ dollars ($_____) on the earlier of (i) December 1, 2010 or (ii) ten (10) Business Days following the closing of the Company's IPO (such earlier date, the "Maturity Date").

1. Definitions. For purposes of this Note, the following terms shall have the following meanings (capitalized terms used herein but not otherwise defined shall have the meanings provided therefor in the Agreement):

"Affiliate" shall mean with respect to any Person, any other Person (i) which directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, (ii) which beneficially owns or holds 10% or more of any class of the voting stock of such first Person, or (iii) whereby 10% or more of the voting stock (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of such other Person is beneficially owned or held by such first Person or by a Subsidiary of such first Person.

"Business Day" means any day which is not a Saturday or Sunday or a legal holiday on which banks are authorized or required to be closed in the State of California.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" (and the lower-case versions of the same) shall have meanings correlative thereto.

"IPO" shall mean the Company's initial public offering in Canada.

"Majority Investors" shall mean, as of any date of determination, the holders of not less than fifty percent (50%) in aggregate principal amount of the then outstanding Notes issued pursuant to the Agreement.

"Person" shall mean an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Subsidiary" shall mean, with respect to any Person (herein referred to as the "parent"), any corporation, limited liability company, partnership, association or other business entity (a) of which securities of other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent, or (b) that is, at any time any determination is made, otherwise Controlled by, the parent or one or more Subsidiaries of the parent and one or more Subsidiaries of the parent.

2. Note and Warrant Purchase Agreement. This note (the "Note") is issued pursuant to the terms of that certain Note and Warrant Purchase Agreement (the "Agreement") dated as of August ____, 2010, by and among the Company and the investors set forth in the Schedule of Investors attached thereto as Exhibit A. This Note is one of a series of notes (the "Notes") having like tenor and effect (except for variations necessary to express the name of the holder, the principal amount of each of the Notes and the date on which each Note is issued) issued or to be issued by the Company in accordance with the terms of the Agreement. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on the outstanding Notes on the basis of the principal amount of the outstanding indebtedness represented thereby.

3. Payments.

(a) Form of Payment. All payments of principal shall be in lawful money of the United States of America to Holder, at the address specified in the Agreement, or at such other address as may be specified from time to time by Holder in a written notice delivered to the Company.

(b) Prepayment. The Company shall have the right to prepay any and all amounts owed under this Note in whole or in part at any time without notice.

4. Repayment Upon Maturity. In the event that any indebtedness under this Note remains outstanding on the Maturity Date, then all outstanding indebtedness under this Note shall become immediately due and payable on such date.

5. Default.

(a) Events of Default. For purposes of this Note, any of the following events which shall occur shall constitute an "Event of Default":

(i) any indebtedness under this Note is not paid when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, and any such amount shall remain unpaid for a period of thirty (30) days after the due date thereof;

(ii) any representation, warranty or certification made by the Company herein or in the Agreement or in any certificate, report, document, agreement or instrument delivered pursuant to any provision hereof or thereof shall prove to have been false or incorrect in any material, respect on the date or dates as of which made (any such falsity being a "Representation Default") and, to the extent the event or circumstances giving rise to such Representation Default is amenable to being cured such that the Representation Default would no longer exist, such Representation Default shall continue uncured for a period of thirty (30) days after the Company knew or should have known, exercising reasonable diligence, of the event or circumstances giving rise to such Representation Default;

(iii) the Company shall (A) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property, (B) become subject to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property if such appointment is not terminated or dismissed within thirty (30) days, (C) make an assignment for the benefit of creditors, (D) or fail generally or admit in writing to its inability to pay its debts as they become due, (E) institute any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or file a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law, or file an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it, or (F) become subject to any involuntary proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, which proceeding is not dismissed within thirty (30) days of filing, or have an order for relief entered against it in any proceeding under the United States Bankruptcy Code; or

(iv) the Company shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business, or (iii) take any action to authorize any of the actions or events set forth above in this Section 5(a)(iv);

(b) Consequences of Events of Default.

(i) If any Event of Default shall occur for any reason, whether voluntary or involuntary, and be continuing, the Majority Investors may, upon notice or demand, declare the outstanding indebtedness under this Note to be due and payable, whereupon the outstanding indebtedness under this Note shall be and become immediately due and payable, and the Company shall immediately pay to Holder all such indebtedness. Upon the occurrence of an actual or deemed entry of an order for relief with respect to the Company under the United States Bankruptcy Code, then all indebtedness under this Note shall automatically be due immediately without notice of any kind. The Company agrees to pay Holder all out-of-pocket costs and expenses incurred by Holder in any effort to collect indebtedness under this Note, including attorneys' fees.

(ii) Holder shall also have any other rights which Holder may have been afforded under any contract or agreement at any time and any other rights which Holder may have pursuant to applicable law.

6. Lost, Stolen, Destroyed or Mutilated Notes. In case any Note shall be mutilated, lost, stolen or destroyed, the Company shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft or destruction of such Note.

7. Governing Law. This Note is to be construed in accordance with and governed by the laws of the State of California.

8. Amendment and Waiver. Any term of this Note and all Notes issued pursuant to the Agreement may be amended and the observance of any term of this Note and all Notes issued pursuant to the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the Company and the Majority Investors, except that no such amendment or waiver of the following shall be effective unless consented to by Holder, if such amendment or waiver would (i) modify any requirement hereunder that any particular action be taken by all Holder or by the Majority Investors; (ii) modify this Section 8, change the definition of "Majority Investors," or subject Holder to any additional obligations; (iii) reduce any amounts payable to Holder hereunder, extend the Maturity Date, extend the due date for, or reduce the amount of, any payment or prepayment of principal of or interest on this Note (or reduce the principal amount of this Note).

9. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made in accordance with Section 5.6 of the Agreement.

10. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

11. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

12. Remedies Cumulative; Failure or Indulgence Not a Waiver. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents. No failure or delay on the part of Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

13. Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, such payment shall be made in lawful money of the United States of America by a check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing (which address, in the case of Holder as of the date of issuance hereof, shall initially be the address for Holder as set forth in the Agreement); provided that Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and Holder's wire transfer instructions. Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall be made on the immediately succeeding Business Day and such extension of time shall be included in the computation of accrued interest.

14. Excessive Interest. Notwithstanding any other provision herein to the contrary, this Note is hereby expressly limited so that the interest rate charged hereunder shall at no time exceed the maximum rate permitted by applicable law. If, for any circumstance whatsoever, the interest rate charged exceeds the maximum rate permitted by applicable law, the interest rate shall be reduced to the maximum rate permitted, and if Holder shall have received an amount that would cause the interest rate charged to be in excess of the maximum rate permitted, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to the Company.

15. Waiver of Notice. To the extent permitted by law, the Company hereby waives demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Transaction Documents.

* * *

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by its officers, thereunto duly authorized as of the date first above written.

VISTAGEN THERAPEUTICS, INC.

By:_____
Franklin Rice
Chief Financial Officer

Address: 384 Oyster Point Blvd., Suite #8
South San Francisco, CA 94080

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN NOTE AND WARRANT PURCHASE AGREEMENT, DATED _____, 2010, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

Dated: _____, 2010

WARRANT TO PURCHASE

COMMON STOCK OF

VISTAGEN THERAPEUTICS, INC.

This certifies that _____, or assigns (collectively, the "Holder"), for value received, is entitled to purchase, at the Exercise Price (as defined below), from **VISTAGEN THERAPEUTICS, INC.**, a California corporation (the "Company"), up to that number of fully paid and nonassessable shares of the Company's Common Stock (the "Common Stock"), equal to the product obtained in accordance with the following calculation:

Maximum number of shares of Common Stock issuable upon exercise of this Warrant (the "Warrant Shares")	=	(Note Purchase Price of Note issued by the Company to Holder) x (0.33)

This Warrant shall be exercisable at any time from time to time from and after the date of issuance hereof (the "Issuance Date") up to and including 5:00 p.m. (Pacific Time) on the first to occur of (i) the third anniversary of the Issuance Date or (ii) ten (10) days preceding the closing date of any reorganization, consolidation or merger of the Company, transfer of all or substantially all of the assets of the Company or any simultaneous sale of more than a majority of the then outstanding securities of the Company other than a mere reincorporation transaction (such earlier date being referred to herein as the "Expiration Date"), upon surrender to the Company at its principal office (or at such other location as the Company may advise the Holder in writing) of this Warrant properly endorsed with (i) the Form of Subscription attached hereto duly completed and executed and (ii) payment pursuant to Section 2 at an exercise price equal to $3.00 per share (the "Exercise Price") for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Exercise Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant.

1. Exercise; Issuance of Certificates; Acknowledgement. This Warrant is exercisable at the option of the holder of record hereof, at any time or from time to time from or after the Issuance Date up to the Expiration Date for all or any part of the Warrant Shares (but not for a fraction of a share) which may be purchased hereunder. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered, properly endorsed, the completed, executed Form of Subscription delivered and payment made for such shares. Certificates for the shares of the Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company at the Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Each certificate so delivered shall be in such denominations of the Warrant Shares as may be requested by the Holder hereof and shall be registered in the name of such Holder. In case of a purchase of less than all the Warrant Shares, the Company shall execute and deliver to Holder within a reasonable time an Acknowledgement in the form attached hereto indicating the number of Warrant Shares which remain subject to this Warrant, if any.

2. Payment for Shares. The aggregate purchase price for Warrant Shares being purchased hereunder may be paid either by cash or wire transfer of immediately available funds.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any shareholder and free of all taxes, liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued shares of Common Stock, or other securities and property, when and as required to provide for the exercise of the rights represented by this Warrant.

4. Adjustment of Exercise Price and Number of Shares. The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Exercise Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

4.1 Subdivisions, Combinations and Dividends. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares or pay a dividend in Common Stock in respect of outstanding shares of Common Stock, the Exercise Price in effect immediately prior to such subdivision or at the record date of such dividend shall be proportionately reduced, and conversely, in case the outstanding shares of the Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Reclassification. If any reclassification of the capital stock of the Company shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property, then, as a condition of such reclassification, lawful and adequate provisions shall be made whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any reclassification described above, appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

4.3 Notice of Adjustment. Upon any adjustment of the Exercise Price or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant, the Company shall give written notice thereof, by first class mail postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.4 Other Notices. If at any time:

(1) the Company shall declare any cash dividend upon its Common Stock;

(2) there shall be any capital reorganization or reclassification of the capital stock of the Company; or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another Person; or

(3) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the Holder of this Warrant at the address of such Holder as shown on the books of the Company, (a) at least twenty (20) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and (b) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up or public offering, at least twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, winding-up, conversion or public offering, as the case may be.

5. No Voting or Dividend Rights. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent to receive notice as a shareholder of the Company or any other matters or any rights whatsoever as a shareholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised.

6. Warrants Transferable. Subject to compliance with applicable federal and state securities laws and the transfer restrictions set forth in that certain Note and Warrant Purchase Agreement dated as of _____, 2010, by and among the Company and the investors set forth in the Schedule of Investors attached thereto as Exhibit A (the "Agreement"), under which this Warrant was issued, this Warrant and all rights hereunder may be transferred, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon the prior written consent of the Company and, thereafter, upon surrender of this Warrant properly endorsed and in compliance with the provisions of the Agreement. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that this Warrant, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Warrant shall have been so endorsed, may be treated by the Company, at the Company's option, and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company and notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered owner hereof as the owner for all purposes.

7. Lost Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

8. Modification and Waiver. Any term of this Warrant and all Warrants issued pursuant to the Agreement may be amended and the observance of any term of this Warrant and all Warrants issued pursuant to the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the Company and the holders of Warrants representing at least a majority of the aggregate number of Warrant Shares issuable upon exercise of all outstanding Warrants issued pursuant to the Agreement. Any amendment or waiver effected in accordance with this Section shall be binding upon the Company, the Holder and the holders of all Warrants issued pursuant to the Agreement..

9. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Warrant shall be made in accordance with Section 5.6 of the Agreement.

10. Governing Law. This Warrant is to be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its officers, thereunto duly authorized as of the date first above written.

VISTAGEN THERAPEUTICS, INC.

By:
A. Franklin Rice, Chief Financial Officer

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant)

To:_____

The undersigned, the holder of a right to purchase shares of Common Stock of**VISTAGEN THERAPEUTICS, INC.**, a California corporation (the "Company"), pursuant to that certain Warrant to Purchase Common Stock of VistaGen Therapeutics, Inc. (the "Warrant"), dated as of _____, 2010, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ (_____) shares of Common Stock of the Company and herewith makes payment of _____ Dollars ($_____) therefor in cash.

The undersigned represents that it is acquiring such securities for its own account for investment and not with a view to or for sale in connection with any distribution thereof and in order to induce the issuance of such securities makes to the Company, as of the date hereof, the representations and warranties set forth in Section 3 of the Note and Warrant Purchase Agreement, dated as of _____, 2010, by and among the Company and the investors listed on Exhibit A thereto.

DATED: _____
[NAME OF HOLDER]

By:

Name:

Its:

ACKNOWLEDGMENT

To: [name of Holder]

The undersigned hereby acknowledges that as of the date hereof, _____ (_____) shares of Common Stock remain subject to the right of purchase in favor of [name of Holder] pursuant to that certain Warrant to Purchase Common Stock of VistaGen Therapeutics, Inc., dated as of _____, 2010.

DATED: _____
VISTAGEN THERAPEUTICS, INC.

By:

Name:

Title:

VISTAGEN THERAPEUTICS, INC.

CONVERSION AGREEMENT

This Conversion Agreement (the **"Agreement")** is entered into as of April 29, 2011 by and among VistaGen Therapeutics, Inc., a California corporation **("VistaGen"),** and certain holders of promissory notes of VistaGen listed onExhibit A hereto (collectively, the **"Holders").**

R E C I T A L S

WHEREAS, the Holders and VistaGen are parties to that certain Note and Warrant Purchase Agreement dated August 4, 2010, as amended (the**"Mini-Bridge Agreement"),** pursuant to which VistaGen issued to the Holders unsecured promissory notes**("Notes")** and warrants **("Warrants")** in accordance with the terms of the Mini-Bridge Agreement.

WHEREAS, VistaGen, Excaliber Enterprises, Ltd., a Nevada corporation **("PubCo"),** and a wholly owned subsidiary of PubCo **("Merger Sub")** entered into an Agreement and Plan of Merger dated April 28, 2011 pursuant to which the Merger Sub will merge with and into VistaGen with VistaGen remaining as the surviving entity after the merger and shareholders of VistaGen will receive common stock of PubCo in exchange for their capital stock of VistaGen

(the **"Merger").**

WHEREAS, immediately prior to the closing of the Merger, certain investors (collectively, the**"Financing Investors")** and VistaGen will complete a private placement financing whereby VistaGen will issue and sell shares of its common stock and warrants to purchase shares of common stock (the **"Qualified Financing Securities")** to the Financing Investors for aggregate gross proceeds to VistaGen of not less than $3,000,000 (including conversion of any VistaGen indebtedness not otherwise convertible by its terms) (the **"Qualified Financing,"** and with the Merger, collectively the **"Proposed Transaction").**

WHEREAS, VistaGen and the Holders desire to enter into this Agreement to provide for automatic conversion of all principal and interest accrued through April 29, 2011 pursuant to the Notes into Qualified Financing Securities at the closing of the Qualified Financing on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Automatic Conversion. Notwithstanding any other provision of the Notes or the Mini-Bridge Agreement, immediately prior to the closing of the Merger, the Holders agree that all principal and unpaid but accrued interest through April 29, 2011 (as set forth on Exhibit A attached hereto) under the Notes shall, concurrently with the closing of the Qualified Financing, automatically convert into the Qualified Financing Securities issued and sold by VistaGen to the Financing Investors in such Qualified Financing, the number of which shall be determined by multiplying all principal and unpaid interest accrued through April 29, 2011 by 1.10 and dividing the product thereof by the purchase price paid for the Qualified Financing Securities by the Financing Investors. In furtherance of the foregoing, the Holders (x) consent to the Merger, and (y) agree to execute and deliver a subscription agreement with respect to the Qualified Financing Securities to be received in consideration of the cancellation of the Notes and accrued interest thereon in the form attached hereto.

2. Forbearance. Subject to the terms of Section 6 below, in the event the Qualified Financing closes after April 30, 2011, by execution of this Agreement, the Holders, in respect of the Qualified Financing Securities he, she or it is entitled to receive in connection with the Qualified Financing, hereby agree to forebear from taking any action to enforce the repayment obligations under the Notes issued pursuant to the Mini-Bridge Agreement prior to June 30, 2011.

3. Satisfaction of All Obligations. The Holders acknowledge and agree that upon the automatic conversion described in Section 1 above all of the obligations of VistaGen pursuant to the Notes shall be deemed paid and satisfied in full.

4. Waiver of Notice. The Holders hereby waive any and all notice requirements set forth in the Mini-Bridge Agreement, the Notes and the Warrants in connection with the consummation of the Proposed Transaction.

5. Further Assurances. The Holders shall, upon the request of VistaGen, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, any assignments, consents, transfers and conveyances or waivers as may be required to effect the provisions of the Agreement. The Holders undertake and covenant to provide all assistance of whatever nature to effect the provisions of the Agreement, including executing, acknowledging, delivering or causing to be executed, acknowledged and delivered, any assignments, consents, transfers and conveyances or waivers.

6. Termination. In the event that the Proposed Transaction is not consummated prior to June 30, 2011 for any reason, this Agreement shall automatically terminate and the Notes shall remain in full force and effect in accordance with their terms.

7. Notices. Any notice, demand, or request required or permitted to be given under the Agreement must be in writing and will be deemed given when delivered personally, or three days after being deposited in the United States mail as certified or registered mail, return receipt requested, with postage prepaid, or the day following facsimile transmission, with confirmed transmission, in either case addressed to the address shown below each party's signature, or at such other address as any party may designate by 10 days' advance written notice to the other party.

8. Amendment; Waiver. The Agreement may be amended only by the written consent of the each party. No waiver of any provision of the Agreement will be effective unless in writing and signed by the waiving party.

9. Governing Law. The Agreement will be governed by, and will be construed and enforced in accordance with, the laws of the state of California.

10. Entire Agreement. This Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement.

11. Conflicting Terms. In the event of any inconsistency or conflict between this Agreement and the Mini-Bridge Agreement, the Notes or the Warrants, the terms, conditions and provisions of this Agreement shall govern and control.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

** *

THE HOLDERS:

By:

Name:

Title:

Address for Notices:

Attn:

Fax:

[Signature Page to Conversion Agreement]

VISTAGEN:

VISTAGEN THERAPEUTICS, INC.

By:
Shawn K. Singh, J.D., Chief Executive Officer

Address for Notices:

VistaGen Therapeutics, Inc. Attention: Chief Executive Officer 384 Oyster Point Blvd., Suite 8 South San Francisco, California 94080 Facsimile: (650) 244-9991

EXHIBIT A SCHEDULE OF HOLDERS

Exhibit 10.37

AGREEMENT REGARDING CONVERSION OF UNSECURED PROMISSORY NOTE

THIS AGREEMENT REGARDING CONVERSION OF UNSECURED PROMISSORY NOTE is entered into as of April 29, 2011 (this "Agreement"), by and between VistaGen Therapeutics, Inc., a California corporation (the "Company), and Matthew J. Dillon and Jill S. Dillon as Trustees of the Dillon Family Trust ("Holder").

RECITALS

WHEREAS, the Company has previously issued to Holder an Unsecured Promissory Note, dated September 20, 2010, in the original principal amount of one hundred sixty-six thousand two hundred fifty dollars ($162,250.00) (as amended by Amendment No. 1, dated November 19, 2010 and Amendment No. 2, dated December 30, 2010, the "Original Note").

WHEREAS, the Original Note was payable on the earlier of (i) April 30, 2011, or (ii) ten (10) business days following the closing of the Company's private equity financing with gross cash proceeds to the Company of at least $5,000,000.

WHEREAS, the Company, Excaliber Enterprises, Ltd., a Nevada corporation ("PubCo"), and a wholly owned subsidiary of PubCo ("Merger Sub") anticipates entering into an Agreement and Plan of Merger on or about April 30, 2011 pursuant to which Merger Sub will merge with and into the Company with the Company remaining as the surviving entity after the merger and shareholders of the Company receiving common stock of PubCo in exchange for their capital stock of the Company (the "RPO Transaction").

WHEREAS, Holder and the Company wish to enter into this Agreement in order to provide for installment payment of the amounts owed under the Original Note.

NOW, THEREFORE, in consideration of the premises and mutual covenants and conditions set forth below, the Company and Holder agree as follows:

AGREEMENT

1. As full payment of all amounts owed on the Original Note, the Holder hereby agrees to accept a new promissory note of the Company in the original principal amount of One Hundred Seventy-Five Thousand Dollars ($175,000), in the form of Exhibit A (the "New Note" and together with the Old Note, the "Notes") immediately prior to the closing of the RPO Transaction. Upon receipt of the New Note, Holder shall mark the Original Note paid in full and return the Original Note to the Company for cancellation.

2. In the event the RPO Transaction closes after April 30, 2011 but before June 30, 2011, by execution of this Agreement, the Holders, in respect of the New Note holder is entitled to receive in connection with this Agreement, hereby agrees to forebear from taking any action to enforce the repayment obligations under the Notes prior to June 30, 2011. In the event the RPO Transaction does note close on or prior to June 30, 2011, the entire unpaid balance of the New Note shall immediately become fully due and payable.

3. The undersigned trustee of the Dillon Family Trust represents and warrants that he or she has authority to sign this trust on behalf of such trust and to legally bind such trust notwithstanding that such trust has two trustees.

4. Miscellaneous.

   (a) Each party agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

   (b) This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California.

   (c) This Agreement contains the entire agreement of the parties with respect to the subject matters hereof and supersedes all prior agreements, written or oral. This Agreement may only be amended by a written instrument signed by all parties.

   (d) This Agreement may be executed in counterparts and by separate parties on separate counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute but one and the same agreement.

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

THE COMPANY:	**HOLDER:**
VISTAGEN THERAPEUTICS, INC.	THE DILLON FAMILY TRUST
By:_____	By:_____
Shawn K. Singh, CEO	Signature
Print Name: _____	
	Trustee

EXHIBIT A

PROMISSORY NOTE

$175,000 April 29, 2011
South San Francisco, California

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation with its principal place of business located at 384 Oyster Point Blvd., Suite #8, South San Francisco, CA 94070 (the "Company"), promises to pay to the order of Matthew J. Dillon and Jill S. Dillon as Trustees of The Dillon Family Trust located at 2068 Eaton Avenue, San Carlos, CA 94070, or its registered assigns ("Holder"); the principal sum of One Hundred Seventy Five Thousand Dollars ($175,000), with interest from April 30, 2011, at the rate of seven per cent (7.0%) per annum on the unpaid balance until paid or until default, both principal and interest payable in lawful money of the United States of America, at the location of Holder set forth above or at such place as Holder may designate in writing.

1. Payments.

(a) Principal and interest on this Note shall be due and payable as follows:

(1) One payment of Fifty Thousand Dollars ($50,000) payable within three (3) business days of the closing by the Company of a private equity financing resulting in gross proceeds to the Company totaling at least three million dollars ($3,000,000), including consideration paid by cancellation of indebtedness (other than cancellation of indebtedness of any convertible promissory notes that are convertible into equity securities of the Company by their terms);

(2) four payments of $5,000 on or before the first day of each month commencing May 1, 2011, and ending August 1, 2012;

(3) nine payments of $11,125 on or before the first day of each month commencing September 1, 2011, and ending May 1, 2012; and

(4) One final payment equal to the full remaining balance of principal and interest owed on this Note payable on or before May 2, 2012.

(b) If any payment on this Note becomes due and payable on a day other than a business day, the maturity thereof shall be extended to the next succeeding business day.

(c) Each installment paid on this Note shall be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to the unpaid principal.

(d) This Note may be prepaid in full or in part at any time without penalty or premium, provided that accrued interest is first paid on the amount of principal being prepaid. Partial prepayments shall be applied to installments due in reverse order of their maturity.

2. Default.

(a) Events of Default. For purposes of this Note, any of the following events which shall occur shall constitute an "Event of Default":

(1) any indebtedness under this Note is not paid when and as the same shall become due and payable, whether at maturity, by acceleration or otherwise, and any such amount shall remain unpaid for a period of thirty (30) days after the due date thereof;

(2) the Company shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property, (ii) become subject to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property if such appointment is not terminated or dismissed within thirty (30) days, (iii) make an assignment for the benefit of creditors, (iv) fail generally or admit in writing to its inability to pay its debts as they become due, (v) institute any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or file a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law; or file an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it, or (vi) become subject to any involuntary proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, which proceeding is not dismissed within thirty (30) days of filing, or have an order for relief entered against it in any proceeding under the United States Bankruptcy Code; or

(3) the Company shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) suspend its operations other than in the ordinary course of business, or (iii) take any action to authorize any of the actions or events set forth above in this Section 5(a) (iv);

(b) Consequences of Events of Default.

(1) If any Event of Default shall occur for any reason, whether voluntary or involuntary, and be continuing, Holder may, upon notice or demand, declare the outstanding indebtedness under this Note to be due and payable, whereupon the outstanding indebtedness under this Note shall be and become immediately due and payable, and the Company shall immediately pay to Holder all such indebtedness. Upon the occurrence of an actual or deemed entry of an order for relief with respect to the Company under the United States Bankruptcy Code, then all indebtedness under this Note shall automatically be due immediately without notice of any kind. The Company agrees to pay Holder all out-of-pocket costs and expenses incurred by Holder in any effort to collect indebtedness under this Note, including attorneys' fees.

(2) Holder shall also have any other rights which Holder may have been afforded under any contract or agreement at any, time and any other rights which 'Holder may have pursuant to applicable law.

3. Lost, Stolen, Destroyed or Mutilated Notes. In case any Note shall be mutilated, lost, stolen or destroyed; the Company shall issue a new Note of like date; tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation .of any mutilated note, or in lieu-of any Note lost, stolen or destroyed; upon receipt of evidence satisfactory to the Company of the loss, theft or destruction of such Note.

4. Governing Law. This Note is to be construed in accordance with and governed by the laws of the State of California.

5. Amendment and Waiver. Any term of this Note and the observance of any term of this Note may beamended or waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the Company and Holder

6. Notices. Except as may be otherwise, provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made to the address of the party given in the heading of this Note or to such other address given by notice, and shall be deemed delivered when received as evidenced by a delivery confirmation by the United States Post Office or a recognized overnight carrier.

7. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

8. Assignment. The Company shall not have the right to assign its rights and obligations hereunder or any interest herein.

9. Remedies Cumulative; Failure or Indulgence Not a Waiver. The remedies provided in this Note shall be cumulative and in addition to all other remedies provided at law. No failure or delay on the part of Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

10. Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, such payment shall be made in lawful money of the United States of America by a check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing (which address, in the case of Holder as of the date of issuance hereof, shall initially be the address for Holder as set forth below); provided that Holder may .elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and Holder's wire transfer instructions. Whenever any payment to be made shall otherwise be due on a day which is not a business day, such payment shall be made on the immediately succeeding business day and such extension of time shall be included in the computation of accrued interest.

11. Excessive Interest. Notwithstanding any: other provision herein .to: the contrary, this Note is hereby expressly limited so that the interest rate charged hereunder shall at .no time exceed the maximum rate permitted by applicable law. If, for any circumstance whatsoever, the interest rate charged exceeds .the maximum rate permitted by applicable law, the interest rate shall be reduced to the maximum rate permitted, and if Holder shall have received an amount that would cause the interest rate charged to be in excess of the maximum rate permitted, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest; or such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to the Company.

12. Waiver of Notice.. To the extent permitted by law, the Company hereby waives demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance; default or enforcement of this Note.

IN WITNESS WHEREOF, the Company has caused this Note to be executed by its duly authorized officer as of the date first above written.

VISTAGEN THERAPEUTICS, INC.

By: _____
Shawn K Singh, Chief Executive Officer

VISTAGEN THERAPEUTICS, INC.

SENIOR CONVERTIBLE BRIDGE NOTE AND WARRANT PURCHASE AGREEMENT

This Senior Convertible Bridge Note and Warrant Purchase Agreement (the "Agreement") is made as of *August 13, 2006,* by and between VistaGen Therapeutics, Inc., a California corporation (the "Company"), and the purchasers listed on Exhibit A hereto (each a "Purchaser" and, collectively, the "Purchasers"). The parties hereby agree as follows:

AGREEMENT SECTION 1

AMOUNT AND TERMS OF THE LOAN; ISSUANCE OF WARRANTS

1.1 The Loans. Subject to the terms of this Agreement, at each Closing (as defined below), the Company shall borrow from each Purchaser participating in such Closing and each Purchaser participating in such Closing shall loan to the Company an amount equal to the loan amount with respect to such Closing set forth opposite such Purchaser's name on Exhibit A attached hereto (the "Loan Amount").

1.2 The Notes. All indebtedness incurred by the Company pursuant to this Agreement shall be evidenced by senior convertible promissory notes (the "Notes") in the form attached as Exhibit B hereto. From time to time upon the funding of indebtedness hereunder, corresponding Notes shall be completed by the Company with the name of the respective Purchaser, the principal amount evidenced by such Note and the date that the Note was funded, and such Note shall be a binding obligation of the Company upon execution thereof by the Company and delivery to the Purchaser.

1.3 Issuance of Warrants. Subject to the terms and conditions of this Agreement, as soon as is reasonably practicable after the date of issuance of a Note by the Company to a Purchaser, the Company shall issue to such Purchaser a warrant (the "Warrant") in the form of Exhibit C attached hereto, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted pursuant to the terms thereof) calculated as follows:

For Notes purchased on or before August 31, 2006: number of shares ofCommon Stock issuable = principal amount of the Note * 100% upon exercise of the Conversion Price (as defined below) Warrant For Notes purchased on or before September 29, 2006: number of shares of Common Stock issuable upon exercise of the principal amount of the Note * 75% Conversion Price (as defined below) WarrantFor Notes purchased after September 29, 2006: number of shares of Common Stock issuable upon exercise of the principal amount of the Note* 50% Conversion Price (as defined below) Warrant

The Warrant shall be exercisable on the terms and conditions set forth therein.

1.4 Certain Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

(a) "Conversion Price" shall mean the price per share of the equity security of the. Company sold by the Company in its Qualified Financing (as defined below), or with respect to a conversion triggered by a Sale of the Company occurring prior to the Qualified Financing, the Conversion Price will be equal to $0.60 per share, the price of the Company's Series C Senior Preferred issued in its most recent equity financing.

(b) "Sale of the Company" shall mean (A) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the Company); or (B) a sale of all or substantially all of the assets of the Company by means of a transaction or series of related transactions; unless the Company's shareholders of record as constituted immediately prior to such acquisition or sale' will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Company's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity

(c) "Qualified Financing" shall mean the sale by the Company after the date of this Agreement of shares of its equity security to investors in one or more transactions for aggregate gross cash proceeds to the Company (not including conversion of the Notes) of at least $5,000,000.

SECTION 2

THE CLOSING

2.1 Initial Closing. The initial closing of the funding of indebtedness hereunder and the initial issuance of the corresponding Notes (the "Initial Closing") shall be held at the offices ofDLA Piper Rudnick Gray Cary US LLP, 153 Townsend St., Suite 800, San FranciscoCalifornia 94107, on , 2006 or at such other place and date as the Companyand Purchasers loaning at least a majority of the aggregate amount of indebtedness incurred by the Company at the Initial Closing mutually agree upon orally or in writing.

2.2 Subsequent Closings. Subsequent to the Initial Closing, the Company may incur additional indebtedness hereunder up to an aggregate of $2,500,000 in aggregate principal amount (including the indebtedness incurred at the Initial Closing) to such, additional investors as it shall select. Any such additional investor shall execute and deliver a counterpart signature page to this Agreement, and thereby become a party to and be deemed a Purchaser hereunder. All additional Purchasers and all additional indebtedness incurred hereunder shall be reflected on Exhibit A, which shall be automatically amended without any further action by any party hereto. The closing of the funding of such additional indebtedness hereunder and the issuance of the corresponding Notes shall be held at the offices of DLA Piper Rudnick Gray Cary US LLP, 153 Townsend St., Suite 800, San Francisco, California 94107, on such date or at such other place as the Company and Purchasers loaning at least a majority of the aggregate amount of indebtedness incurred by the Company at such closing mutually agree upon orally or in writing (which each such date and place, together with the Initial Closing, are designated as a "Closing").

2.3 Delivery. At each Closing (i) each Purchaser participating in such Closing shall deliver to the Company a check or wire transfer of immediately available funds in the amount of such Purchaser's Loan Amount with respect to such Closing set forth opposite such Purchaser's name on Exhibit A attached hereto; and (ii) the Company shall deliver to each such Purchaser a corresponding Note in the principal amount of such Purchaser's Loan Amount.

SECTION 3
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser, severally and not jointly, hereby represents, warrants and covenants to the Company that:

3.1 Purchase for Own Account. Such Purchaser is acquiring the Note, the equity securities issuable upon conversion of the Note and the Warrant (collectively, the "Securities") solely for its own account and beneficial interest for investment and not as a nominee or agent, and not with a view to the resale or distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

3.2 Information and Sophistication. Such Purchaser has received all the information it has requested from the Company and considers necessary or appropriate for deciding whether to acquire the Securities. Such Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and

conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given to such Purchaser. Such Purchaser further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

3.3 Ability to Bear Economic Risk. Such Purchaser acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

3.4 Accredited Investor. Such Purchaser represents that it is an "accredited investor" as such term is defined in Rule 501 under the Securities Act of 1933, as amended.

3.5 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3 and any other agreement which the purchasers of equity security are required to execute and deliver in connection with the Qualified Financing, and:

(a) There is then in effect a registration statement under the Securities Act of 1933, as amended, covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) Such Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and

(ii) if reasonably requested by the Company, such Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act of 1933, as amended.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by a Purchaser to a shareholder or partner (or retired partner) of such Purchaser, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were an original Purchaser hereunder.

3.6 Lock-Up Agreement. Each Purchaser hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities

of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) such agreement shall be applicable only to the first two such registration statements of the Company which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(b) all officers and directors of the Company and all other persons with registration rights enter into similar agreements; and

(c) such market stand-off time period shall not exceed one hundred eighty (180) days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of each Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 3.6 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

3.7 Cooperation. Such Purchaser agrees that it will take all actions and execute all documents requested by Company in connection with this Agreement, the Note or conversion of the Note and the Warrant.

3.8 Further Representations by Foreign Purchasers. If such Purchaser is a person who is not a resident of the United States, or is a corporation or other entity created or organized under the laws of a jurisdiction other than the United States, such Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. Such Purchaser hereby further represents and warrants (a) that its subscription and payment for, and its continued beneficial ownership of the Securities, will not violate any applicable securities or other laws of its jurisdiction and (b) that such Purchaser is not subject to any non-U.S. laws or regulations relating to the sale and purchase of the Securities or otherwise that could require the Company to register the Securities or the sale thereof under, or to make any filing pursuant to, or to take any other action under, any such laws or regulations by reason of the undersigned's purchase of the Securities.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Purchaser that:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

4.2 Authorization. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder and the authorization, issuance, sale and delivery of the Securities has been taken or will be taken prior to the Initial Closing.

SECTION **5**

MISCELLANEOUS

5.1 Survival of Representations, Warranties and Covenants. The warranties, representations and covenants of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and all Closings and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Purchasers or the Company.

5.2 Binding Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California.

5.4 Counterpart Execution: Facsimile Delivery. This Agreement may be executed in two or more counterparts and delivered by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

5.6 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon receipt or upon deposit with the United States Post Office, by registered or certified mail, postage prepaid, addressed to the Company at 1450 Rollins Road, Burlingame, CA 94010, or to each Purchaser at the address listed on the signature pages hereto, or at such other address as such party may designate by ten (10) days advance written notice to the other party.

5.7 Amendments and Waivers. Any term of this Agreement, and of any Note or Warrant issued hereunder, may be amended and the observance of any such term may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Purchasers holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to this Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities acquired under this Agreement at the time outstanding (including securities into which such Securities are convertible), each future holder of all such Securities, and the Company.

5.8 California Legend. THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100,25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

5.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision was so excluded and shall be enforceable in accordance with its terms.

5.10 Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, any Note or any Warrant, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

5.11 Finder's Fee. Each Purchaser agrees, severally and not jointly, to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a broker's or finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which such Purchaser or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and to hold harmless each Purchaser from any liability for any commission or compensation in the nature of a broker's or 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, partners, employees, or representatives is responsible.
Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.
5.12

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

PURCHASER(S) (INDIVIDUAL)

Signature

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)
PURCHASER (ENTITY)

(Name of Corporation or Other Entity)

By:
Signature of Authorized Officer, Trustee or Partner

Signature of Joint Purchaser

Title

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)
Tax Identification or Social Security Number for Purchaser(s)
Tax Identification Number for Purchaser

Name/Address

EXHIBIT A Schedule of Purchasers

Loan Amount

Exhibit B Convertible Promissory Note

THIS CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. NO SALE OR DISPOSITION MA Y BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER, SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

CONVERTIBLE PROMISSORY NOTE

$ .00 , 2006
Burlingame, California

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), promises to pay to the order of , or its permitted assigns (each a "Holder"), the principal sum of US Dollars ($) with interest on the outstanding principal amount at the simple rate of 10.0% per annum (computed on the basis of actual calendar days elapsed and a year of 360 days). Interest shall commence with the date hereof and shall accrue on the outstanding principal until converted or paid in accordance with the provisions hereof.

1. This note (the "Note") is issued pursuant to the terms of that certain Senior Convertible Bridge Note and Warrant Purchase Agreement (the "Agreement") dated as of , 2006, by and among Company and the purchasers set forth in the Schedule of Purchasers attached thereto as Exhibit A. This Note is one of a series of notes (the "Notes") having like tenor and effect (except for variations necessary to express the name of the holders, the principal amount of each of the Notes and the date on which each Note is issued) issued or to be issued by the Company in accordance with the terms of the Agreement. The Notes shall be senior in preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied first on the outstanding Notes.

2. Unless sooner converted in accordance with Paragraph 3, the entire unpaid balance of principal and all unpaid accrued interest shall become fully due and payable on August 30, 2007. The principal and accrued interest under this Note may be prepaid at any time and from time to time, without penalty.

3. The outstanding principal balance and unpaid accrued interest under this Note shall be automatically converted into equity securities of the Company ("Securities") upon the earlier to occur of the (a) the closing of a Qualified Financing (as defined in the Agreement, or (b) the closing of a Sale of the Company, as defined in the Agreement. If conversion of this

Note is occasioned by a Qualified Financing, then the terms and conditions pursuant to which Holder will acquire the Securities will be the same terms and conditions for the Investors in the Qualifed Financing. The Holder acknowledges that the price, terms and conditions of the Financing and the terms, preferences and privileges of Securities have not, as of the date of this Note, been established and are subject to negotiation with the Investors. If the conversion of this Note is occasioned by the Sale of the Company, then such conversion shall be deemed to have occurred immediately prior to, and contingent upon the occurrence of, the closing of the Sale of the Company. In the case of Sale of the Company, the price per share at which the outstanding principal balance and unpaid accrued interest under this Note shall be converted into Securities shall be $0.60 per share, the price of the Company's Series C Senior Preferred issued in its most recent equity financing. In connection with its participation in the Qualified Financing, the Holder agrees to execute any documents reasonably requested by the Company which are to be executed by the Investors, including without limitation, a stock purchase agreement with customary representations and warranties of the Investors. This Note shall not otherwise be convertible into securities of the Company.

4. Upon conversion of this Note into the Securities, the Holder shall surrender this Note, duly endorsed, at the principal office of the Company. At its expense, the Company shall, as soon as practicable thereafter, issue and deliver to the Holder at such principal office a certificate or certificates for the Securities into which the Note is converted (bearing such legends as may be required or advisable in the opinion of counsel to the Company), together with a check payable to the Holder for any cash amounts payable as described in Section 5 below.

5. No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount in cash equal to the product obtained by multiplying the conversion price applied to effect such conversion by the fraction of a share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Note, the Company shall be released from all its obligations and liabilities under this Note.

6. The terms of this Note shall be construed in accordance with and governed by the laws of the State of California, as applied to contracts entered into by California residents within the State of California, which contracts are to be performed entirely within the State of California.

7. Any term of this Note and all Notes issued pursuant to the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Company and the holders of Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all outstanding Notes issued pursuant to the Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company, the Holder and the holders of all Notes issued pursuant to the Agreement.

8. If any provision of this Note, or the application of such provision to any person or circumstance, is held invalid or unenforceable, the remainder of this Note, or the application of

Convertible Promissory Note

such provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

9. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made in accordance with Section 5.6 of the Agreement.

10. In case any Note shall be mutilated, lost, stolen or destroyed, the Company shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to the Payor of the loss, theft or destruction of such Note.

11. Notwithstanding any other provision to the contrary herein, in no event shall the interest attributable to this Note exceed the maximum rate of interest then permitted under applicable law.

This Note is executed as of the day first above written.

VISTAGEN THERAPEUTICS, INC.

By:
H. Ralph Snodgrass, President

[signature sheet Convertible Promissory Notes]

EXHIBIT C

[Attach Form of Warrant]

Warrant

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN SENIOR CONVERTIBLE NOTE AND WARRANT PURCHASE AGREEMENTDATED , 2006, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

Dated: ,2006

WARRANT TO PURCHASE COMMON STOCK OF VISTAGEN THERAPEUTICS, INC.

This certifies that , or its permitted assigns (each a "Holder"), for value received, is entitled to purchase, at an exercise price per share equal to the Conversion Price (as defined below) (the "Exercise Price") from VISTAGEN THERAPEUTICS, Inc., a California corporation (the "Company"), up to that number of fully paid and nonassessable shares of the Company's Common Stock ("Common Stock"), equal to the quotient obtained in accordance with the following calculation:

For Notes purchased on or before August 31, 2006:

number of shares of Common Stock issuable upon exercise of the Warrant = principal amount of the Note * 100% / Conversion Price

For Notes purchased on or before September 29, 2006:

number of shares of Common Stock issuable upon exercise of the Warrant = principal amount of the Note * 75% / Conversion Price

Warrant

For Notes purchased after September 29, 2006: number of shares of Common Stock issuable upon exercise of the Warrant = principal amount of the Note* 50% / Conversion Price

This Warrant shall be exercisable at any time from time to time from and after the closing of the Qualified Financing (shall have the meaning given such Term in the Agreement) (such date being referred to herein as the "Initial Exercise Date") up to and including 5:00 p.m. (Pacific Time) on the first to occur of (i) three (3) years from the date hereof, (ii) ten (10) days preceding the closing date of any of the following transactions: (A) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the Company); or (B) a sale of all or substantially all of the assets of the Company by means of a transaction or series of related transactions; unless the Company's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Company's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity (any such transaction, a "Change of Control"), or (ii) the date of closing of the Company's initial public offering of equity securities (such earlier date being referred to herein as the "Expiration Date"), upon surrender to the Company at its principal office (or at such other location as the Company may advise the Holder in writing) of this Warrant properly endorsed with (a) the Form of Subscription attached hereto duly completed and executed, and (b) payment pursuant to Section 2 of the aggregate Exercise Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Exercise Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant. For purposes of this Warrant, (a) the term "Note" shall mean the note issued to the original Holder of this Warrant pursuant to the terms of that certain Senior Convertible Note and Warrant Purchase
Agreement dated as of , 2006, by and between Company and the purchasers set
forth in the Schedule of Purchasers attached thereto as Exhibit A (the "Agreement"), and (b) the term "Conversion Price" have the meaning given such term in the Agreement.

1. Exercise: Issuance of Certificates; Acknowledgement. This Warrant is exercisable at the option of the holder of record hereof, at any time from or after the Initial Exercise Date up to the Expiration Date for all or any part of the Warrant Shares (but not for a fraction of a share) which may be purchased hereunder. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered, properly endorsed, the completed, executed Form of Subscription delivered and payment made for such shares. Certificates for the shares of the Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company atthe Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Each certificate so delivered shall be in such denominations of the Warrant Shares as may be requested by the Holder hereof and shall be registered in the name of such Holder. In case of a purchase of less than all the Warrant Shares, the Company shall execute and deliver to Holder within a reasonable time an acknowledgement in the form attached hereto indicating the number of Warrant Shares which remain subject to this Warrant, if any.

2. Payment for Shares. The aggregate purchase price for Warrant Shares being purchased hereunder may be paid either by cash or wire transfer of immediately available funds.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any shareholder and free of all taxes* liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued shares of Common Stock.

4. Adjustment of Exercise Price and Number of Shares. The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Exercise Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

4.1 Subdivision or Combination of Stock. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of the Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Reclassification. If any reclassification of the capital stock of the Company shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property, then, as a condition of such reclassification, lawful and adequate provisions shall be made whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number ofshares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any reclassification described above, appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

4.3 Notice of Adjustment. Upon any adjustment of the Exercise Price or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant, the Company shall give written notice thereof, by first class mail postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.4 Other Notices. If at any time:

(1) the Company shall declare any cash dividend upon its Common Stock;

(2) there shall be a Change of Control;

(3) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

(4) there shall be an initial public offering of the Company's equity securities;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the Holder of this Warrant at the address of such Holder as shown on the books of the Company, (a) at least twenty (20) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend or for determining rights to vote in respect of any such Change of Control or dissolution, liquidation or winding-up, and (b) in the case of any such Change of Control or dissolution, liquidation, winding-up or initial public offering, at least twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Change of Control, dissolution, liquidation, winding-up, conversion or initial public offering, as the case may be.

Warrant

5. No Voting or Dividend Rights. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent to receive notice as a shareholder of the Company or any other matters or any rights whatsoever as a shareholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised.

6. Warrants Transferable. Subject to compliance with applicable federal and state securities laws, this Warrant and all rights hereunder may be transferred, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon the prior written consent of the Company and, thereafter, upon surrender of this Warrant properly endorsed and compliance with the provisions of the Agreement. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that this Warrant, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Warrant shall have been so endorsed, may be treated by the Company, at the Company's option, and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company and notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered owner hereof as the owner for all purposes.

7. Lost Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

8. Modification and Waiver. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively) only (a) with the written consent of the Company and the Holder hereof, or (b) as provided in Section 5.7 of the Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company and the Holder.

9. Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, at such address as may have been furnished to the Company or the Holder, as the case may be, in writing by the Company or such holder from time to time.

10. Titles and Subtitles; Governing Law; Venue. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Agreement. This Warrant is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the

State of California to the rights and duties of the Company and the Holder. All disputes and controversies arising out of or in connection with this Warrant shall be resolved exclusively by the state and federal courts located in San Mateo County in the State of California, and each of the Company and the Holder hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its officers, thereunto duly authorized as of the date first above written.

VistaGen Therapeutics, Inc.

By:
H. Ralph Snodgrass, President

[signature sheet Warrant]

Warrant **FORM OF SUBSCRIPTION**
(To be signed only upon exercise of Warrant)

To:

The undersigned, the holder of a right to purchase shares of Common Stock of VISTAGEN THERAPEUTICS, INC. (the "Company") pursuant to that certain Warrant to Purchase Common Stock of VISTAGEN THERAPEUTICS, INC. (the "Warrant"), dated as of, 2006, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, ( )shares of Common Stock of the Company and herewith makes payment ofDollars ($) therefor in cash.

The undersigned represents that it is acquiring such securities for its own account for investment and not with a view to or for sale in connection with any distribution thereof and in order to induce the issuance of such securities makes to the Company, as of the date hereof, the representations and warranties set forth in Section 3 of the Convertible Note and WarrantPurchase Agreement, dated as of , 2006, by and among the Company and thePurchasers listed on Exhibit A thereto.

DATED:
[Name of Holder]

By:
Name:
Its:

Exhibit C Warrant **ACKNOWLEDGMENT**

To: [Name of Holder]

The undersigned hereby acknowledges that as of the date hereof,
( ) shares of Common Stock remain subject to the right of purchase in favor of
[Name of Holder] pursuant to that certain Warrant to Purchase Common Stock of VISTAGEN
THERAPEUTICS, INC., dated as of , 2006.

DATED:

VistaGen Therapeutics, Inc.

By: :

Name:

Its:

VISTAGEN THERAPEUTICS, INC.

AMENDMENT NO. 1 TO SENIOR CONVERTIBLE BRIDGE NOTE AND WARRANT PURCHASE AGREEMENT

This Amendment No. 1 to Senior Convertible Bridge Note and Warrant Purchase Agreement (the "Amendment") is made as of January __, 2007, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company"), Tracy K. Price Descendants Trust, Richard K. Wagner Family Trust (with respect to its $60,000 investment made on 8/31/06), Waldo Griffin, David Young, Herman F. Greene and Sandra Payne Greene JTWROS, Jeffrey Lederman and G. Thomas Stromberg Jr. (collectively, the "Original Purchasers"), the Bernhard Votteri and Linda Votteri Family Trust, the Bernhard Votteri MD, Inc. Profit Sharing Plan, the Richard K. Wagner Family Trust (with respect to its $30,000 investment made on 1/16/07) and the Singh Family Trust (collectively, the "Subsequent Closing Purchasers") and the purchasers listed on Exhibit A-1 hereto (collectively, the "New Purchasers").

RECITALS

WHEREAS, the Original Purchasers, the Subsequent Closing Purchasers and the Company are parties to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of August 31, 2006 (the "Agreement"), pursuant to which the Original Purchasers and the Subsequent Closing Purchasers purchased Notes (as defined in the Agreement) and Warrants (as defined in the Agreement) issued by the Company in accordance with the terms of the Agreement.

WHEREAS, the Company desires to sell additional Notes and Warrants to the New Purchasers and to allow the New Purchasers to become a party to the Agreement.

WHEREAS, the Agreement currently provides that the Company will issue a Warrant to each purchaser of a Note calculated as follows:

For Notes purchased on or before August 31, 2006 (such calculation referred to herein as "100% Warrant Coverage"):

$$\text{number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{principal amount of the Note} * 100\%}{\text{Conversion Price (as defined in the Agreement)}}$$

For Notes purchased on or before September 29, 2006 (such calculation referred to herein as "60% Warrant Coverage"):

$$\text{number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{principal amount of the Note} * 75\%}{\text{Conversion Price (as defined in the Agreement)}}$$

For Notes purchased after September 29, 2006 (such calculation referred to herein as "50% Warrant Coverage"):

$$\text{number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{principal amount of the Note} * 50\%}{\text{Conversion Price (as defined in the Agreement)}}$$

WHEREAS, the Original Purchasers received 100% Warrant Coverage and the Subsequent Closing Purchasers received 50% Warrant Coverage in accordance with the terms of the Agreement.

WHEREAS, as a material inducement to the New Purchasers to purchase additional Notes and Warrants, the Company, the Original Purchasers, and the Subsequent Closing Purchasers desire to: (i) amend the Agreement to provide, among other things, that the Warrant issuable to each purchaser of a Note in accordance with the Agreement will receive 100% Warrant Coverage without regard to when the Note was actually purchased; (ii) cancel the Warrants issued to the Subsequent Closing Purchasers with 50% Warrant Coverage in exchange for a new Warrant with 100% Warrant Coverage.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company, the Original Purchasers hereby agree to amend the Agreement as set forth herein, and the parties hereto agree as follows:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement. All references to a "Purchaser" or the "Purchasers" in the Agreement shall be deemed to include an New Purchaser or the New Purchasers, as applicable.

2. Amendment to Section 1.2. Section 1.2 of the Agreement shall be amended to read in its entirety as follows:

"1.2 The Notes. All indebtedness incurred by the Company pursuant to this Agreement shall be evidenced by senior convertible promissory notes (the "Notes") in the form attached as Exhibit B hereto. From time to time upon the funding of indebtedness hereunder, corresponding Notes shall be completed by the Company with the name of the respective Purchaser, the principal amount evidenced by such Note and the date that the Note was funded, and such Note shall be a binding obligation of the Company upon execution thereof by the Company and delivery to the Purchaser."

3. Amendment to Section 1.3. Section 1.3 of the Agreement shall be amended to read in its entirety as follows:

"1.3 Issuance of Warrants; Exchange of Warrants with 50% Warrant Coverage.

(a) Subject to the terms and conditions of this Agreement, as soon as is reasonably practicable after the date of issuance of a Note by the Company to a Purchaser, the Company shall issue to such Purchaser a warrant (the "Warrant") in the form of Exhibit C attached to this Amendment, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted pursuant to the terms thereof) calculated as follows:

$$\text{number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{principal amount of the Note} * 100\%}{\text{Conversion Price (as defined below).}}$$

(b) Upon execution of this Amendment, each Subsequent Closing Investor shall deliver to the Company for cancellation the originally executed Warrants they received with 50% Warrant Coverage against issuance and delivery by the Company to such Subsequent Closing Investor of a new, fully executed Warrant with 100% Warrant Coverage.

4. Amendment to Section 2.1. Section 2.2 of the Agreement shall be amended to read in its entirety as follows:

"2.2 Subsequent Closings. Subsequent to the Initial Closing, the Company may incur additional indebtedness hereunder up to an aggregate of $2,500,000 in aggregate principal amount (including the indebtedness incurred at the Initial Closing) to such additional investors as it shall select. Any such additional investor shall execute and deliver a counterpart signature page to this Agreement, and thereby become a party to and be deemed a Purchaser hereunder. All additional Purchasers and all additional indebtedness incurred hereunder shall be reflected on Exhibit A-1, which shall be automatically amended without any further action by any party hereto. The closing of the funding of such additional indebtedness hereunder and the issuance of the corresponding Notes shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304, on such date or at such other place as the Company and Purchasers loaning at least a majority of the aggregate amount of indebtedness incurred by the Company at such closing mutually agree upon orally or in writing (which each such date and place, together with the Initial Closing, are designated as a "Closing")."

5. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

6. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

7. Entire Agreement. This Amendment and the Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement and this Amendment. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: _____
H. Ralph Snodgrass, President

Address: 1450 Rollins Road,
Burlingame, CA 94043

[Signature Page to Amendment No. 1 Senior Convertible Bridge Note and Warrant Purchase Agreement]

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

THE ORIGINAL PURCHASERS:

TRACY K. PRICE DESCENDANTS TRUST

By:_____
Its:_____

_____
Waldo Griffin

HERMAN F. GREENE AND SANDRA PAYNE GREENE JTWROS

_____
Herman F. Greene

_____
Sandra Payne Greene

_____
G. Thomas Stromberg Jr.

RICHARD K. WAGNER FAMILY TRUST
(with respect to its $60,000 investment made on 8/31/06)

By:_____
Its:_____

_____
David Young

_____
Jeffrey J. Lederman

[Signature Page to Amendment No. 1 Senior Convertible Bridge Note and Warrant Purchase Agreement]

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

THE SUBSEQUENT CLOSING PURCHASERS:

BERNHARD VOTTERI AND LINDA VOTTERI FAMILY TRUST
By:_____
Its:_____

THE BERNHARD VOTTERI MD, INC. PROFIT SHARING PLAN
By:_____
Its:_____

RICHARD K. WAGNER FAMILY TRUST
(with respect to its $30,000 investment made on 1/16/07)
By:_____
Its:_____

THE SINGH FAMILY TRUST

By:_____
Its:_____

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

NEW PURCHASER(S) (INDIVIDUAL)	**NEW PURCHASER (ENTITY)**
Signature	(Name of Corporation or Other Entity) By:
Type/Print Name of Individual Purchaser (Specify “as joint tenant,” as trustee,” etc. if applicable)	Signature of Authorized Officer, Trustee or Partner
Signature of Joint Purchaser	Title
Type/Print Name of Individual Purchaser (Specify “as joint tenant,” as trustee,” etc. if applicable)	
Tax Identification or Social Security Number for Purchaser(s)	Tax Identification Number for Purchaser

[Signature Page to Amendment No. 1 Senior Convertible Bridge Note and Warrant Purchase Agreement]

EXHIBIT A-1
Schedule of New Purchasers

Name/Address	Loan Amount

EXHIBIT B

Form of Convertible Promissory Note

EXHIBIT C

Form of Warrant

THIS CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER, SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

CONVERTIBLE PROMISSORY NOTE

$_____.00 _____, 2007
Burlingame, California

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), promises to pay to the order of _____, or its permitted assigns (each a "Holder"), the principal sum of _____ US Dollars ($_____) with interest on the outstanding principal amount at the simple rate of 10.0% per annum (computed on the basis of actual calendar days elapsed and a year of 360 days). Interest shall commence with the date hereof and shall accrue on the outstanding principal until converted or paid in accordance with the provisions hereof.

1. This note (the "Note") is issued pursuant to the terms of that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of August 31, 2006, by and among Company and the purchasers set forth in the Schedule of Purchasers attached thereto as Exhibit A, as amended by that certain Amendment No.1 to Senior Convertible Bridge Note and Warrant Purchase Agreement (the "Agreement"). This Note is one of a series of notes (the "Notes") having like tenor and effect (except for variations necessary to express the name of the holders, the principal amount of each of the Notes and the date on which each Note is issued) issued or to be issued by the Company in accordance with the terms of the Agreement. The Notes shall be senior in preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied first on the outstanding Notes.

2. Unless sooner converted in accordance with Paragraph 3, the entire unpaid balance of principal and all unpaid accrued interest shall become fully due and payable on August 30, 2007. The principal and accrued interest under this Note may be prepaid at any time and from time to time, without penalty.

3. The outstanding principal balance and unpaid accrued interest under this Note shall be automatically converted into equity securities of the Company ("Securities") upon the earlier to occur of the (a) the closing of a Qualified Financing (as defined in the Agreement, or (b) the closing of a Sale of the Company, as defined in the Agreement. If conversion of this Note is occasioned by a Qualified Financing, then the terms and conditions pursuant to which Holder will acquire the Securities will be the same terms and conditions for the Investors in the Qualifed Financing. The Holder acknowledges that the price, terms and conditions of the Financing and the terms, preferences and privileges of Securities have not, as of the date of this Note, been established and are subject to negotiation with the Investors. If the conversion of this Note is occasioned by the Sale of the Company, then such conversion shall be deemed to have occurred immediately prior to, and contingent upon the occurrence of, the closing of the Sale of the Company. In the case of Sale of the Company, the price per share at which the outstanding principal balance and unpaid accrued interest under this Note shall be converted into Securities shall be $0.60 per share, the price of the Company's Series C Senior Preferred issued in its most recent equity financing. In connection with its participation in the Qualified Financing, the Holder agrees to execute any documents reasonably requested by the Company which are to be executed by the Investors, including without limitation, a stock purchase agreement with customary representations and warranties of the Investors. This Note shall not otherwise be convertible into securities of the Company.

4. Upon conversion of this Note into the Securities, the Holder shall surrender this Note, duly endorsed, at the principal office of the Company. At its expense, the Company shall, as soon as practicable thereafter, issue and deliver to the Holder at such principal office a certificate or certificates for the Securities into which the Note is converted (bearing such legends as may be required or advisable in the opinion of counsel to the Company), together with a check payable to the Holder for any cash amounts payable as described in Section 5 below.

5. No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount in cash equal to the product obtained by multiplying the conversion price applied to effect such conversion by the fraction of a share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Note, the Company shall be released from all its obligations and liabilities under this Note.

6. The terms of this Note shall be construed in accordance with and governed by the laws of the State of California, as applied to contracts entered into by California residents within the State of California, which contracts are to be performed entirely within the State of California.

7. Any term of this Note and all Notes issued pursuant to the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Company and the holders of Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all outstanding Notes issued pursuant to the Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company, the Holder and the holders of all Notes issued pursuant to the Agreement.

8. If any provision of this Note, or the application of such provision to any person or circumstance, is held invalid or unenforceable, the remainder of this Note, or the application of such provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

9. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made in accordance with Section 5.6 of the Agreement.

10. In case any Note shall be mutilated, lost, stolen or destroyed, the Company shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to the Payor of the loss, theft or destruction of such Note.

11. Notwithstanding any other provision to the contrary herein, in no event shall the interest attributable to this Note exceed the maximum rate of interest then permitted under applicable law.

This Note is executed as of the day first above written.

VISTAGEN THERAPEUTICS, INC.

By:
H. Ralph Snodgrass, President

[signature page to Convertible Promissory Note]

Exhibit 10.39

VISTAGEN THERAPEUTICS, INC.
SENIOR CONVERTIBLE BRIDGE NOTE AND WARRANT PURCHASE AGREEMENT

This Senior Convertible Bridge Note and Warrant Purchase Agreement (the"Agreement") is made as of April , 2008, by and between VistaGen Therapeutics, Inc., a California corporation (the "Company"), and the purchasers listed on Exhibit A hereto (each a "Purchaser" and, collectively, the "Purchasers").

The parties hereby agree as follows:

A G R E E M E N T

SECTION 1

AMOUNT AND TERMS OF THE LOAN; ISSUANCE OF WARRANTS

1.1 The Loans. Subject to the terms of this Agreement, at each Closing (as defined below), the Company shall borrow from each Purchaser participating in such Closing and each Purchaser participating in such Closing shall loan to the Company an amount equal to the loan amount with respect to such Closing set forth opposite such Purchaser's name on Exhibit A attached hereto (the "Loan Amount").

1.2 The Notes. All indebtedness incurred by the Company pursuant to this Agreement shall be evidenced by senior convertible promissory notes (the "Notes") in the form attached as Exhibit B hereto. From time to time upon the funding of indebtedness hereunder, corresponding Notes shall be completed by the Company with the name of the respective Purchaser, the principal amount evidenced by such Note and the date that the Note was funded, and such Note shall be a binding obligation of the Company upon execution thereof by the Company and delivery to the Purchaser.

1.3 Issuance of Warrants. Subject to the terms and conditions of this Agreement, as soon as is reasonably practicable after the date of issuance of a Note by the Company to a Purchaser, the Company shall issue to such Purchaser a warrant (the "Warrant") in the form of Exhibit C attached hereto, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted pursuant to the terms thereof) calculated as follows:
number of shares of Common Stock issuable = principal amount of the Note * 100% upon exercise of the $0.60 arrant

1.4 Certain Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

(a) "Sale of the Company" shall mean (A) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the Company); or (B) a sale of all or substantially all of the assets of the Company by means of a transaction or series of related transactions; unless the Company's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Company's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity

(b) "Qualified Financing" shall mean the sale by the Company after the date of this Agreement of shares of Series D Preferred Stock to investors in one or more transactions for aggregate cash proceeds to the Company (not including conversion of the Notes) of at least $5,000,000.
The Warrant shall be exercisable on the terms and conditions set forth therein.

SECTION 2

THE CLOSING

2.1 Initial Closing. The initial closing of the funding of indebtedness hereunder and the initial issuance of the corresponding Notes (the "Initial Closing") shall be held at the offices of Morrison & Foerster, LLP 755 Page Mill Road, Palo Alto, California 94304, on April, 2008 or at such other place and date as the Company and Purchasers loaning at least a majority of the aggregate amount of indebtedness incurred by the Company at the Initial Closing mutually agree upon orally or in writing.

2.2 Subsequent Closings. Subsequent to the Initial Closing, the Company may incur additional indebtedness hereunder up to an aggregate of $2,000,000 in aggregate principal amount (including the indebtedness incurred at the Initial Closing) to such additional investors as it shall select. Any such additional investor shall execute and deliver a counterpart signature page to this Agreement, and thereby become a party to and be deemed a Purchaser hereunder. All additional Purchasers and all additional indebtedness incurred hereunder shall be reflected on Exhibit A, which shall be automatically amended without any further action by any party hereto. The closing of the funding of such additional indebtedness hereunder and the issuance of the corresponding Notes shall be held at the offices of Morrison & Foerster, LLP 755 Page Mill Road, Palo Alto, California 94304, on such date or at such other place as the Company and Purchasers loaning at least a majority of the aggregate amount of indebtedness incurred by the Company at such closing mutually agree upon orally or in writing (which each such date and place, together with the Initial Closing, are designated as a "Closing").

2.3 Delivery. At each Closing (i) each Purchaser participating in such Closing shall deliver to the Company a check or wire transfer of immediately available funds in the amount of such Purchaser's Loan Amount with respect to such Closing set forth opposite such Purchaser's name on Exhibit A attached hereto; and (ii) the Company shall deliver to each such Purchaser a corresponding Note in the principal amount of such Purchaser's Loan Amount.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser, severally and not jointly, hereby represents, warrants and covenants to the Company that:

3.1 Purchase for Own Account. Such Purchaser is acquiring the Note, the equity securities issuable upon conversion of the Note and the Warrant (collectively, the "Securities") solely for its own account and beneficial interest for investment and not as a nominee or agent, and not with a view to the resale or distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

3.2 Information and Sophistication. Such Purchaser has received all the information it has requested from the Company and considers necessary or appropriate for deciding whether to acquire the Securities. Such Purchaser further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given to such Purchaser. Such Purchaser further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

3.3 Ability to Bear Economic Risk. Such Purchaser acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

3.4 Accredited Investor. Such Purchaser represents that it is an "accredited investor" as such term is defined in Rule 501 under the Securities Act of 1933, as amended.

The Warrant shall be exercisable on the terms and conditions set forth therein.

3.5 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Purchaser further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3 and any other agreement which the purchasers of
equity security are required to execute and deliver in connection with the Qualified Financing, and:

(a) There is then in effect a registration statement under the Securities Act of 1933, as amended, covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) Such Purchaser shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and

(ii) if reasonably requested by the Company, such Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act of 1933, as amended.

(c) Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by a Purchaser to a shareholder or partner (or retired partner) of such Purchaser, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were an original Purchaser hereunder.

3.6 Lock-Up Agreement. Each Purchaser hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Securities Act of 1933, as amended, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) such agreement shall be applicable only to the first two such registration statements of the Company which cover common stock (or other securities) to be sold on its behalf to the public in an underwritten offering;

(b) all officers and directors of the Company and all other persons with registration rights enter into similar agreements; and

(c) such market stand-off time period shall not exceed one hundred eighty (180) days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Securities of each Purchaser (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 3.6 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

3.7 Cooperation. Such Purchaser agrees that it will take all actions and execute all documents requested by Company in connection with this Agreement, the Note or conversion of the Note and the Warrant.

The Warrant shall be exercisable on the terms and conditions set forth therein.

3.8 Further Representations by Foreign Purchasers If such Purchaser is a person who is not a resident of the United States, or is a corporation or other entity created or organized under the laws of a jurisdiction other than the United States, such Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. Such Purchaser hereby further represents and warrants (a) that its subscription and payment for, and its continued beneficial ownership of the Securities, will not violate any applicable securities or other laws of its jurisdiction and (b) that such Purchaser is not subject to any non-U.S. laws or regulations relating to the sale and purchase of the Securities or otherwise that could require the Company to register the Securities or the sale thereof under, or to make any filing pursuant to, or to take any other action under, any such laws or regulations by reason of the undersigned's purchase of the Securities.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Purchaser that:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

4.2 Authorization. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder and the authorization, issuance, sale and delivery of the Securities has been taken or will be taken prior to the Initial Closing.

SECTION 5 MISCELLANEOUS

5.1 Survival of Representations, Warranties and Covenants. The warranties, representations and covenants of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and all Closings and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Purchasers or the Company.

5.2 Binding Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California.

5.4 Counterpart Execution; Facsimile Delivery. This Agreement may be executed in two or more counterparts and delivered by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

5.6 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon receipt or upon deposit with the United States Post Office, by registered or certified mail, postage prepaid, addressed to the Company at 384 Oyster Point Blvd., Suite #8, South San Francisco, California 94080, or to each Purchaser at the address listed on the signature pages hereto, or at such other address as such party may designate by ten (10) days advance written notice to the other party.

The Warrant shall be exercisable on the terms and conditions set forth therein.

5.7 Amendments and Waivers. Any term of this Agreement, and of any Note or Warrant issued hereunder, may be amended and the observance of any such term may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Purchasers holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to this Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities acquired under this Agreement at the time outstanding (including securities into which such Securities are convertible), each future holder of all such Securities, and the Company.

5.8 California Legend. THE SALE OF THE SECURITIES THAT ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE.
THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY
CONDITIONED UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

5.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision was so excluded and shall be enforceable in accordance with its terms.

5.10 Expenses. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, any Note or any Warrant, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

5.11 Finder's Fee. Each Purchaser agrees, severally and not jointly, to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a broker's or finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which such Purchaser or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and to hold harmless each Purchaser from any liability for any commission or compensation in the nature of a broker's or 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, partners, employees, or representatives is responsible.

5.12 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

[Remainder of Page Intentionally Left Blank]

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:
H. Ralph Snodgrass, President

Address: 384 Oyster Point Blvd., Suite #8 South San Francisco, CA 94080

[Signature Page to Senior Convertible Bridge Note and Warrant Purchase Agreement]

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

PURCHASER(S) (INDIVIDUAL)
Signature

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)

Signature of Joint Purchaser

Title

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)
Tax Identification or Social Security Number for Purchaser(s)

PURCHASER (ENTITY)
(Name of Corporation or Other Entity)

By:
Signature of Authorized Officer, Trustee or Partner

Tax Identification Number for Purchaser

[Signature Page to Senior Convertible Bridge Note and Warrant Purchase Agreement]

EXHIBIT A

Schedule of Purchasers

Form of Convertible Promissory Note

EXHIBIT C

Form of Warrant

THIS CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATIONSTATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER,SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO ACTION LETTER FROM THE SECURITIES AND EXCHANGECOMMISSION.

CONVERTIBLE PROMISSORY NOTE

$ April _, 2008

South San Francisco, California

FOR VALUE RECEIVED, VistaGen Therapeutics, Inc., a California corporation (the "Company"), promises to pay to the order of or its permitted assigns (each a "Holder"), the principal sum of ($) with interest on the outstanding principal amount at the simple rate of 10.0% per annum (computed on the basis of actual calendar days elapsed and a year of 360 days). Interest shall commence with the date hereof and shall accrue on the outstanding principal until converted or paid in accordance with the provisions hereof.

1. This note (the "Note") is issued pursuant to the terms of that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of April, 2008, by and among Company and the purchasers set forth in the Schedule of Purchasers attached thereto as Exhibit A, (the "Agreement"). This Note is one of a series of notes (the "Notes") having like tenor and effect (except for variations necessary to express the name of the holders, the principal amount of each of the Notes and the date on which each Note is issued) issued or to be issued by the Company in accordance with the terms of the Agreement. This Note, together with the (a) Senior Convertible Promissory Bridge Notes issued by the Company to Platinum Long Term Growth VII, LLC or any affiliate thereof, with an aggregate principal amount of up to $4,250,000 (the "Platinum Notes"), (b) approximately $2,010,341 of senior convertible promissory notes, with accrued interest, previously issued or to be issued by the Company pursuant to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated August 31, 2006, as amended by that certain Amendment No. 1 to Senior Convertible Note and Warrant Purchase Agreement dated January 31, 2007, as amended by that certain Amendment No. 2 to Senior Convertible Bridge Note and Warrant Purchase Agreement and Amendment No. 1 to Convertible Promissory Note and Warrant to Purchase Common Stock dated June 11, 2007, as amended by that certain Amendment No. 2 to Convertible Promissory Note dated June 27, 2007 (the "Original Bridge Notes"), shall rank senior in preference or priority over any other future indebtedness of the Company, and all payments on account of principal and interest with respect to any of the Notes, Platinum Notes or the Original Bridge Notes shall be ratably distributed among the holders of the outstanding Notes, Platinum Notes and Original Bridge of the Company.

2. Unless sooner converted in accordance with Paragraph 3, the entire unpaid balance of principal and all unpaid accrued interest shall become fully due and payable on December 31, 2009. Prepayment of the principal and accrued interest under this Note shall be permitted upon written consent of the holders of a majority of the Notes issued pursuant to the Agreement. The principal and accrued interest under this Note may be prepaid at any time and from time to time, without penalty.

3. The outstanding principal balance and unpaid accrued interest under this Note shall be automatically converted into equity securities of the Company ("Securities") upon the earlier to occur of the (a) the closing of a Qualified Financing (as defined in the Agreement, or (b) the closing of a Sale of the Company, as defined in the Agreement or (c) at any time prior to the earlier of the Qualified Financing or the Maturity Date at the election of the Holder. If conversion of this Note is occasioned by a Qualified Financing, then the terms and conditions pursuant to which Holder will acquire the Securities will be the same terms and conditions for the Purchasers in the Qualified Financing. The Holder acknowledges that the price, terms and conditions of the Financing and the terms, preferences and privileges of Securities have not, as of the date of this Note, been established and are subject to negotiation with the Purchasers. If the conversion of this Note is occasioned by the Sale of the Company, then such conversion shall be deemed to have occurred immediately prior to, and contingent upon the occurrence of, the closing of the Sale of the Company. In the case of Sale of the Company, the price per share at which the outstanding principal balance and unpaid accrued interest under this Note shall be converted into Securities shall be $0.60 per share, the price of the Company's Series C Senior Preferred issued in its most recent equity financing. In connection with its participation in the Qualified Financing, the Holder agrees to execute any documents reasonably requested by the Company which are to be executed by the Purchasers, including without limitation, a stock purchase agreement with customary representations and warranties of the Purchasers. If the Conversion of this Note is occasioned at the election of the Holder, then the Holder shall acquire that number of shares of the Company's Common Stock as determined by dividing the balance of the Note plus all accrued interest divided by sixty cents ($0.60) per share. This Note shall not otherwise be convertible into securities of the Company.

4. Upon conversion of this Note into the Securities, the Holder shall surrender this Note, duly endorsed, at the principal office of the Company. At its expense, the Company shall, as soon as practicable thereafter, issue and deliver to the Holder at such principal office a certificate or certificates for the Securities into which the Note is converted (bearing such legends as may be required or advisable in the opinion of counsel to the Company), together with a check payable to the Holder for any cash amounts payable as described in Section 5 below.

5. No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Holder upon the conversion of this Note, the Company shall pay to the Holder an amount in cash equal to the product obtained by multiplying the conversion price applied to effect such conversion by the fraction of a share not issued pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this Note, the Company shall be released from all its obligations and liabilities under this Note.

6. The terms of this Note shall be construed in accordance with and governed by the laws of the State of California, as applied to contracts entered into by California residents within the State of California, which contracts are to be performed entirely within the State of California.

7. Any term of this Note and all Notes issued pursuant to the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Company and the holders of Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all outstanding Notes issued pursuant to the Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company, the Holder and the holders of all Notes issued pursuant to the Agreement.

8. If any provision of this Note, or the application of such provision to any person or circumstance, is held invalid or unenforceable, the remainder of this Note, or the application of such provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

9. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made in accordance with Section 5.6 of the Agreement.

10. In case any Note shall be mutilated, lost, stolen or destroyed, the Company shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to the Payor of the loss, theft or destruction of such Note.

11. Notwithstanding any other provision to the contrary herein, in no event shall the interest attributable to this Note exceed the maximum rate of interest then permitted under applicable law.

3.

VISTAGEN THERAPEUTICS, INC.

By:
H. Ralph Snodgrass, President

[signature page to Convertible Promissory Note]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.
THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN SENIOR CONVERTIBLE BRIDGE NOTE AND WARRANT PURCHASE AGREEMENT DATED APRIL __, 2008, AS AMENDED, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

Dated: April _, 2008 ***Warrant Number: CSW-***

WARRANT TO PURCHASE COMMON STOCK OF VISTAGEN THERAPEUTICS, INC.

This certifies that , or its permitted assigns (each a "Holder"), for value received, is entitled to purchase, at an exercise price per share equal to $0.60 (the "Exercise Price") from VISTAGEN THERAPEUTICS, Inc., a California corporation (the "Company"), up to that number of fully paid and nonassessable shares of the Company's Common Stock ("Common Stock"), equal to the quotient obtained in accordance with the following calculation:

number of shares of Common Stock issuable upon exercise of the $0.60 Warrant = [Insert the Principal Amount of the Note]

This Warrant shall be exercisable at any time from time to time from and after the closing of the Qualified Financing (such date being referred to herein as the "Initial Exercise Date") up to and including 5:00 p.m. (Pacific Time) on the first to occur of (i) December 31, 2013, or (ii) ten (10) days preceding the closing date of any of the following transactions: (A) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the Company); or (B) a sale of all or substantially all of the assets of the Company by means of a transaction or series of related transactions; unless the Company's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Company's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity (any such transaction, a "Change of Control") (such earlier date being referred to herein as the "Expiration Date"), upon surrender to the Company at its principal office (or at such other location as the Company may advise the Holder in writing) of this Warrant properly endorsed with (a) the Form of Subscription attached hereto duly completed and executed, and (b) payment pursuant to Section 2 of the aggregate Exercise Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Exercise Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant. For purposes of this Warrant, the term "Note" shall mean the note issued to the original Holder of this Warrant pursuant to the terms of that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of April , 2008, by and between Company and the purchasers set forth in the Schedule of Purchasers attached thereto as Exhibit A, (the "Agreement").

1. Exercise: Issuance of Certificates; Acknowledgement. This Warrant is exercisable at the option of the holder of record hereof, at any time from or after the Initial Exercise Date up to the Expiration Date for all or any part of the Warrant Shares (but not for a fraction of a share) which may be purchased hereunder. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered, properly endorsed, the completed, executed Form of Subscription delivered and payment made for such shares. Certificates for the shares of the Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company at the Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Each certificate so delivered shall be in such denominations of the Warrant Shares as may be requested by the Holder hereof and shall be registered in the name of such Holder. In case of a purchase of less than all the Warrant Shares, the Company shall execute and deliver to Holder within a reasonable time an acknowledgement in the form attached hereto indicating the number of Warrant Shares which remain subject to this Warrant, if any.

2. Payment for Shares. The aggregate purchase price for Warrant Shares being purchased hereunder may be paid either by cash or wire transfer of immediately available funds.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any shareholder and free of all taxes, liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued shares of Common Stock.

4. Adjustment of Exercise Price and Number of Shares. The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Exercise Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

4.1 Subdivision or Combination of Stock. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares,

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the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of the Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Reclassification. If any reclassification of the capital stock of the Company shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property, then, as a condition of such reclassification, lawful and adequate provisions shall be made whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any reclassification described above, appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

4.3 Notice of Adjustment. Upon any adjustment of the Exercise Price or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant, the Company shall give written notice thereof, by first class mail postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.4 Other Notices. If at any time:

(1) the Company shall declare any cash dividend upon its Common Stock;

(2) there shall be a Change of Control;

(3) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

(4) there shall be an initial public offering of the Company's equity securities;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the Holder of this Warrant at the address of such Holder as shown on the books of the Company, (a) at least twenty (20) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend or for determining rights to vote in respect of any such Change of Control or dissolution, liquidation or winding-up, and (b) in the case of any such Change of Control or dissolution, liquidation, winding-up or initial public offering, at least twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Change of Control, dissolution, liquidation, winding-up, conversion or initial public offering, as the case may be.

5. No Voting or Dividend Rights. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent to receive notice as a shareholder of the Company or any other matters or any rights whatsoever as a shareholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised.

6. Warrants Transferable. Subject to compliance with applicable federal and state securities laws, this Warrant and all rights hereunder may be transferred, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon the prior written consent of the Company and, thereafter, upon surrender of this Warrant properly endorsed and compliance with the provisions of the Agreement. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that this Warrant, when endorsed in blank, shall be deemed negotiable, and that the holder hereof, when this Warrant shall have been so endorsed, may be treated by the Company, at the Company's option, and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to the transfer hereof on the books of the Company and notice to the contrary notwithstanding; but until such transfer on such books, the Company may treat the registered owner hereof as the owner for all purposes.

7. Lost Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

8. Modification and Waiver. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively) only (a) with the written consent of the Company and the Holder hereof, or (b) as provided in Section 5.7 of the Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company and the Holder.

9. Notices. All notices and other communications from the Company to the Holder, or vice versa, shall be deemed delivered and effective when given personally or mailed by first-class registered or certified mail, postage prepaid, at such address as may have been

10. Titles and Subtitles; Governing Law; Venue. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Agreement. This Warrant is to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the Company and the Holder. All disputes and controversies arising out of or in connection with this Warrant shall be resolved exclusively by the state and federal courts located in San Mateo County in the State of California, and each of the Company and the Holder hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

11. Definition of Warrant Shares. For purposes of this Agreement, "Warrant Shares" shall mean the number of shares of the Company's Common Stock issuable upon exercise of this Warrant.

[Signature Page Follows]

VistaGen Therapeutics, Inc.

By:

H. Ralph Snodgrass, President

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant)

To: VISTAGEN THERAPEUTICS, INC.

The undersigned, the holder of a right to purchase shares of Common Stock of Vistagen Therapeutics, Inc. (the "Company") pursuant to that certain Warrant to Purchase Common Stock of Vistagen Therapeutics, Inc. Number CSW- (the "Warrant"), dated as of, 2008 hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase hereunder, ( ) shares ofCommon Stock of the Company and herewith makes payment ofDollars ($) therefor in cash.

The undersigned represents that it is acquiring such securities for its own account for investment and not with a view to or for sale in connection with any distribution thereof and in order to induce the issuance of such securities makes to the Company, as of the date hereof, the representations and warranties set forth in Section 3 of the Senior Convertible Bridge Note and
Warrant Purchase Agreement, dated as of April , 2008, by and among the Company and the Purchasers listed on Exhibit A thereto.

DATED:

[WARRANT HOLDER]

By:
Name: Its:
To: **[WARRANT HOLDER]**

The undersigned hereby acknowledges that as of the date hereof,
( ) shares of Common Stock remain subject to the right of purchase in favor of
pursuant to that certain Warrant to Purchase Common Stock of Vistagen
Therapeutics, Inc., number CSW-
dated as of , 2008.

DATED:

VistaGen Therapeutics, Inc.
By:
Name:

Its:

AMENDMENT NO. 1 TO SENIOR CONVERTIBLE BRIDGE NOTE AND WARRANT PURCHASE AGREEMENT

This Amendment No. 1 to Senior Convertible Bridge Note and Warrant Purchase Agreement (the "Amendment") is made as of September , 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and the Original Purchasers listed on Exhibit A hereto, (each an "Original Purchaser" and collectively, the "Original Purchasers") and the new purchasers listed on Exhibit A-1 hereto (each a "New Purchaser," and collectively, the "New Purchasers").

RECITALS

WHEREAS, the Original Purchasers and the Company are parties to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of May 16, 2008 (the "Agreement"), pursuant to which the Original Purchasers purchased Notes and Warrants (each as defined in the Agreement) issued by the Company in accordance with the terms of the Agreement.

WHEREAS, Section 5.7 of the Agreement provides that the Agreement may be amended by the written consent of the Company and the Original Purchasers holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to the Agreement (the "Majority Note Holders").

WHEREAS, the aggregate principal amount outstanding under the Notes issued pursuant to the Agreement as of the date of this Amendment is $1,850,000 (the "Outstanding Principal Amount").

WHEREAS, the Majority Note Holders hold Notes representing at least a majority of the Outstanding Principal Amount.

WHEREAS, the Company and the Majority Note Holders now desire to amend the Agreement to (A) increase the aggregate indebtedness that the Company may borrow pursuant to the Agreement from $2,000,000 to $5,000,000, (B) amend the formula for determining the number of shares of Common Stock issuable upon exercise of the Warrants, as well as the per share exercise price of the Common Stock issuable upon exercise, (C) revise the definition of a "Qualified Financing" (as defined in the Agreement) and (D) add a definition to determine what constitutes the "Qualified Financing Price".

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company, the Majority Note Holders hereby agree to amend the Agreement as set forth herein, and the parties hereto agree as follows:

ACKNOWLEDGMENT

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement. All references to a "Purchaser" or the "Purchasers" in the Agreement shall be deemed to include any New Purchaser or the New Purchasers, as applicable.

2. Amendment to Section 1.2. Section 1.2 of the Agreement shall be amended to read in its entirety as follows:

"1.2 The Notes. All indebtedness incurred by the Company pursuant to this Agreement shall be evidenced by senior convertible promissory notes (the "Notes") in the form attached as Exhibit B attached to this Amendment. From time to time upon the funding of indebtedness hereunder, corresponding Notes shall be completed by the Company with the name of the respective Purchaser, the principal amount evidenced by such Note and the date that the Note was funded, and such Note shall be a binding obligation of the Company upon execution thereof by the Company and delivery to the Purchaser. Notwithstanding the foregoing, the parties to this Amendment hereby acknowledge that the Notes already issued by the Company to the Original Purchasers in accordance with the Agreement shall continue to remain valid and binding obligations of the Company in accordance with their respective terms."

3. Amendment to Section 1.3. Section 1.3 of the Agreement shall be amended to read in its entirety as follows:

"1.3 Issuance of Warrants. Subject to the terms and conditions of this Agreement, as soon as is reasonably practicable after the date of issuance of a Note by the Company to a Purchaser, the Company shall issue to such Purchaser a warrant (the "Warrant") in the form of Exhibit C attached to this Amendment, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted pursuant to the terms thereof) calculated as follows:

$$\text{number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{principal amount of the Note} * (50\%)}{\text{Qualified Financing Price}}"$$

4. Amendment to Sections 1.4(b). Section 1.4(b) of the Agreement shall be amended to read in its entirety as follows:

"(b) "Qualified Financing" shall mean the sale by the Company after the date of this Agreement of shares of Series D Preferred Stock or Common Stock to investors in one or more transactions for aggregate cash proceeds to the Company (not including conversion of the Notes) of at least $3,000,000."

5. Addition of Section 1.4(c). The Agreement shall be revised to include a new Section 1.4(c) which shall read in its entirety as follows:

"(c) "Qualified Financing Price" shall mean the price per share of the Series D Preferred Stock or Common Stock purchased by the investors pursuant to the terms of the Qualified Financing."

6. Amendment to Section 2.1. The first sentence of Section 2.1 of the Agreement shall be amended to read in its entirety as follows:

"Subsequent to the Initial Closing, the Company may incur additional indebtedness hereunder up to an aggregate of $5,000,000 in aggregate principal amount (including the indebtedness incurred at the Initial Closing) to such additional investors as it shall select."

7. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

8. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

ACKNOWLEDGMENT

9. Entire Agreement. This Amendment and the Agreement constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof. All previous discussions and agreements with respect to this subject matter are superseded by the Agreement and this Amendment. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

10. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

[Remainder of Page Intentionally Left Blank]

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:
Shawn Singh
Chief Executive Officer

Address: 384 Oyster Point Blvd. Suite #8 South San Francisco, CA 94080

MAJORITY NOTE HOLDER:

Name:

By:
Its:

NEW PURCHASER(S) (INDIVIDUAL) **NEW PURCHASER (ENTITY)**

Signature (Name of Corporation or Other Entity)

By:
Type/Print Name of Individual PurchaserSignature of Authorized Officer, Trustee
(Specify "as joint tenant," as trustee," etc. if or Partner
applicable)

Signature of Joint Purchaser Title

Type/Print Name of Individual Purchaser (Specify "as joint tenant," as trustee," etc. if applicable)

Tax Identification or Social Security Number Tax Identification Number for Purchaser for Purchaser(s)

EXHIBIT A

NAME/ADDRESS

Schedule of Majority Note Holders

CLOSING DATE

LOAN AMOUNT

EXHIBIT B

Form of Convertible Promissory Note
Form of Warrant

AMENDMENT NO. 1 TO CONVERTIBLE PROMISSORY NOTE

This Amendment No. 1 to Convertible Promissory Note (the "Amendment") is made as of September , 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and the persons listed on Exhibit A-1 hereto (collectively, the "Majority Note Holders").

RECITALS

WHEREAS, the Majority Note Holders and the Company are parties to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of May 16, 2008 (the "Agreement"), pursuant to which the Majority Note Holders purchased Notes (as defined in the Agreement) and Warrants (as defined in the Agreement) issued by the Company in accordance with the terms of the Agreement.

WHEREAS, the Company and the Majority Note Holders now desire to amend all of the Notes issued by the Company in accordance with the terms of the Agreement.

WHEREAS, Section 5.7 of the Agreement provides that any term of the Notes issued pursuant thereto may be amended only with the written consent of the Company and investors holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to the Agreement.

WHEREAS, the aggregate amount of indebtedness (not including interest) incurred by the Company under all Notes issued pursuant to the Agreement as of the date of this Amendment is $1,850,000 (the "Outstanding Indebtedness").

WHEREAS, the Majority Note Holders hold Notes representing at least a majority of the Outstanding Indebtedness.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Majority Note Holders hereby agree to amend the Notes as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendments to Notes.

2.1 Amendment to Section 1. The first sentence of Section 1 of the Notes shall be amended and restated to read in its entirety as follows:

"This Note (the "Note") is issued pursuant to the terms of that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of May 16, 2008, as amended, by the Company and the purchasers set forth in the Schedule of Purchasers attached thereto as Exhibit A (the "Agreement")."

2.2 Amendment to Section 2. Section 2 of the Notes shall be amended and restated to read in its entirety as follows:

"2. Unless sooner converted in accordance with Paragraph 3, the entire unpaid balance of principal and all unpaid accrued interest shall become fully due and payable on December 31, 2010 (the "Maturity Date"). The principal and accrued interest under this Note may be prepaid at any time and from time to time, without penalty."

3. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Notes shall continue in full force and effect. Notwithstanding the foregoing, the amendments to the Notes as set forth in this Amendment shall be binding upon each holder of the Notes acquired pursuant to the Agreement.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Notes and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:
Shawn Singh
Chief Executive Officer

Address: 384 Oyster Point Blvd. Suite #8
South San Francisco, CA 94080

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

MAJORITY NOTE HOLDER:

Print Name

By:
Its:

Address:

[Signature Page to Amendment No. 1 Convertible Promissory Note]

EXHIBIT A-1 Schedule of Majority Note Holders

NAME/ADDRESS

AMENDMENT NO. 1 TO WARRANT TO PURCHASE COMMON STOCK

This Amendment No. 1 to Warrant to Purchase Common Stock (the "Amendment") is made as of September , 2009, by and among VistaGen Therapeutics, Inc., a California corporation (the "Company") and the persons listed on Exhibit A-1 hereto (collectively, the "Majority Note Holders").

RECITALS

WHEREAS, the Majority Note Holders and the Company are parties to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement dated as of May 16, 2008 (the "Agreement"), pursuant to which the Majority Note Holders purchased Notes and Warrants (each as defined in the Agreement) issued by the Company in accordance with the terms of the Agreement.

WHEREAS, the Company and the Majority Note Holders now desire to amend the Warrants issued by the Company in accordance with the terms of the Agreement.

WHEREAS, Section 5.7 of the Agreement provides that any term of any Warrant issued pursuant thereto may be amended only with the written consent of the Company and investors holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to the Agreement.

WHEREAS, the aggregate amount of indebtedness (not including interest) incurred by the Company under all Notes issued pursuant to the Agreement as of the date of this Amendment is $1,850,000 (the "Outstanding Indebtedness").

WHEREAS, the Majority Note Holders hold Notes representing at least a majority of the Outstanding Indebtedness.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Majority Note Holders hereby agree to amend the Warrants as set forth herein:

A M E N D M E N T

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendments to the Warrants.

2.1 Amendment to First Paragraph. The first full paragraph of the Warrants is hereby amended and restated to read in its entirety as follows:

"This certifies that , or its permitted assigns (each a "Holder"), for value received, is entitled to purchase from VISTAGEN THERAPEUTICS, Inc., a California Corporation (the "Company") up to that number of fully paid and nonassessable shares of the Company's Common Stock (the "Common Stock") equal to the quotient obtained in accordance with the following calculation:

$$\text{Number of shares of Common Stock issuable upon exercise of the Warrant} = \frac{\text{[principal amount of the Note! * (50\%)}}{\text{Qualified Financing Price}}$$

The exercise price of this Warrant shall be an amount equal to the product of 1.5 multiplied by the Qualified Financing Price (the "Exercise Price")."

3. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Warrants shall continue in full force and effect. Notwithstanding the foregoing, the amendments to the Warrants set forth in this Amendment shall be binding upon each holder of the Warrants acquired pursuant to the Agreement.

4. Conflicting Terms. In the event of any inconsistency or conflict between the Warrants and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

[Remainder of Page Intentionally Left Blank]

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

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By:
Shawn Singh
Chief Executive Officer

Address: 384 Oyster Point Blvd.
Suite #8
South San Francisco, CA 94080

[Signature Page to Amendment No. 1 to Warrant to Purchase Common Stock]

MAJORITY NOTE HOLDER:
Print Name
By:
Its:

Address:

[Signature Page to Amendment No. 1 to Warrant to Purchase Common Stock]

EXHIBIT A-1 Schedule of Majority Note Holders

NAME/ADDRESS

VISTAGEN THERAPEUTICS, INC.

OMNIBUS AMENDMENT

This Omnibus Amendment (the **"Amendment")** is entered into and effective as of April **28,2011** (the **"Effective Date"),** by and among VistaGen Therapeutics, Inc!, a California corporation (the **"Company"),** and the persons listed on Exhibit A hereto (collectively, the **"Majority Investors").**

RECITALS

WHEREAS, the Majority Investors and the Company are parties to that certain Senior Convertible Bridge Note and Warrant Purchase Agreement (the **"Agreement")** dated as of May **16, 2008,** as amended by that certain Amendment No. **1** to Senior Convertible Bridge Note and Warrant Purchase Agreement, dated as of November **2,2009,** pursuant to which the Majority Investors purchased Notes, as amended, and Warrants, as amended (each as defined in the Agreement), issued by the Company in accordance with the terms of the Agreement.

WHEREAS, the Company and the Majority Investors now desire to (i) amend the Agreement to revise the definition of "Qualified Financing" (ii) amend the Notes issued pursuant to the Agreement to provide for temporary forbearance of the Company's repayment obligations, and (iii) waive any and all notice requirements set forth in the Agreement, the Notes and the Warrants, including but not limited to the requirement of twenty **(20)** days prior written notice as set forth in Section **4.4** of the Warrants, in connection with the proposed private placement financing for aggregate gross proceeds of not less than **$3,000,000** (including cancellation of indebtedness not otherwise convertible by its terms).

WHEREAS, Section **5.7** of the Agreement provides that any term of the Agreement, and of any Note or Warrant issued thereunder, may be amended and the observance of any such term may be waived, only with the written consent of the Company and investors holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to the Agreement.

WHEREAS, the aggregate amount of indebtedness (including interest) incurred by the Company under all Notes issued pursuant to the Agreement as of the Effective Date is approximately **$3,606,292** (the **"Outstanding Indebtedness").**

WHEREAS, the Majority Investors hold Notes representing at least a majority of the Outstanding Indebtedness.

NOW, THEREFORE, in consideration of the mutual premises and covenants set forth herein, the Company and the Majority Investors hereby agree to amend the Agreement as set forth herein:

AMENDMENT

1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

2. Amendment to the Agreement. Section 1.4(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(b) "Qualified Financing" shall mean the closing by the Company of an equity or equity-based financing or series of equity financings following the Issuance Date resulting in gross proceeds to the Company totaling at least three million dollars ($3,000,000), including consideration paid by cancellation of indebtedness (other than cancellation of indebtedness of any convertible promissory notes that are convertible into equity securities of the Company by their terms)."

3. Amendment to the Notes. Three new sentences are hereby added to the end of the paragraph in Section 2 of the Notes and read as follows:

"Notwithstanding the foregoing, in the event that a Qualified Financing (as defined in the Agreement) closes after April 30, 2011 but on or prior to June 30,2011, the Holder shall forebear from taking any action to enforce the repayment obligations under this Note; provided that interest shall continue to accrue thereon. For the avoidance of doubt, in the event that a Qualified Financing closes after April 30, 2011 but on or prior to June 30, 2011, the outstanding principal balance and unpaid accrued interest shall automatically be converted in accordance with Paragraph 3. In the event that a Qualified Financing does not close on or prior to June 30, 2011, the entire unpaid balance of principal and all unpaid accrued interest shall immediately become fully due and payable."

4. Waiver of Notice. The Majority Investors hereby waive all notice requirements set forth in the Agreement, the Notes and the Warrants, including but not limited to the notice requirements set forth in Section 4.4 of the Warrants.

5. Terms of Agreement. Except as expressly modified hereby, all terms, conditions and provisions of the Agreement shall continue in full force and effect.

6. Conflicting Terms. In the event of any inconsistency or conflict between the Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which take together shall constitute one and the same instrument. Facsimile counterparts shall be deemed to be originals.

4.

THE COMPANY:

VISTAGEN THERAPEUTICS, INC.

By: :
Shawn K. Singh, JD, Chief Executive Officer
MAJORITY INVESTOR:
Print Name
By:
Its:

Address:

EXHIBIT A Schedule of Majority Investors

NAME/ADDRESS

Exhibit 10.40

Executive Employment Agreement

This Executive Employment Agreement (the "Agreement"), dated April 28, 2010 (the "Effective Date"), is entered into by and between VistaGen Therapeutics, Inc., a California corporation (the "Company") and Shawn K. Singh, J.D. ("Executive").

i. position and responsibilities

A. Position. Executive is employed by the Company to render services to the Company in the position of Chief Executive Officer. Executive shall perform such duties and responsibilities as are normally related to such position in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company. Executive shall abide by the rules, regulations, and practices as adopted or modified from time tc time in the Company's sole discretion. Executive shall report directly to the Company's Board o Directors (the "Board").

B. Other Activities. Except upon the prior written consent of a majority of the members of the Board, and except for Executive's service (a) as a consultant to and member of the Board of Directors of Echo Therapeutics, Inc. and (b) as a consultant and strategic advisor to Cato BioVentures and its privately-held portfolio companies, in all cases solely with respect to business matters unrelated to the Company and cumulatively not to exceed the equivalent of five (5) business days per month, Executive will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company.

C. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, employment with the Company, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

ii. compensation and benefits

A. Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Three Hundred Forty-Seven Thousand Five Hundred Dollars ($347,500) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by whicl Executive's pro-rated Base Salary since January 1, 2010 pursuant to this Agreement exceeds the salary actually received by the Executive since January 1, 2010. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

B. Amendment to Stock Options. Upon the Effective Date, each stock option award previously issued to Executive and listed onExhibit A-1 attached hereto (each, an "Option Award") shall be amended in substantially the form of the Amendment to Notice of Stock Option Award and Stock Option Award Agreement attached hereto as Exhibit A-2 ("Option Amendment").

C. Forgiveness of Note; Gross-Up Bonus. Upon the IPO Closing, all principal and accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated December 21, 2006, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the IPO Closing. The Gross-Up Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

D. Bonus. Executive shall be eligible to receive an annual incentive bonus of up to fifty percent (50%) of his Base Salary (the "Incentive Bonus"). The amount of the Incentive Bonus paid shall be determined by the Board of Directors in their sole discretion.

E. Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated executives, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

F. Expenses. The Company shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement guidelines.

III. AT-WILL EMPLOYMENT; TERMINATION BY COMPANY

A. At-Will Termination by Company. Executive's employment with the Company shall be "at-will" at all times. The Company may terminate Executive's employment with the
Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company under this Agreement shall cease, except as otherwise provided herein.

B. Severance. Except in situations where the employment of Executive is terminated For Cause, By Death or By Disability (as defined in Section IV below), in the event that the Company terminates Executive's employment at any time, Executive will be eligible to receive (i) an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in the form of salary continuation, (ii) a pro rata portion of the Incentive Bonus that the Board determines in good faith that Executive has earned prior to such termination (collectively, payments under (i) and (ii) are referred to as "Severance"), and (iii) COBRA payments forcontinuation of medical and health benefits for such twelve (12) month period. Executive's eligibility for the foregoing Severance and benefits payments is conditioned on Executive having first signed a release agreement in the form attached as Exhibit C. Executive shall not be entitled to any of the foregoing Severance or benefits payments if Executive's employment is terminated For Cause, By Death or By Disability (as defined in Section IV below) or if Executive's employment is terminated by Executive (except as provided in Section V.B. below).

iv. other terminations by company

A. Termination for Cause. For purposes of this Agreement, "For Cause" shall mean: (i) Executive commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) Executive willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) Executive commits a material breach of this Agreement, which breach is not cured within twenty business days after written notice to Executive from the Company; (iv) Executive willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to Executive from the Company; (v) Executive fails to perform his job responsibilities following written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company. The Company may terminate Executive's employment For Cause at any time, without any advance notice. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company under law; and thereafter all obligations of the Company under this Agreement shall cease.

B. By Death. For purposes of compensation and other benefits Executive's employment shall be treated as terminating automatically upon sixty (60) days following Executive's death. The Company shall pay to Executive's beneficiaries or estate, as appropriate, any compensation then due and owing at the end of such sixty (60) day period, including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's death. Thereafter all obligations of the Company under this Agreement shall cease, except as otherwise provided in this Agreement. Nothing in this Section shall affect any entitlement of Executive's heirs or devisees to the benefits of any life insurance plan or other applicable benefits.

C. By Disability. If Executive becomes eligible for the Company's long term disability benefits or if, in the sole opinion of the Board, Executive is unable to carry out the responsibilities and functions of the position held by Executive by reason of any physical or mental impairment for more than one hundred and twenty (120) consecutive days or more than one hundred and eighty (180) days in any twelve-month period, then, to the extent permitted by law, the Company may terminate Executive's employment. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination,including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's disability. Thereafter allobligations of the Company under this Agreement shall cease. Nothing in this Section shall affect Executive's rights under any disability plan in which Executive is a participant.

V. TERMINATION BY EXECUTIVE

A. At-Will Termination by Executive. Executive may terminate employment with the Company at any time for any reason or no reason at all, upon thirty (30) days written notice to the Board. During such notice period, Executive, at the Board's discretion, shall continue to diligently perform all of Executive's duties hereunder. The Company shall have the option, in its sole discretion, to make Executive's termination effective at any time prior to the end of such notice period. Thereafter all obligations of the Company shall cease.

B. Termination for Good Reason After Change of Control. Executive's termination shall be for "Good Reason" if Executive provides written notice to the Board of the Good Reason within six (6) months of the event constituting Good Reason and provides the Company with a period of twenty (20) business days to cure the Good Reason and the Company fails to cure the Good Reason within that period. For purposes of this Agreement, "Good Reason" shall mean any of the following events if (i) such event is effected by the Company without the consent of Executive and (ii) such event occurs after a Change of Control (as hereinafter defined): (A) a material reduction in Executive's responsibility, or (B) a material reduction of Executive's Base Salary following the IPO Closing, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company. In such event Executive may terminate his employment for Good Reason, in which case Executive will be eligible to receive an amount equal to twelve (12) months of Executive's then-current Base Salary payable in the form of salary continuation. Executive's eligibility for severance is conditioned on Executive having first signed a release agreement in the form attached as Exhibit C. Thereafter all obligations of the Company or its successor under this Agreement shall cease.

C. "Change of Control." For purposes of this Agreement, "Change of Control" shall mean the occurrence of any one of the following: (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; (ii) a sale of substantially all of the Company's assets; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than fifty percent (50%) of the shares of capital stock of the Company outstanding after the transaction.

VI. TERMINATION OBLIGATIONS

A. Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to

Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

B. Resignation and Cooperation. Upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company and its affiliates. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company.

vii. inventions and proprietary information; prohibition on third party information

A. Proprietary Information Agreement. Executive agrees to sign and be bound by the terms of the Company's Proprietary Information and Inventions Agreement, a copy of which is attached as Exhibit D ("Proprietary Information Agreement").

B. Non-Solicitation. Executive acknowledges that because of Executive's position in the Company, Executive will have access to material intellectual property and confidential information. During the term of Executive's employment and for one year thereafter, in addition to Executive's other obligations hereunder or under the Proprietary Information Agreement, Executive shall not, for Executive or any third party, directly or indirectly (i) solicit, induce, recruit or encourage any person employed by the Company to terminate his or her employment, or (ii) divert or attempt to divert from the Company any business with any customer, client, member, business partner or supplier about which Executive obtained confidential information during his employment with the Company, by using the Company's trade secrets or by otherwise engaging in conduct that amounts to unfair competition.

C. Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

viii. arbitration

Executive agrees to sign and be bound by the terms of the Company's Arbitration Agreement, which is attached asExhibit E.

IX. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or and by a duly authorized representative of the C exercise any right under this Agreement shall n of any breach of this Agreement shall not opera**i** rights or remedies specified for a party herein s rights and remedies of the party hereunder or unexcept by a writing signed by Executive ny other than Executive. Failure to titute a waiver of such right. Any waiver waiver of any subsequent breaches. All

X. ASSIGNMENT; BINDING EFFECT

A. Assignment. The performance of Executive is personal hereunder, and Executi agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

B. Binding Effect. Subject to the foregoing restriction on assignment by Executiv this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliat officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

XI. NOTICES

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by United States first class registered or certified mail, return receipt requested, to the principal address of the other party, as set forth below. The date of notice shall be deemed to be the earlier of (i) actual receipt of notice by an permitted means, or (ii) five business days following dispatch by overnight delivery service or the United States Mail. Executive shall be obligated to notify the Company in writing of any change in Executive's address. Notice of change of address shall be effective only when done accordance with this paragraph.

Company's Notice Address:

VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., Suite 8 South San Francisco, CA 94080

Executive's Notice Address:

Shawn K. Singh, J.D. 1737 Elizabeth Street San Carlos, CA 94070

XII. SEVERABILITY

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

XIII. TAXES

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings (if any) and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company, in its sole discretion, shall have the right to provide for the application and effect of Section 409A of the Code (relating to deferred compensation arrangements) and any related administrative guidance issued by the Internal Revenue Service. The Company shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

XIV. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

XV. INTERPRETATION

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are fo reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural
and the plural the singular.

XVI. OBLIGATIONS SURVIVE TERMINATION OF EMPLOYMENT

Executive agrees that any and all of Executive's obligations under this agreement, including but not limited to Exhibits D and E, shall survive the termination of employment and the termination of this Agreement.

xvii. counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the same instrument.

xviii. authority

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance wi

xix. entire agreement
To the extent that the practices, apply to Executive and are of this Agreement shall control.

This Agreement is intended to be the final, complete, terms of Executive's employment by the Company and may any prior or contemporaneous statements or agreements, exc referenced herein (including the Executive Proprietary Infor attached as Exhibit D and each Option Award, as amended). policies or procedures of the Company, now or in the future, inconsistent with the terms of this Agreement, the provisions Any subsequent change in Executive's duties, position, or co validity or scope of this Agreement.

xx. executive acknowledgement

executive acknowledges executive h consult legal counsel concerning this agreement, that execut has read and understands the agreement, that executive is ful] aware of its legal effect, and that executive has entered into i freely based on executive's own judgment and not on any representations or promises other than those contained in this agreement.

In Witness Whereof, the parties have duly executed this Agreement as of the date first written above.

VISTAGEN THERAPEUTICS, INC.	**SHAWN K. SINGH, J.D.**
Jon S. Saxe, Chairman of the Board of Directors	**Signature**
Date	**Date**

in witness whereof, the parties have duty executed this Agreement as ot the date tirst written above.

VISTAGEN THERAPEUTICS, INC.	**SHAWN K. SINGH, J.D.**
**J/ffTSv Saxe, Chairman of the Board of ©hectors **	**Signature**
Date'	**Date**

pa-1381016

EXHIBIT A-1

LIST OF OPTION AWARDS
Awards granted to The 1997 Singh Fa

Date of Grant	Option Number	Number of Shares Granted
12/21/06	101	20,000
5/17/07	110	40,000

pa-1381016

EXHIBIT A-2

FORM OF NOTICE OF AMENDMENT TO STOCK OPTION AWARD AGREEMENT

VISTAGEN THERAPEUTICS, INC.

Notice Regarding Amendment to Stock Options

Shawn K. Singh, J.D. 1737 Elizabeth Street San Carlos, CA 94070

Dear Grantee:

VistaGen Therapeutics, Inc. (the "Company") is pleased to notify you that your options to acquire shares of the Company's common stock (the "Options") granted under the Company's 2008 Stock Incentive Plan and 1999 Stock Incentive Plan (collectively, the "Plans") and listed below have been amended as set forth in this notice.
As of April 28, 2010, the Vesting Schedule of each Option in the Notice of Stock Option Award is amended to add the following immediately after the basic Vesting Schedule:

"Notwithstanding the foregoing Vesting Schedule, in the event of termination of the Grantee's Continuous Service for any reason other than for Cause (as defined below), fifty percent (50%) of the Grantee's then-unvested Option shall immediately vest and become exercisable upon the date of termination. In the event of termination of the Grantee's Continuous
Service for any reason other than for Cause within twelve (12) months following a Corporate Transaction (as defined below), one hundred percent (100%) of the Grantee's then unvested Option shall immediately become vested and exercisable immediately prior to the specified effective date of a Corporate Transaction.

pa-1381016

EXHIBIT A-2

Cause. For purposes of this Notice, "Cause" shall mean: (i) the Grantee commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) the Grantee willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) the Grantee commits a material breach of that certain Executive Employment Agreement dated April 28, 2010, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (iv) the Grantee willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (v) the Grantee fails to perform his job responsibilities following

written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company.

Corporate Transaction. For purposes of this Notice, "Corporate Transaction" shall mean the occurrence of any one of the following: (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; (ii) a sale of substantially all of the Company's assets; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than fifty percent (50%) of the shares of capital stock of the Company outstanding after the transaction.

For purposes of your Stock Option Award Agreements, the definitions of "Cause" and "Corporate Transaction" as provided above shall apply. In addition, Section 5 of each Stock Option Award Agreement you entered into under the 2008 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

"5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section 6, 7 and 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Similarly, Section (e) of each Stock Option Award Agreement you entered into under the 1999 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

EXHIBIT A-2

"(e) Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section (f), (g) and (h) of this Option Agreement is prevented by the provisions of this Section (e), the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Except as amended herein, all of the terms of the Options and the Plan shall continue in full force and effect. The amendment to your Options will occur automatically and no action is required on your part. You will not receive any additional documentation in connection with this amendment and therefore we recommend that you retain this Notice for your records and append to your Option Agreements.

Questions relating to this Notice should be directed to: .Ion S. Saxe
Chairman of the Board of Directors 384 Oyster Point **Blvd.,** Suite 8 San Francisco, CA 94080
AGREED AND ACKNOWLEDGED:

Shawn K. Singh, J.D.

Questions relating to this Notice should be directed to: Jon S. Saxe
Chairman of the Board of Directors 384 Oyster Point Blvd., Suite 8 San Francisco, CA 94080

VISTAGEN THERAPEUTICS, fNC.

Jon S. Saxe

Chairman of the Board of Directors

pa-1381016

EXHIBIT B FULL RECOURSE PROMISSORY N

RELEASE AGREEMENT

General Release

Shawn K. Singh ("You") and **VistaGen Therapeutics, Inc.** (the "Company") have agreed to enter into this General Release ("Release") on the following terms:

In exchange for the severance benefits set forth in your Executive Employment Agreement dated April 28, 2010 (the "Agreement"), you and your representatives completely release the Company, its affiliated, related, parent or subsidiary corporations, and its and their present and former directors, officers, and employees (the "Released Parties") from all claims of any kind, known and unknown,[1] which you may now have or have ever had against any of them, or arising out of your relationship with any of them, including all claims arising from your employment or the termination of your employment, whether based on contract, tort, statute, local ordinance, regulation or any comparable law in any jurisdiction ("Released Claims"). By way of example and not in limitation, the Released Claims shall include any claims arising unde Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Age Discrimination in Employment Act, and the California Fair Employment and Housing Act, or any other comparable state or local law, as well as any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional misrepresentation, and defamation and any claims for attorneys' fees. The parties intend for this release to be enforced to the fullest extent permitted by law. You understand that you are not waiving any right or claim that cannot be waived as a matter of law, such as workers' compensation or unemployment insurance benefits. Notwithstanding anything else in this Release to the contrary, the Released Claims will not include any claims you may have now or in the future to be indemnified by the Company as a director, officer, employee or other agent of the Company under the Company's articles of incorporation or bylaws, under the State of California's Corporations Code or Labor Code, or as may be provided in any indemnification agreement entered into between you and the Company or in any insurance policy obtained by the Company.

You agree not to file or initiate any lawsuit concerning the Released Claims. You understand that this paragraph does not prevent you from filing a charge with or participating in an investigation by a governmental administrative agency; provided, however, that you hereby waive any right to receive any monetary award resulting from such a charge or investigation.

You acknowledge that the release of claims under the Age Discrimination in Employment Act ("ADEA") is subject to special waiver protection. Therefore, you acknowledge the following: (a) you have had 21 days to consider this General Release (but may sign it at any time beforehand if you so desire); (b) you can consult an attorney in doing so; (c) you can revoke this General Release within seven (7) days of signing it by sending a certified letter to that effect to VistaGen Therapeutics, Inc., 384 Oyster Point Blvd., Suite #8, South San

Francisco, CA 94080; and that (d) this General Release shall not become effective or enforceable and no severance benefits shall be provided until the 7-day revocation period has expired.

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[1] You further agree that because this Release Certifi your rights under Section 1542 of the California Civi jurisdiction that limits a general release to claims th of the California Civil Code states as follows: "A ger not know or suspect to exist in his favor at the time materially affected his settlement with the debtor."

pa-1381016

The parties agree that this General Release and the Agreement contain all of their agreements and understandings with respect to their subject matter, and may not be contradicte**t** by evidence of any prior or contemporaneous agreement, except to the extent that the provision of any such agreement have been expressly referred to in this General Release or the Agreemen as having continued effect. It is agreed that this General Release shall be governed by the laws of the State of California. If any provision of this General Release or its application to any person, place, or circumstance is held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this General Release and such provision as applied to other person, places, and circumstances will remain in full force and effect.

Please note that this General Release may not be signed before the last day of your employment with the Company, and that your eligibility for severance benefits is conditioned upon meeting the terms set forth in the Agreement.

Shawn K. Singh

Date:

THE COMPANY

By:
Name:

Its:

Date:

PROPRIETARY INFORMATION AND I

pa-1381016

VistaGen Therapeutics, Inc.

employee confidential informa inventions agreement

In partial consideration and as a condition of my employment or continued employment with VistaGen Therapeutics, Inc., a California corporation (which together with any parent, subsidiary, affiliate, or successor is hereinafter referred to as the " ***Company),*** and effective as of the date that my employment with the Company first commenced, I hereby agree as follows:

1. At-Will Employment.

My employment relationship with the Company is one of employment at-will and my continued employment is not obligatory by either the Company or myself, and it may be terminated by the Company at any time with or without cause and with or without notice.

2. Noncompetition.

During my employment with the Company, I will perform for the Company such duties as it may designate from time to time and will devote my full time and best efforts to the business of the Company and will not, without the prior written approval of (i) an officer of the Company if I am not an executive officer of the Company or (ii) the Board of Directors of the Company if I am an executive officer of the Company, (a) engage in any other professional employment or consulting, or (b) directly or indirectly participate in or assist any business which is a current or potential supplier, customer, or competitor of the Company.

3. Nonsolicitation.

During the term of my employment by the Company, and for twelve months thereafter, I shall not directly or indirectly, without the prior written consent of the Company, solicit, recruit, encourage or induce any employees, officers, directors, consultants, contractors or subcontractors who were employed by or affiliated with the Company at the time of my termination to leave the employ of the Company or terminate a relationship with the Company, either on my own behalf or on behalf of any other person or entity.

4. Confidentiality Obligation.

I will hold all Company Confidential Information in strict confidence and will not disclose, use, reproduce, copy, publish, summarize, or remove from the premises of the Company any Confidential Information, except to the extent necessary to carry out my assigned responsibilities as a Company employee or as specifically authorized in writing by an officer of the Company. ***"ConfidentialInformation*** is all information and materials, in whatever form, tangible or intangible, whether disclosed to or learned or developed by me before or after the execution of this Agreement, whether or not marked or identified as confidential or proprietary, related to any aspect of the business of the Company which is either information not known by actual or potential competitors of the Company or is proprietary information of the Company, whether of a technical nature or otherwise. Confidential Information includes but is not limited to inventions, ideas, designs, computer programs, circuits, schematics, formulae, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, and customer lists, and any other information or materials relating to the past, present, planned or foreseeable business, products, developments, technology or activities of the Company.

5. Information of Others.

I will safeguard and keep confidential the proprietary information of customers, vendors, consultants, and other parties with which the Company does business to the same extent as if it were Company Confidential Information. I will not, during my employment with the Company or otherwise, use or disclose to the Company any confidential, trade secret, or other proprietary information or material of any previous employer or other person, and I will not bring onto the Company's premises any unpublished document or any other property belonging to any former employer without the written consent of that former employer.

6. Company Property.

All papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, and other materials, including copies and in whatever form, relating to the business of the Company that I possess or create as a result of my Company employment, whether or not confidential, are the sole and exclusive property of the Company and shall be considered Confidential Information of the Company.

7. Ownership of Inventions.

All inventions, ideas, designs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developments, processes, techniques, improvements, and related know-how which are made, developed, conceived or

discovered by me, alone or with others, on behalf of the Company or from access to or any use of the Company Confidential Information or property whether or not patentable, copyrightable, or qualified for mask work protection (collectively ***"Inventions')*** shall be the sole property of the Company, and, to the extent permitted by law, shall be "works made for hire." I hereby assign and agree to assign to the Company or its designee, without further consideration, my entire right, title, and interest in and to all Inventions, other than those described in Paragraph 7 of this Agreement, including all rights to obtain, register, perfect, and enforce patents, copyrights, mask work rights, and other intellectual property protection for Inventions. I will disclose promptly and in writing to the individual designated by the Company or to my immediate supervisor all Inventions which I have made or reduced to practice. During my employment and for four years after, I will cooperate with and assist the Company (at its expense) to obtain and enforce patents, copyrights, mask work rights, and other forms of intellectual property protection on Inventions. Should the Company be unable to secure my signature on any such document, whether due to my mental or physical incapacity or any other cause, I hereby irrevocably designate and appoint the Company and each of its duly authorized representatives as my agent and attorney-in-fact, solely for the purpose of obtaining and enforcing such intellectual property protection, with full power of substitution and delegation, to undertake such acts in my name as if executed and delivered by me (which appointment is coupled with an interest), and I waive and quitclaim to the Company any and all claims of any nature whatsoever that I may have or may later have for infringement of any intellectual property rights in or to the Inventions.

8. Excluded Inventions.

Attached is a list of all inventions, improvements, and original works of authorship which I desire to exclude from this Agreement, each of which has been made or reduced to practice by me prior to my employment by the Company ***(Excluded Inventions')***.

I understand that this Agreement requires disclosure, but not assignment, o any invention that qualifies under Section 2870 of the California Labor Code. I understand that nothing in this Agreement is intended to expand the scope of protection provided me by Section 2870 through 2872 of the California Labor Code. Section 2870 of the California Labor Code reads as follows:

"Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

a) relate at the time of conception or reduction to practice of the invention to the employer's business or actual or demonstrably anticipated research or development of the employer, or

b) result from any work performed by the employee for the employer."

9. License

If, under applicable law, I retain any right, title or interest (including any intellectual property right) with respect to any Invention, I hereby grant and agree to grant to the Company, without any limitations or additional remuneration, a worldwide, exclusive, royalty-free, irrevocable, perpetual, transferable and sublicenseable (through multiple tiers) license to make, have made, use, import, sell, offer to sell, practice any method or process in connection with, copy, distribute, prepare derivative works of, display, perform and otherwise exploit such Invention and I agree not to make any claim against the Company or its affiliates, suppliers or customers with respect to such Invention. For the sake of clarity, Excluded Inventions are not subject to this Section 9.

10. Records; Disclosure

I agree to keep and maintain adequate and current written records regarding all Inventions made, conceived, discovered or developed by me (either alone or jointly with others) during my period of employment or after the termination of my employment if based on or using Confidential Information or otherwise in connection with my activities as an employee of the Company. I agree to make available such records and disclose promptly and fully in writing to the Company all such Inventions, regardless of whether I believe the Invention is subject to this Agreement or qualifies fully under the provisions of Section 2870(a) of the California Labor Code, and the Company will examine such disclosure in confidence to make such determination. Any such records related to Inventions shall be the sole property of the Company.

11. Patent Applications

If the Company files an original United States patent application covering any invention of which I am a named inventor, I will receive an inventor's fee of $100.

12. Prior Contracts.

I represent that there are no other contracts to assign inventions that are now in existence between any other person or entity and me. I further represent that I have no other employments, consultancies, or undertakings, which would restrict and impair my performance of this Agreement.

13. Agreements with the United States Gov
I acknowledge that the Company from tiwith other persons or with the United St; impose obligations or restrictions on the course of work under such agreements o I agree to be bound by all such obligatio to discharge the obligations of the Compthereof whichtake all action necessary

14.Termination and Return of Materials

I agree to promptly return all property o limitation, (a) all books, manuals, records, models, dlists, and other documents or materials and all copies thereof, (b) all equipment furnished to or prepared by me in the course of or incident to my employment, and (c) all written o tangible materials containing Confidential Information in my possession upon termination of my employment for any reason or at any other time at the Company's request. Following my termination, I will not retain any written or other tangible material containing any Confidential Information or information pertaining to any Invention. I understand that my obligations contained in this Agreement will survive the termination of my employment and I will continue to make all disclosures required of me hereunder. In the event of the termination of my employment, I will sign and deliver to the Company the "Termination Certification" attached hereto as Exhibit A. I agree that after the termination of my employment, I will not enter into any agreement that conflicts with my obligations under this Agreement. The termination of any employment or other agreement between the Company and me shall not terminate this Agreement and each and all of the terms and conditions hereof shall survive and remain in full force and effect.

15. Miscellaneous.

15.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California excluding those laws that direct the application of the laws of another jurisdiction.

15.2 Enforcement. If any provision of this Agreement shall be determined to be invalid or unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement, shall be deemed valid, and enforceable to the full extent possible.

15.3 Injunctive Relief; Consent to Jurisdiction. I acknowledge and agree that damages will not be an adequate remedy in the event of a breach of any of my obligations under this Agreement. I therefore agree that the Company shall be entitled(without limitation of any other rights or and without the necessity of posting a bo competent jurisdiction prohibiting the co Agreement. I hereby submit myself to th State of California for purposes of any su in any such action or proceeding may be to my address as last appearing on the re ce of any breach of thisclass mail, certified or registered,

15.4 Jurisdiction. Except for actions for injunctive or other equitable relief, which may be brought in any court of competent jurisdiction, any legal suit, action or proceeding arising out of or relating to this Agreement shall be commenced in a federal court in the Northern District of California or in state court in the County of San Mateo, California, and each party hereto irrevocably submits to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding.

15.5 Attorneys' Fees. If any party seeks to enforce its rights under this Agreement by legal proceedings or otherwise, the non-prevailing party shall pay all costs and expenses of the prevailing party.

15.6 Waiver. The waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision hereof.

15.7 Binding Effect. This Agreement shall be binding upon and shall
inure to the benefit of the successors, executors, administrators, heirs, representatives, and assigns of the parties.

15.8 Headings. The Section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

15.9 Entire Agreement; Modifications. This Employee Confidential Information and Inventions Agreement contains the entire agreement between the Company and the undersigned employee concerning the subject matter hereof and supersedes any and all prior and contemporaneous negotiations, correspondence, understandings, and agreements, whether oral or written, respecting that subject matter. All modifications to this Agreement must be in writing and signed by the party against whom enforcement of such modification is sought.

[REMAINDER OF PAGE INTENTION

IN WITNESS WHEREOF, I have executed this document as

Employee's Signature
Type/Print Employee's Name

Date:

RECEIPT ACKNOWLEDGED: VistaGen Therapeutics, Inc.

By:

Title:

IN WITNESS WHEREOF, I have executed this document as

Date:

Employee's Signature

Type/Print Employee's Name

RECEIPT ACKNOWLEDGED:

VistaGen Therapeutics, Inc.

By: Titled

California Labor Code

§ 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

§ 2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

§ 2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

EXHIBIT A **VistaGen Therapeutics, Inc. TERMINATION CERTIFICATION**

This is to certify that I do not have in my possession, nor have I failed to return, any papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, designs, computer programs, and other materials, including reproductions of any of the aforementioned items (together, the ***"Materials),*** belonging to VistaGen Therapeutics, Inc., its subsidiaries, affiliates, successors, or assigns (togethe the " ***Company)***, unless specifically authorized in writing by an officer of the Company to retain certain Materials.

I further certify that I have complied with all the terms of the Company's Employee Confidential Information and Inventions Agreement signed by me, including the reporting of any Inventions (as defined therein) conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employee Confidential Information and Inventions Agreement, I will hold in confidence and will not disclose, use, copy, publish, or summarize any Confidential Information (as defined in the Employee Confidential Information and Inventions Agreement) of the Company or of any of its customers, vendors, consultants, and other parties with which it does business.

Date:

Employee's Signature

Type/Print Employee's Name

ARBITRATION AGREEMENT

VistaGen Therapeutics, Inc. (the "Company") and Shawn K. Singh ("Employee") hereby agree that, to the fullest extent permitted by law, any and all claims or controversies between them (or between Employee and any present or former officer, director, agent, or employee of the Company or any parent, subsidiary, or other entity affiliated with the Company) relating in any manner to the employment or the termination of employment of Employee shall be resolved by final and binding arbitration. Except as specifically provided herein, any arbitration proceeding shall be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("the AAA Rules").localng Act. However, claims forClaims subject to arbitration shall incluc relating to compensation and stock optic law, statute, or regulation, including but Civil Rights Act of 1964, the Age Discri Disabilities Act, and the California Fair unemployment benefits, workers' compt Relations Act shall not be subject to arbi

A neutral and impartial arbitrator shall be chosen by mutual agreement of the parties; however, if the parties are unable to agree upon an arbitrator within a reasonable period of time, then a neutral and impartial arbitrator shall be appointed in accordance with the arbitrator nomination and selection procedure set forth in the AAA Rules. The arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based so as to ensure meaningful judicial review of the decision. The arbitrator shall apply the same substantive law, with the same statutes of limitations and same remedies that would apply if the claims were brought in a court of law. The arbitrator shall have the authority to rule on a motion to dismiss and/or summary judgment by either party, and the arbitrator shall apply the standards governing such motions under the California Code of Civil Procedure.

Either the Company or Employee may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit or claim in any way related to any arbitrable claim, including without limitation any claim as to the making, existence, validity, or enforceability of the agreement to arbitrate. Nothing in this Agreement, however, precludes a party from filing an administrative charge before an agency that has jurisdiction over an arbitrable claim. Moreover, nothing in this Agreement prohibits either party from seeking provisional relief pursuant to Section 1281.8 of the California Code of Civil Procedure.

All arbitration hearings under this Agreement shall be conducted in San Mateo County, California, unless otherwise agreed by the parties. The arbitration provisions of this Arbitration Agreement shall be governed by the California Arbitration Act. In all respects, this Arbitration Agreement shall be construed in accordance with the laws of the State of California, without reference to conflicts of law principles.

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Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement.

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.

THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AGREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.

EMPLOYEE

Shawn K. Singh, J.D.

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Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement.

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.

THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AGREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.
THECOMPANY
Jon S. Saxe, Chairman of the Board of Directors
Date

pa-1381016

Amendment
to
Executive Employment Agreement

This Amendment to Executive Employment Agreement (the "Amendment") is made and entered into as of May 9, 2011 and serves as a limited modification of Section II.A. of the Executive Employment Agreement (the "Agreement") entered into on April 28, 2010 by and between VistaGen Therapeutics, Inc. (the "Company") and Shawn K. Singh, JD (the "Employee").

Section II.A of the Agreement originally read:

Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Three Hundred Forty-Seven Thousand Five Hundred Dollars ($347,500) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2010** pursuant to this Agreement exceeds the salary actually received by the Executive since **January 1, 2010**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

Section II.A. of the Agreement shall now be amended to read:

Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Three Hundred Forty-Seven Thousand Five Hundred Dollars ($347,500) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of a private equity financing resulting in gross proceeds to the Company totaling at least three million dollars ($3,000,000), including consideration paid by cancellation of indebtedness (other than cancellation of indebtedness of any convertible promissory notes that are convertible into equity securities of the Company by their terms) (the "Closing of the Qualified Financing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2011** pursuant to this Agreement exceeds the salary actually received by the Executive since**January 1, 2011**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.
Section II.C of the Agreement originally read:

Forgiveness of Note; Gross-Up Bonus. Upon the IPO Closing, all principal and
accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated December 21, 2006, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the IPO Closing. The Gross-Up Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

Section II.C of the Agreement shall now be amended to read:

Forgiveness of Note; Gross-Up Bonus. Upon the Closing of a Qualified Financing, all principal and accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated December 21, 2006, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the Closing of a Qualified Financing. The Gross-Up

Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the date first set forth above.

VISTAGEN THERAPEUTICS, INC.

By: _____
Jon S. Saxe
Chairman of the Board of Directors

Shawn K. Singh, JD

Exhibit 10.41

Amended and Restated Executive Employment Agreement

This Amended and Restated Executive Employment Agreement (the "Agreement"), dated April 28, 2010 (the "Effective Date"), is entered into by and between VistaGen Therapeutics, Inc., a California corporation (the "Company") and H. Ralph Snodgrass, Ph.D. ("Executive").

r e c i t a l s

WHEREAS, Executive and the Company previously entered into that certain Employment Agreement dated December 8, 1999 which provided the terms and conditions of Executive's employment with the Company ("Prior Agreement"); and

WHEREAS, the Company and the Executive now desire to amend and restate the Prior Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Executive and the Company amend and restate the Prior Agreement as follows:

i. position and responsibilities

A. Position. Executive is employed by the Company to render services to the Company in the position of President and Chief Scientific Officer. Executive shall perform such duties and responsibilities as are normally related to such position in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company. Executive shall abide by the rules, regulations, and practices as adopted or modified from time to time in the Company's sole discretion. Executive shall report directly to the Company's Chief Executive Officer.

B. Other Activities. Except upon the prior written consent of a majority of the members of the Board of Directors (the "Board"), Executive will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company.

C. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, employment with the Company, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

ii. compensation and benefits

A. Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of

Three Hundred Five Thousand Dollars ($305,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since January 1, 2010 pursuant to this Agreement exceeds the salary actually received by the Executive since January 1, 2010. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

B. Amendment to Stock Options. Upon the Effective Date, each stock option award previously issued to Executive and listed onExhibit A-1 attached hereto (each, an "Option Award") shall be amended in substantially the form of the Amendment to Notice of Stock Option Award and Stock Option Award Agreement attached hereto as Exhibit A-2 ("Option Amendment").

C. Bonus. Executive shall be eligible to receive an annual incentive bonus of up to fifty percent (50%) of his Base Salary (the "Incentive Bonus"). The amount of the Incentive Bonus paid shall be determined by the Board of Directors in their sole discretion.

D. Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated executives, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

E. Expenses. The Company shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement guidelines.

III. AT-WILL EMPLOYMENT; TERMINATION BY COMPANY

A. At-Will Termination by Company. Executive's employment with the Company shall be "at-will" at all times. The Company may terminate Executive's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligations of the Company under this Agreement shall cease, except as otherwise provided herein.

B. Severance. Except in situations where the employment of Executive is terminated For Cause, By Death or By Disability (as defined in Section IV below), in the event that the Company terminates Executive's employment at any time, Executive will be eligible to receive (i) an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in the form of salary continuation, (ii) a pro rata portion of the Incentive Bonus that the Board determines in good faith that Executive has earned prior to such termination (collectively, payments under (i) and (ii) are referred to as "Severance"), and (iii) COBRA payments for continuation of medical and health benefits for such twelve (12) month period. Executive's eligibility for the foregoing Severance and benefits payments is conditioned on Executive having first signed a release agreement in the form attached as Exhibit B Executive shall not be entitled to any of the foregoing Severance or benefits payments if Executive's employment is terminated For Cause, By Death or By Disability (as defined in Section IV below) or if Executive's employment is terminated by Executive (except as provided in Section V.B. below).

iv. other terminations by company

A. Termination for Cause. For purposes of this Agreement, "For Cause" shall mean: (i) Executive commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) Executive willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) Executive commits a material breach of this Agreement, which breach is not cured within twenty business days after written notice to Executive from the Company; (iv) Executive willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to Executive from the Company; (v) Executive fails to perform his job responsibilities following written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company. The Company may terminate Executive's employment For Cause at any time, without any advance notice. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company under law; and thereafter all obligations of the Company under this Agreement shall cease.

B. By Death. For purposes of compensation and other benefits Executive's employment shall be treated as terminating automatically upon sixty (60) days following Executive's death. The Company shall pay to Executive's beneficiaries or estate, as appropriate, any compensation then due and owing at the end of such sixty (60) day period, including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's death. Thereafter all obligations of the Company under this Agreement shall cease, except as otherwise provided in this Agreement. Nothing in this Section shall affect any entitlement of Executive's heirs or devisees to the benefits of any life insurance plan or other applicable benefits.

C. By Disability. If Executive becomes eligible for the Company's long term disability benefits or if, in the sole opinion of the Board, Executive is unable to carry out the responsibilities and functions of the position held by Executive by reason of any physical or mental impairment for more than one hundred and twenty (120) consecutive days or more than one hundred and eighty (180) days in any twelve-month period, then, to the extent permitted by law, the Company may terminate Executive's employment. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's disability. Thereafter all obligations of the Company under this Agreement shall cease. Nothing in this Section shall affect Executive's rights under any disability plan in which Executive is a participant.

V. TERMINATION BY EXECUTIVE

A. At-Will Termination by Executive. Executive may terminate employment with the Company at any time for any reason or no reason at all, upon thirty (30) days written notice to the Board. During such notice period, Executive, at the Board's discretion, shall continue to diligently perform all of Executive's duties hereunder. The Company shall have the option, in its sole discretion, to make Executive's termination effective at any time prior to the end of such notice period. Thereafter all obligations of the Company shall cease.

B. Termination for Good Reason. Executive's termination shall be for "Good Reason" if Executive provides written notice to the Board of the Good Reason within six (6) months of the event constituting Good Reason and provides the Company with a period of twenty (20) business days to cure the Good Reason and the Company fails to cure the Good Reason within that period. For purposes of this Agreement, "Good Reason" shall mean any of the following events if such event is effected by the Company without the consent of Executive: (i) a material reduction of Executive's responsibility; or (ii) a material reduction in Executive's Base Salary following the IPO Closing, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company. In such event Executive may terminate his employment for Good Reason, in which case Executive will be eligible to receive an amount equal to twelve (12) months of Executive's then-current Base Salary payable in the form of salary continuation. Executive's eligibility for severance is conditioned on Executive having first signed a release agreement in the form attached as Exhibit B. Thereafter obligations of the Company or its successor under this Agreement shall cease.

VI. TERMINATION OBLIGATIONS

A. Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

Resignation and Cooperation. Upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company and its affiliates. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company.

VII. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

A. Proprietary Information Agreement. Executive agrees to sign and be bound by the terms of the Company's Proprietary Information and Inventions Agreement, a copy of which is attached as Exhibit C ("Proprietary Information Agreement"). Executive and the Company hereby acknowledge that pursuant to Section 4 of the Prior Agreement, Executive entered into an agreement substantially similar in form to the Proprietary Information Agreement but that such agreement has since been lost or misplaced. Executive and the Company hereby acknowledge and agree that it is the intent of the parties that the terms set forth in the Proprietary Information Agreement apply as of Executive's first day of employment with the Company.

B. Non-Solicitation. Executive acknowledges that because of Executive's position in the Company, Executive will have access to material intellectual property and confidential information. During the term of Executive's employment and for one year thereafter, in addition to Executive's other obligations hereunder or under the Proprietary Information Agreement, Executive shall not, for Executive or any third party, directly or indirectly (i) solicit, induce, recruit or encourage any person employed by the Company to terminate his or her employment, or (ii) divert or attempt to divert from the Company any business with any customer, client, member, business partner or supplier about which Executive obtained confidential information during his employment with the Company, by using the Company's trade secrets or by otherwise engaging in conduct that amounts to unfair competition.

C. Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilities and criminal penalties. Executive further specifically and expressly acknowledges that no officer or other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary information or trade secrets.

VIII. ARBITRATION

Executive agrees to sign and be bound by the terms of the Company's Arbitration Agreement, which is attached as Exhibit D

IX. AMENDMENTS; WAIVERS; REMEDIES

This Agreement may not be amended or waived except by a writing signed by Executive and by a duly authorized representative of the Company other than Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. All rights or remedies specified for a party herein shall be cumulative and in addition to all other rights and remedies of the party hereunder or under applicable law.

X. ASSIGNMENT; BINDING EFFECT

Assignment. The performance of Executive is personal hereunder, and Executive agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

B. Binding Effect. Subject to the foregoing restriction on assignment by Executive this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliate officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

xi. notices

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by United States first class registered or certified mail, return receipt requested, to the principal address of the other party, as set forth below. The date of notice shall be deemed to be the earlier of (i) actual receipt of notice by any permitted means, or (ii) five business days following dispatch by overnight delivery service or the United States Mail. Executive shall be obligated to notify the Company in writing of any change in Executive's address. Notice of change of address shall be effective only when done i accordance with this paragraph.

Company's Notice Address:

VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., Suite 8 South San Francisco, CA 94080

Executive's Notice Address:

H. Ralph Snodgrass, Ph.D. 20781 Via Corta San Jose, CA 95120

xii. severability

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

xiii. taxes

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings (if any) and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company, in its sole discretion, shall have the right to provide for the application and effec of Section 409A of the Code (relating to deferred compensation arrangements) and any related administrative guidance issued by the Internal Revenue Service. The Company shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

xiv. governing law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

xv. interpretation

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are fo reference purposes only, and shall not affect in any manner the meaning or interpretation of thi Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

xvi. obligations survive termination of employment

Executive agrees that any and all of Executive's obligations under this agreement, including but not limited to Exhibits C and D, shall survive the termination of employment and the termination of this Agreement.

xvii. counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this Agreement, but all of which together shall constitute one and the sam instrument.

xviii. authority

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

xix. entire agreement

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Executive Proprietary Information and Inventions Agreement attached as Exhibit C and each Option Award, as amended). To the extent that the practices, policies or procedures of the Company, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall cont Any subsequent change in Executive's duties, position, or compensation will not affect th validity or scope of this Agreement.

xx. executive acknowledgement

executive acknowledges executive has had the opportunit consult legal counsel concerning this agreement, that execut has read and understands the agreement, that executive is ful1 aware of its legal effect, and that executive has entered into i freely based on executive's own judgment and not on any representations or promises other than those contained in this agreement.

In Witness Whereof, the parties have duly executed this Agreement as of the date first written above.

VISTAGEN THERAPEUTICS, INC. Shaw^^hig^T)., CEO	H. RALPH SNODGRASS, PH.D.
	Signature
Date '	Date

Signature Page to Executive Employment Agreement

In Witness Whereof, the parties have duly executed this Agreement as of the date first written above.

VISTAGEN THERAPEUTICS, INC.	H. RALPH SNODGRASS
Shawn K. Singh, J.D., CEO	
Date	

EXHIBIT A-1

list of option awards

Date of Grant	Option Number	Number of Shares Granted
12/21/06	99A	113,636
12/21/06	99B	6,363
5/17/07	109	40,000
1/17/08	115	25,000
3/24/09	001	50,000
6/17/09	013	25,000
11/4/09	20	150,000
12/30/09	35	250,000

exhibit a-2

form of notice of amendment to stoc

VISTAGEN THERAPEUTICS, INC.

Notice Regarding Amendment to Stock Options

A. Franklin Rice
4 Poppy Lane
San Carlos, CA 94070

Dear Grantee:

VistaGen Therapeutics, Inc. (the "Company") is pleased to notify you that your options to acquire shares of the Company's common stock (the "Options") granted under the Company's 2008 Stock Incentive Plan and 1999 Stock Incentive Plan (collectively, the "Plans") and listed below have been amended as set forth in this notice.

Date of Grant	Option Number	Number of Shares Granted
4/11/05	72	11,000
7/6/06	91	12,500
12/21/06	100	65,000
5/17/07	111	20,000
1/17/08	118	25,000
3/24/09	003	40,000
6/17/09	015	20,000
11/4/09	21	100,000
12/30/09	36	175,000

As of April 28, 2010, the Vesting Schedule of each Option in the Notice of Stock Option Award is amended to add the following immediately after the basic Vesting Schedule:

"Notwithstanding the foregoing Vesting Schedule, in the event of termination of the Grantee's Continuous Service for any reason other than for Cause (as defined below), fifty percent (50%) of the Grantee's then-unvested Option shall immediately vest and become exercisable upon the date of termination. In the event of termination of the Grantee's Continuous Service for any reason other than for Cause within twelve (12) months following a Corporate Transaction (as defined below), one hundred percent (100%) of the Grantee's then unvested Option shall immediately become vested and exercisable immediately prior to the specified effective date of a Corporate Transaction.

Cause. For purposes of this Notice, "Cause" shall mean: (i) the Grantee commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) the Grantee willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) the Grantee commits a material breach of that certain Executive Employment Agreement dated April 28, 2010, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (iv) the Grantee willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (v) the Grantee fails to perform his job responsibilities following written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company.

Corporate Transaction. For purposes of this Notice, "Corporate Transaction" shall mean the occurrence of any one of the following: (i) any "person" as such term is used in Sections

13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; (ii) a sale of substantially all of the Company's assets; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than fifty percent (50%) of the shares of capital stock of the Company outstanding after the transaction.

For purposes of your Stock Option Award Agreements, the definitions of "Cause" and "Corporate Transaction" as provided above shall apply. In addition, Section 5 of each Stock Option Award Agreement you entered into under the 2008 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

Restrictions on Exercise The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section 6, 7 and 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Similarly, Section (e) of each Stock Option Award Agreement you entered into under the 1999 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

"(e) Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section (f), (g) and (h) of this Option Agreement is prevented by the provisions of this Section (e), the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Except as amended herein, all of the terms of the Options and the Plan shall continue in full force and effect. The amendment to your Options will occur automatically and no action is required on your part. You will not receive any additional documentation in connection with this amendment and therefore we recommend that you retain this Notice for your records and append to your Option Agreements.

Questions relating to this Notice should be directed to:

Shawn K. Singh, J.D. Chief Executive Officer 384 Oyster Point Blvd., Suite 8 San Francisco, CA 94080

AGREED AND ACKNOWLEDGED:

A. Franklin Rice

Questions relating to this Notice should be directed to:

Shawn K. Singh, J.D. Chief Executive Officer 384 Oyster Point Blvd., Suite 8 San Francisco, CA 94080

VISTAGEN THERAPEUTICS, INC.

Shawn K. Singh, J.D. Chief Executive Officer

General Release

H. Ralph Snodgrass, Ph.D. ("You") and **VistaGen Therapeutics, Inc.** (the "Company") have agreed to enter into this General Release ("Release") on the following terms:

In exchange for the severance benefits set forth in your Executive Employment Agreement dated April 28, 2010 (the "Agreement"), you and your representatives completely release the Company, its affiliated, related, parent or subsidiary corporations, and its and their present and former directors, officers, and employees (the "Released Parties") from all claims of any kind, known and unknown,[1] which you may now have or have ever had against any of them, or arising out of your relationship with any of them, including all claims arising from your employment or the termination of your employment, whether based on contract, tort, statute, local ordinance, regulation or any comparable law in any jurisdiction ("Released Claims"). By way of example and not in limitation, the Released Claims shall include any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Age Discrimination in Employment Act, and the California Fair Employment and Housing Act, or any other comparable state or local law, as well as any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional misrepresentation, and defamation and any claims for attorneys' fees. The parties intend for this release to be enforced to the fullest extent permitted by law. You understand that you are not waiving any right or claim that cannot be waived as a matter of law, such as workers' compensation or unemployment insurance benefits. Notwithstanding anything else in this Release to the contrary, the Released Claims will not include any claims you may have now or in the future to be indemnified by the Company as a director, officer, employee or other agent of the Company under the Company's articles of incorporation or bylaws, under the State of California's Corporations Code or Labor Code, or as may be provided in any indemnification agreement entered into between you and the Company or in any insurance policy obtained by the Company.

You agree not to file or initiate any lawsuit concerning the Released Claims. You understand that this paragraph does not prevent you from filing a charge with or participating in an investigation by a governmental administrative agency; provided, however, that you hereby waive any right to receive any monetary award resulting from such a charge or investigation.

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[1] You further agree that because this Release Certificate specifically covers known and unknown claims, you your rights under Section 1542 of the California Civil Code or under any other comparable law of another jurisdiction that limits a general release to claims that are known to exist at the date of this release. Sectioi of the California Civil Code states as follows: "A general release does not extend to claims which the credito not know or suspect to exist in his favor at the time of executing the release, which if known by him must h materially affected his settlement with the debtor."

You acknowledge that the release of claims under the Age Discrimination in Employment Act ("ADEA") is subject to special waiver protection. Therefore, you acknowledge the following: (a) you have had 21 days to consider this General Release (but may sign it at any time beforehand if you so desire); (b) you can consult an attorney in doing so; (c) you can revoke this General Release within seven (7) days of signing it by sending a certified letter to that effect to VistaGen Therapeutics, Inc., 384 Oyster Point Blvd., Suite #8, South San

Francisco, CA 94080; and that (d) this General Release shall not become effective or enforceab and no severance benefits shall be provided until the 7-day revocation period has expired.

The parties agree that this General Release and the Agreement contain all of their agreements and understandings with respect to their subject matter, and may not be contradictei by evidence of any prior or contemporaneous agreement, except to the extent that the provision of any such agreement have been expressly referred to in this General Release or the Agreemen as having continued effect. It is agreed that this General Release shall be governed by the laws of the State of California. If any provision of this General Release or its application to any person, place, or circumstance is held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this General Release and such provision as applied to other person, places, and circumstances will remain in full force and effect.

Please note that this General Release may not be signed before the last day of your employment with the Company, and that your eligibility for severance benefits is conditioned upon meeting the terms set forth in the Agreement.

H. Ralph Snodgrass, Ph.D.

Date:

THE COMPANY

By:
Name:

Its:

Date:

EXHIBIT C

PROPRIETARY INFORMATION AND I

VistaGen Therapeutics, Inc.

employee confidential informa inventions agreement

In partial consideration and as a condition of my employment or continued employment with VistaGen Therapeutics, Inc., a California corporation (which together with any parent, subsidiary, affiliate, or successor is hereinafter referred to as the "***Company),*** and effective as of the date that my employment with the Company first commenced, I hereby agree as follows:

1. At-Will Employment.

My employment relationship with the Company is one of employment at-will and my continued employment is not obligatory by either the Company or myself, and it may be terminated by the Company at any time with or without cause and with or without notice.

2. Noncompetition.

During my employment with the Company, I will perform for the Company such duties as it may designate from time to time and will devote my full time and best efforts to the business of the Company and will not, without the prior written approval of (i) an officer of the Company if I am not an executive officer of the Company or (ii) the Board of Directors of the Company if I am an executive officer of the Company, (a) engage in any other professional employment or consulting, or (b) directly or indirectly participate in or assist any business which is a current or potential supplier, customer, or competitor of the Company.

3. Nonsolicitation.

During the term of my employment by the Company, and for twelve months thereafter, I shall not directly or indirectly, without the prior written consent of the Company, solicit, recruit, encourage or induce any employees, officers, directors, consultants, contractors or subcontractors who were employed by or affiliated with the Company at the time of my termination to leave the employ of the Company or terminate a relationship with the Company, either on my own behalf or on behalf of any other person or entity.

4. Confidentiality Obligation.

I will hold all Company Confidential Information in strict confidence and will not disclose, use, reproduce, copy, publish, summarize, or remove from the premises of the Company any Confidential Information, except to the extent necessary to carry out my assigned responsibilities as a Company employee or as specifically authorized in writing by an officer of the Company. " ***Confidential Information'*** is all information and materials, in whatever form, tangible or intangible, whether disclosed to or learned or developed by me before or after the execution of this Agreement, whether or not marked or identified as confidential or proprietary, related to any aspect of the business of the Company which is either information not known by actual or potential competitors of the Company or is proprietary information of the Company, whether of a technical nature or otherwise. Confidential Information includes but is not limited to inventions, ideas, designs, computer programs, circuits, schematics, formulae, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, and customer lists, and any other information or materials relating to the past, present, planned or foreseeable business, products, developments, technology or activities of the Company.

5. Information of Others.

I will safeguard and keep confidential the proprietary information of customers, vendors, consultants, and other parties with which the Company does business to the same extent as if it were Company Confidential Information. I will not, during my employment with the Company or otherwise, use or disclose to the Company any confidential, trade secret, or other proprietary information or material of any previous employer or other person, and I will not bring onto the Company's premises any unpublished document or any other property belonging to any former employer without the written consent of that former employer.

6. Company Property.

All papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, and other materials, including copies and in whatever form, relating to the business of the Company that I possess or create as a result of my Company employment, whether or not confidential, are the sole and exclusive property of the Company and shall be considered Confidential Information of the Company.

7. Ownership of Inventions.

All inventions, ideas, designs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developments, processes, techniques, improvements, and related know-how which are made, developed, conceived or

discovered by me, alone or with others, on behalf of the Company or from access to or any use of the Company Confidential Information or property whether or not patentable, copyrightable, or qualified for mask work protection (collectively ***"Inventions")*** shall be the sole property of the Company, and, to the extent permitted by law, shall be "works made for hire." I hereby assign and agree to assign to the Company or its designee, without further consideration, my entire right, title, and interest in and to all Inventions, other than those described in Paragraph 7 of this Agreement, including all rights to obtain, register, perfect, and enforce patents, copyrights, mask work rights, and other intellectual property protection for Inventions. I will disclose promptly and in writing to the individual designated by the Company or to my immediate supervisor all Inventions which I have made or reduced to practice. During my employment and for four years after, I will cooperate with and assist the Company (at its expense) to obtain and enforce patents, copyrights, mask work rights, and other forms of intellectual property protection on Inventions. Should the Company be unable to secure my signature on any such document, whether due to my mental or physical incapacity or any other cause, I hereby irrevocably designate and appoint the Company and each of its duly authorized representatives as my agent and attorney-in-fact, solely for the purpose of obtaining and enforcing such intellectual property protection, with full power of substitution and delegation, to undertake such acts in my name as if executed and delivered by me (which appointment is coupled with an interest), and I waive and quitclaim to the Company any and all claims of any nature whatsoever that I may have or may later have for infringement of any intellectual property rights in or to the Inventions.

8. Excluded Inventions.

Attached is a list of all inventions, improvements, and original works of authorship which I desire to exclude from this Agreement, each of which has been made or reduced to practice by me prior to my employment by the Company ***("Excluded Inventions"***.

I understand that this Agreement requires disclosure, but not assignment, o any invention that qualifies under Section 2870 of the California Labor Code. I understand that nothing in this Agreement is intended to expand the scope of protection provided me by Section 2870 through 2872 of the California Labor Code. Section 2870 of the California Labor Code reads as follows:

"Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

a) relate at the time of conception or reduction to practice of the invention to the employer's business or actual or demonstrably anticipated research or development of the employer, or

b) result from any work performed by the employee for the employer."

9. License

If, under applicable law, I retain any right, title or interest (including any intellectual property right) with respect to any Invention, I hereby grant and agree to grant to the Company, without any limitations or additional remuneration, a worldwide, exclusive, royalty-free, irrevocable, perpetual, transferable and sublicenseable (through multiple tiers) license to make, have made, use, import, sell, offer to sell, practice any method or process in connection with, copy, distribute, prepare derivative works of, display, perform and otherwise exploit such Invention and I agree not to make any claim against the Company or its affiliates, suppliers or customers with respect to such Invention. For the sake of clarity, Excluded Inventions are not subject to this Section 9.

10. Records; Disclosure

I agree to keep and maintain adequate and current written records regarding all Inventions made, conceived, discovered or developed by me (either alone or jointly with others) during my period of employment or after the termination of my employment if based on or using Confidential Information or otherwise in connection with my activities as an employee of the Company. I agree to make available such records and disclose promptly and fully in writing to the Company all such Inventions, regardless of whether I believe the Invention is subject to this Agreement or qualifies fully under the provisions of Section 2870(a) of the California Labor Code, and the Company will examine such disclosure in confidence to make such determination. Any such records related to Inventions shall be the sole property of the Company.

11. Patent Applications

If the Company files an original United States patent application covering any invention of which I am a named inventor, I will receive an inventor's fee of $100.

12. Prior Contracts.

I represent that there are no other contracts to assign inventions that are now in existence between any other person or entity and me. I further represent that I have no other employments, consultancies, or undertakings, which would restrict and impair my performance of this Agreement.

13. Agreements with the United States Gov

I acknowledge that the Company from twith other persons or with the United St; impose obligations or restrictions on thecourse of work under such agreements o I agree to be bound by all such obligatio to discharge the obligations of the Compthereof whichtake all action necessary

14.Termination and Return of Materials

I agree to promptly return all property o limitation, (a) all books, manuals, records, models, dlists, and other documents or materials and all copies thereof, (b) all equipment furnished to or prepared by me in the course of or incident to my employment, and (c) all written o tangible materials containing Confidential Information in my possession upon termination of my employment for any reason or at any other time at the Company's request. Following my termination, I will not retain any written or other tangible material containing any Confidential Information or information pertaining to any Invention. I understand that my obligations contained in this Agreement will survive the termination of my employment and I will continue to make all disclosures required of m hereunder. In the event of the termination of my employment, I will sign and deliver to the Company the "Termination Certification" attached hereto as Exhibit A- I agree that after the termination of my employment, I will not enter into any agreement that conflicts with my obligations under this Agreement. The termination of any employment or other agreement between the Company and me shall not terminate this Agreement and each and all of the terms and conditions hereof shall survive and remain in full force and effect.

15. Miscellaneous.

15.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California excluding those laws that direct the application of the laws of another jurisdiction.

15.2 Enforcement. If any provision of this Agreement shall be determined to be invalid or unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement, shall be deemed valid, and enforceable to the full extent possible.

15.3 Injunctive Relief; Consent to Jurisdiction. I acknowledge and agree that damages will not be an adequate remedy in the event of a breach of any of my obligations under this Agreement. I therefore agree that the Company shall be entitled

15.1
(without limitation of any other rights or and without the necessity of posting a bo competent jurisdiction prohibiting the co Agreement. I hereby submit myself to th State of California for purposes of any su in any such action or proceeding may be to my address as last appearing on the re ce of any breach of thisclass mail, certified or registered,

15.4 Jurisdiction. Except for actions for injunctive or other equitable relief, which may be brought in any court of competent jurisdiction, any legal suit, action or proceeding arising out of or relating to this Agreement shall be commenced in a federal court in the Northern District of California or in state court in the County of San Mateo, California, and each party hereto irrevocably submits to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding.

15.5 Attorneys' Fees. If any party seeks to enforce its rights under this Agreement by legal proceedings or otherwise, the non-prevailing party shall pay all costs and expenses of the prevailing party.

15.6 Waiver. The waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision hereof.

15.7 Binding Effect. This Agreement shall be binding upon and shall
inure to the benefit of the successors, executors, administrators, heirs, representatives, and assigns of the parties.

15.8 Headings. The Section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

15.9 Entire Agreement; Modifications. This Employee Confidential Information and Inventions Agreement contains the entire agreement between the Company and the undersigned employee concerning the subject matter hereof and supersedes any and all prior and contemporaneous negotiations, correspondence, understandings, and agreements, whether oral or written, respecting that subject matter. All modifications to this Agreement must be in writing and signed by the party against whom enforcement of such modification is sought.

IN WITNESS WHEREOF, I have executed this document as of:

RECEIPT ACKNOWLEDGED: VistaGen Therapeutics, Inc.

.

Signature Page to Confidential Information and Inventions Agreement

IN WITNESS WHEREOF, I have executed this document as

Date:

Employee's Signature

Type/Print Employee's Name

RECEIPT ACKNOWLEDGED: VistaGen Therapeutics, Inc.

Title:

Signature Page to Confidential Information and Inventions Agreement

California Labor Code

§ 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

§ 2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

§ 2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

Added Stats 1979 ch 1001 § 1; Amended Stats 1986 ch 346 § 1.

SCHEDULE 1

(Excluded Inventions, Improvements, and Original Works of Authorship)
Identifying Number
Title Date Or Brief Description
[If none, write "NONE". Continue on attached additional sheet if necessary.J

ACKNOWLEDGED: VistaGen Therapeutics, Inc.

By:

Title:

SCHEDULE **1**

(Excluded Inventions, Improvements, and Original Works of Authorship)

Identifying Number
Title Date Or Brief Description
[If none, write "NONE". Continue on attached additional sheet if necessary.]

Date:

Employee's Signature

Type/Print Employee's Name
ACKNOWLEDGED: VistaGejiJIhera£eutics, Inc.

137812.01 .PA (91604-0790)

EXHIBIT A VistaGenTherapeutics, Inc. TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, designs, computer programs, and other materials, including reproductions of any of the aforementioned items (together, the ***"Materials"),*** belonging to VistaGen Therapeutics, Inc., its subsidiaries, affiliates, successors, or assigns (togethei the " ***Company")***, unless specifically authorized in writing by an officer of the Company to retain certain Materials.

I further certify that I have complied with all the terms of the Company's Employee Confidential Information and Inventions Agreement signed by me, including the reporting of any Inventions (as defined therein) conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employee Confidential Information and Inventions Agreement, I will hold in confidence and will not disclose, use, copy, publish, or summarize any Confidential Information (as defined in the Employee Confidential Information and Inventions Agreement) of the Company or of any of its customers, vendors, consultants, and other parties with which it does business.

Date:

Employee's Signature

Type/Print Employee's Name

137812.01 .PA (91604-0790)

EXHIBIT D ARBITRATION AGREEMENT

ARBITRATION AGREEMENT

VistaGen Therapeutics, Inc. (the "Company") and A. Franklin Rice ("Employee") hereby agree that, to the fullest extent permitted by law, any and all claims or controversies between them (or between Employee and any present or former officer, director, agent, or employee of the Company or any parent, subsidiary, or other entity affiliated with the Company) relating in anymanner to the employment or the termin final and binding arbitration. Except as shall be conducted in accordance with th Disputes of the American Arbitration Aby

Claims subject to arbitration shall include, without limitation: contract claims, tort claims, claims relating to compensation and stock options, as well as claims based on any federal, state, or local law, statute, or regulation, including but not limited to any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the California Fair Employment and Housing Act. However, claims for unemployment benefits, workers' compensation claims, and claims under the National Labor Relations Act shall not be subject to arbitration.

A neutral and impartial arbitrator shall be chosen by mutual agreement of the parties; however, il the parties are unable to agree upon an arbitrator within a reasonable period of time, then a neutral and impartial arbitrator shall be appointed in accordance with the arbitrator nomination and selection procedure set forth in the AAA Rules. The arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based so as to ensure meaningful judicial review of the decision. The arbitrator shall apply the same substantive law, with the same statutes of limitations and same remedies that would apply if the claims were brought in a court of law. The arbitrator shall have the authority to rule on a motion to dismiss and/or summary judgment by either party, and the arbitrator shall apply the standards governing such motions under the California Code of Civil Procedure.

Either the Company or Employee may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit or claim in any way related to any arbitrable claim, including without limitation any claim as to the making, existence, validity, or enforceability of the agreement to arbitrate. Nothing in this Agreement, however, precludes a party from filing an administrative charge before an agency that has jurisdiction over an arbitrable claim. Moreover, nothing in this Agreement prohibits either party from seeking provisional relief pursuant to Section 1281.8 of the California Code of Civil Procedure.

All arbitration hearings under this Agreement shall be conducted in San Mateo County, California, unless otherwise agreed by the parties. The arbitration provisions of this Arbitration Agreement shall be governed by the California Arbitration Act. In all respects, this Arbitration Agreement shall be construed in accordance with the laws of the State of California, without reference to conflicts of law principles.

Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement,

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.

THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AGREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.

^^TOECOMPANY	EMPLOYEE
Shawn~K. Singh, J.D., CEO	A. Franklin Rice
Date	Date

Signature Page to Arbitration Agreement

Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement.

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.

THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AGREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.

THE COMPANY	EMPLOYEE ***yn***
Shawn *K.* Singh, J.D., *CEO*	*A. Franklin Rice*
Date	Date

Signature Page to Arbitration Agreement

Amendment
to
Amended and Restated Executive Employment Agreement

This Amendment to Amended and Restated Executive Employment Agreement (the "Amendment") is made and entered into as of May 9, 2011 and serves as a limited modification of Section II.A. of the Amended and Restated Executive Employment Agreement (the "Agreement") entered into on April 28, 2010 by and between VistaGen Therapeutics, Inc. (the "Company") and H. Ralph Snodgrass, PhD (the "Employee").

Section II.A of the Agreement originally read:

Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Three Hundred Five Thousand Dollars ($305,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2010** pursuant to this Agreement exceeds the salary actually received by the Executive since **January 1, 2010**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

Section II.A. of the Agreement shall now be amended to read:

Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Three Hundred Five Thousand Dollars ($305,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of a private equity financing resulting in gross proceeds to the Company totaling at least three million dollars ($3,000,000), including consideration paid by cancellation of indebtedness (other than cancellation of indebtedness of any convertible promissory notes that are convertible into equity securities of the Company by their terms) (the "Closing of the Qualified Financing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2011** pursuant to this Agreement exceeds the salary actually received by the Executive since**January 1, 2011**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the date first set forth above.

VISTAGEN, INC.

By:
Shawn K. Singh, CEO

H. Ralph Snodgrass, PhD

Exhibit 10.42

Amended and Restated Executive Employment Agreement

This Amended and Restated Executive Employment Agreement (the "Agreement"), dated April 28, 2010 (the "Effective Date"), is entered into by and between VistaGen Therapeutics, Inc., a California corporation (the "Company") and A. Franklin Rice, MBA ("Executive").

r e c i t a l s

WHEREAS, Executive and the Company previously entered into that certain Employment Agreement dated May 15, 1999 which provided the terms and conditions of Executive's employment with the Company ("Prior Agreement"); and

WHEREAS, the Company and the Executive now desire to amend and restate the Prior Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Executive and the Company amend and restate the Prior Agreement as follows:

i. position and responsibilities

A. Position. Executive is employed by the Company to render services to the Company in the position of Chief Financial Officer. Executive shall perform such duties and responsibilities as are normally related to such position in accordance with the standards of the industry and any additional duties now or hereafter assigned to Executive by the Company. Executive shall abide by the rules, regulations, and practices as adopted or modified from time to time in the Company's sole discretion. Executive shall report directly to the Company's Chief Executive Officer.

B. Other Activities. Except upon the prior written consent of a majority of the members of the Board of Directors (the "Board"), Executive will not, during the term of this Agreement, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company.

C. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, employment with the Company, and the performance of Executive's proposed duties under this Agreement shall not violate any obligations Executive may have to any other employer, person or entity, including any obligations with respect to proprietary or confidential information of any other person or entity.

ii. compensation and benefits

A. Base Salary. In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of

Two Hundred Sixty Thousand Dollars ($260,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since January 1, 2010 pursuant to this Agreement exceeds the salary actually received by the Executive since January 1, 2010. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

B. Amendment to Stock Options. Upon the Effective Date, each stock option award previously issued to Executive and listed onExhibit A-1 attached hereto (each, an "Option Award") shall be amended in substantially the form of the Amendment to Notice of Stock Option Award and Stock Option Award Agreement attached hereto as Exhibit A-2 ("Option Amendment").

C. Forgiveness of Note; Gross-Up Bonus. Upon the IPO Closing, all principal and accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated March 12, 2007, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the IPO Closing. The Gross-Up Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

D. Bonus. Executive shall be eligible to receive an annual incentive bonus of up to forty percent (40%) of his Base Salary (the "Incentive Bonus"). The amount of the Incentive Bonus paid shall be determined by the Board of Directors in their sole discretion.

E. Benefits. Executive shall be eligible to participate in the benefits made generally available by the Company to similarly-situated executives, in accordance with the benefit plans established by the Company, and as may be amended from time to time in the Company's sole discretion.

F. Expenses. The Company shall reimburse Executive for reasonable business expenses incurred in the performance of Executive's duties hereunder in accordance with the Company's expense reimbursement guidelines.

III. AT-WILL EMPLOYMENT; TERMINATION BY COMPANY

A. At-Will Termination by Company. Executive's employment with the Company shall be "at-will" at all times. The Company may terminate Executive's employment with the Company at any time, without any advance notice, for any reason or no reason at all, notwithstanding anything to the contrary contained in or arising from any statements, policies or practices of the Company relating to the employment, discipline or termination of its employees. Upon and after such termination, all obligal cease, except as otherwise provided herein.

B. Severance. Except in situations where the employment of Executive is terminated For Cause, By Death or By Disability (as defined in Section IV below), in the event that the Company terminates Executive's employment at any time, Executive will be eligible to receive (i) an amount equal to twelve (12) months of Executive's then-current Base Salary, payable in the form of salary continuation, (ii) a pro rata portion of the Incentive Bonus that the Board determines in good faith that Executive has earned prior to such termination (collectively, payments under (i) and (ii) are referred to as "Severance"), and (iii) COBRA payments for continuation of medical and health benefits for such twelve (12) month period. Executive's eligibility for the foregoing Severance and benefits payments is conditioned on Executive having first signed a release agreement in the form attached as Exhibit C. Executive shall not be entitled to any of the foregoing Severance or benefits payments if Executive's employment is terminated For Cause, By Death or By Disability (as defined in Section IV below) or if Executive's employment is terminated by Executive (except as provided in Section V.B below).

iv. other terminations by company

A. Termination for Cause. For purposes of this Agreement, "For Cause" shall mean: (i) Executive commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) Executive willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) Executive commits a material breach of this Agreement, which breach is not cured within twenty business days after written notice to Executive from the Company; (iv) Executive willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to Executive from the Company; (v) Executive fails to perform his job responsibilities following written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company. The Company may terminate Executive's employment For Cause at any time, without any advance notice. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, subject to any other rights or remedies of the Company under law; and thereafter all obligations of the Company under this Agreement shall cease.

B. By Death. For purposes of compensation and other benefits Executive's employment shall be treated as terminating automatically upon sixty (60) days following Executive's death. The Company shall pay to Executive's beneficiaries or estate, as appropriate, any compensation then due and owing at the end of such sixty (60) day period, including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's death. Thereafter all obligations of the Company under this Agreement shall cease, except as otherwise provided in this Agreement. Nothing in this Section shall affect any entitlement of Executive's heirs or devisees to the benefits of any life insurance plan or other applicable benefits.

C. By Disability. If Executive becomes eligible for the Company's long term disability benefits or if, in the sole opinion of the Board, Executive is unable to carry out the responsibilities and functions of the position held by Executive by reason of any physical or mental impairment for more than one hundred and twenty (120) consecutive days or more than one hundred and eighty (180) days in any twelve-month period, then, to the extent permitted by law, the Company may terminate Executive's employment. The Company shall pay to Executive all compensation to which Executive is entitled up through the date of termination, including a pro rata portion of the Incentive Bonus that the Board of Directors determines in good faith has been earned prior to Executive's disability. Thereafter all obligations of the Company under this Agreement shall cease. Nothing in this Section shall affect Executive's rights under any disability plan in which Executive is a participant.

V. TERMINATION BY EXECUTIVE

A. At-Will Termination by Executive. Executive may terminate employment with the Company at any time for any reason or no reason at all, upon thirty (30) days written notice to the Board. During such notice period, Executive, at the Board's discretion, shall continue to diligently perform all of Executive's duties hereunder. The Company shall have the option, in its sole discretion, to make Executive's termination effective at any time prior to the end of such notice period. Thereafter all obligations of the Company shall cease.

B. Termination for Good Reason After Change of Control. Executive's termination shall be for "Good Reason" if Executive provides written notice to the Board of the Good Reason within six (6) months of the event constituting Good Reason and provides the Company with a period of twenty (20) business days to cure the Good Reason and the Company fails to cure the Good Reason within that period. For purposes of this Agreement, "Good Reason" shall mean any of the following events if (i) such event is effected by the Company without the consent of Executive and (ii) such event occurs after a Change of Control (as hereinafter defined): (A) a material reduction in Executive's responsibility, or (B) a material reduction of Executive's Base Salary following the IPO Closing, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company. In such event Executive may terminate his employment for Good Reason, in which case Executive will be eligible to receive an amount equal to twelve (12) months of Executive's then-current Base Salary payable in the form of salary continuation. Executive's eligibility for severance is conditioned on Executive having first signed a release agreement in the form attached as Exhibit C. Thereafter all obligations of the Company or its successor under this Agreement shall cease.

C. "Change of Control." For purposes of this Agreement, "Change of Control" shall mean the occurrence of any one of the following: (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; (ii) a sale of substantially all of the Company's assets; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than fifty percent (50%) of the shares of capital stock of the Company outstanding after the transaction.

VI. TERMINATION OBLIGATIONS

A. Return of Property. Executive agrees that all property (including without limitation all equipment, tangible proprietary information, documents, records, notes, contracts and computer-generated materials) furnished to or created or prepared by Executive incident to Executive's employment belongs to the Company and shall be promptly returned to the Company upon termination of Executive's employment.

B. Resignation and Cooperation. Upon termination of Executive's employment, Executive shall be deemed to have resigned from all offices and directorships then held with the Company and its affiliates. Following any termination of employment, Executive shall cooperate with the Company in the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees. Executive shall also cooperate with the Company in the defense of any action brought by any third party against the Company that relates to Executive's employment by the Company.

VII. INVENTIONS AND PROPRIETARY INFORMATION; PROHIBITION ON THIRD PARTY INFORMATION

A. Proprietary Information Agreement. Executive agrees to sign and be bound by the terms of the Company's Proprietary Information and Inventions Agreement, a copy of which is attached as Exhibit D ("Proprietary Information Agreement"). Executive and the Company hereby acknowledge that pursuant to Section 4 of the Prior Agreement, Executive entered into an agreement substantially similar in form to the Proprietary Information Agreement but that such agreement has since been lost or misplaced. Executive and the Company hereby acknowledge and agree that it is the intent of the parties that the terms set forth in the Proprietary Information Agreement apply as of Executive's first day of employment with the Company.

B. Non-Solicitation. Executive acknowledges that because of Executive's position in the Company, Executive will have access to material intellectual property and confidential information. During the term of Executive's employment and for one year thereafter, in addition to Executive's other obligations hereunder or under the Proprietary Information Agreement, Executive shall not, for Executive or any third party, directly or indirectly (i) solicit, induce, recruit or encourage any person employed by the Company to terminate his or her employment, or (ii) divert or attempt to divert from the Company any business with any customer, client, member, business partner or supplier about which Executive obtained confidential information during his employment with the Company, by using the Company's trade secrets or by otherwise engaging in conduct that amounts to unfair competition.

C.Non-Disclosure of Third Party Information. Executive represents and warrants and covenants that Executive shall not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others at any time, including but not limited to any proprietary information or trade secrets of any former employer, if any; and Executive acknowledges and agrees that any violation of this provision shall be grounds for Executive's immediate termination and could subject Executive to substantial civil liabilitie; criminal penalties. Executive further specifically and expressly acknowledges that no office other employee or representative of the Company has requested or instructed Executive to disclose or use any such third party proprietary inform

VIII. ARBITRATION

Company's Arbitration

Executive agrees to sign and be bound by the t Agreement, which is attached as Exhibit E.

IX. AMENDMENTS; WAIVERS; REMEDIES

Any waiver. This Agreement may not be amended or waive and by a duly authorized representative of the Compa exercise any right under this Agreement shall not constitute a waiver of any breach of this Agreement shall not operate as a waiver of any rights or remedies specified for a party herein shall be cumulative an rights and remedies of the party hereunder or under applicable law.

X. ASSIGNMENT; BINDING EFFECT

A. Assignment. The performance of Executive is perso agrees that Executive shall have no right to assign and shall not assign or purport to assign any rights or obligations under this Agreement. This Agreement may be assigned or transferred by the Company; and nothing in this Agreement shall prevent the consolidation, merger or sale of the Company or a sale of any or all or substantially all of its assets.

B. Binding Effect. Subject to the foregoing restriction on assignment by Executiv this Agreement shall inure to the benefit of and be binding upon each of the parties; the affiliat officers, directors, agents, successors and assigns of the Company; and the heirs, devisees, spouses, legal representatives and successors of Executive.

XI. NOTICES

All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered: (a) by hand; (b) by a nationally recognized overnight courier service; or (c) by United States first class registered or certified mail, return receipt requested, to the principal address of the other party, as set forth below. The date of notice shall be deemed to be the earlier of (i) actual receipt of notice by an permitted means, or (ii) five business days following dispatch by overnight delivery service or the United States Mail. Executive shall be obligated to notify the Company in writing of any change in Executive's address. Notice of change of address shall be effective only when done accordance with this paragraph.

Company's Notice Address:

VistaGen Therapeutics, Inc. 384 Oyster Point Blvd., Suite 8 South San Francisco, CA 94080

Executive's Notice Address:

A. Franklin Rice 4 Poppy Lane San Carlos, CA 94070

xii. severability

If any provision of this Agreement shall be held by a court or arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. In the event that the time period or scope of any provision is declared by a court or arbitrator of competent jurisdiction to exceed the maximum time period or scope that such court or arbitrator deems enforceable, then such court or arbitrator shall reduce the time period or scope to the maximum time period or scope permitted by law.

xiii. taxes

All amounts paid under this Agreement shall be paid less all applicable state and federal tax withholdings (if any) and any other withholdings required by any applicable jurisdiction or authorized by Executive. Notwithstanding any other provision of this Agreement whatsoever, the Company, in its sole discretion, shall have the right to provide for the application and effect of Section 409A of the Code (relating to deferred compensation arrangements) and any related administrative guidance issued by the Internal Revenue Service. The Company shall have the authority to delay the payment of any amounts under this Agreement to the extent it deems necessary or appropriate to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "key employees" of publicly-traded companies); in such event, the payment(s) at issue may not be made before the date which is six (6) months after the date of Executive's separation from service, or, if earlier, the date of death.

xiv. governing law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

xv. interpretation

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. Sections and section headings contained in this Agreement are for reference purposes only, and shall not affect in any manner the meaning or interpretation of this Agreement. Whenever the context requires, references to the singular shall include the plural and the plural the singular.

xvi. obligations survive termination of employment

Executive agrees that any and all of Executive's obligations under this agreem including but not limited to Exhibits D and E, shall survive the termination of employ the termination of this Agreement.

xvii. counterparts

This Agreement may be executed in any deemed an original of this Agreement, but all of instrument.

xviii. authority

Each party represents and warrants that such party has the right, power and authority to enter into and execute this Agreement and to perform and discharge all of the obligations hereunder; and that this Agreement constitutes the valid and legally binding agreement and obligation of such party and is enforceable in accordance with its terms.

xix. entire agreement

This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive's employment by the Company and may not be contradicted by evidence of any prior or contemporaneous statements or agreements, except for agreements specifically referenced herein (including the Executive Proprietary Information and Inventions Agreement attached as Exhibit D and each Option Award, as amended). To the extent that the practices, policies or procedures of the Company, now or in the future, apply to Executive and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control. Any subsequent change in Executive's duties, position, or compensation will not affect the validity or scope of this Agreement.

xx. executive acknowledgement

executive acknowledges executive has had the opportunity t consult legal counsel concerning this agreement, that executive has read and understands the agreement, that executive is fully aware of its legal effect, and that executive has entered into it freely based on executive's own judgment and not on any representations or promises other than those contained in this agreement.

In Witness Whereof, the parties have duly executed this Agreement as of the date first written above.

VISTAGEN THERAPEUTICS, INC. Shawn K. Singh, CEO Date	A. FRANKLIN RICE Date

exhibit A-1

list of option awards

Date of Grant	Option Number	Number of Shares Granted
4/11/05	72	11,000
7/6/06	91	12,500
12/21/06	100	65,000
5/17/07	111	20,000
1/17/08	118	25,000
3/24/09	003	40,000
6/17/09	015	20,000
11/4/09	21	100,000
12/30/09	36	175,000

exhibit a-2

form of notice of amendment to stoc

VISTAGEN THERAPEUTICS, INC.

Notice Regarding Amendment to Stock Options

A. Franklin Rice

4 Poppy Lane
San Carlos, CA 94070

Dear Grantee:

VistaGen Therapeutics, Inc. (the "Company") is pleased to notify you that your options to acquire shares of the Company's common stock (the "Options") granted under the Company's 2008 Stock Incentive Plan and 1999 Stock Incentive Plan (collectively, the "Plans") and listed below have been amended as set forth in this notice.

Date of Grant	Option Number	Number of Shares Granted
4/11/05	72	11,000
7/6/06	91	12,500
12/21/06	100	65,000
5/17/07	111	20,000
1/17/08	118	25,000
3/24/09	003	40,000
6/17/09	015	20,000
11/4/09	21	100,000
12/30/09	36	175,000

As of April 28, 2010, the Vesting Schedule of each Option in the Notice of Stock Option Award is amended to add the following immediately after the basic Vesting Schedule:

"Notwithstanding the foregoing Vesting Schedule, in the event of termination of the Grantee's Continuous Service for any reason other than for Cause (as defined below), fifty percent (50%) of the Grantee's then-unvested Option shall immediately vest and become exercisable upon the date of termination. In the event of termination of the Grantee's Continuous Service for any reason other than for Cause within twelve (12) months following a Corporate Transaction (as defined below), one hundred percent (100%) of the Grantee's then unvested Option shall immediately become vested and exercisable immediately prior to the specified effective date of a Corporate Transaction.

Cause. For purposes of this Notice, "Cause" shall mean: (i) the Grantee commits a crime involving dishonesty, breach of trust, or physical harm to any person; (ii) the Grantee willfully engages in conduct that is in bad faith and materially injurious to the Company, including but not limited to, misappropriation of trade secrets, fraud or embezzlement; (iii) the Grantee commits a material breach of that certain Executive Employment Agreement dated April 28, 2010, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (iv) the Grantee willfully refuses to implement or follow a lawful policy or directive of the Company, which breach is not cured within twenty business days after written notice to the Grantee from the Company; (v) the Grantee fails to perform his job responsibilities following written notice from the Company and a reasonable opportunity to cure, or (vi) a termination as part of a legitimate reduction in force driven by economic or financial conditions of the Company.

Corporate Transaction. For purposes of this Notice, "Corporate Transaction" shall mean the occurrence of any one of the following: (i) any "person" as such term is used in Sections

13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities; (ii) a sale of substantially all of the Company's assets; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than fifty percent (50%) of the shares of capital stock of the Company outstanding after the transaction.

For purposes of your Stock Option Award Agreements, the definitions of "Cause" and "Corporate Transaction" as provided above shall apply. In addition, Section 5 of each Stock Option Award Agreement you entered into under the 2008 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

"5. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section 6, 7 and 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Similarly, Section (e) of each Stock Option Award Agreement you entered into under the 1999 Stock Incentive Plan is amended and restated in its entirety to provide as follows:

"(e) Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the shareholders of the Company. Furthermore, the Grantee agrees not to exercise that portion of the Option at any time that, when taken together with all other then outstanding options to purchase Shares, would cause the total percentage of options outstanding and reserved for issuance by the Company to exceed the percentage allowed by Applicable Law. If the exercise of the Option within the applicable time periods set forth in Section (f), (g) and (h) of this Option Agreement is prevented by the provisions of this Section (e), the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice."

Except as amended herein, all of the terms of the Options and the Plan shall continue in full force and effect. The amendment to your Options will occur automatically and no action is required on your part. You will not receive any additional documentation in connection with this amendment and therefore we recommend that you retain this Notice for your records and append to your Option Agreements.

Questions relating to this Notice should be directed to:

Shawn K. Singh, J.D. Chief Executive Officer 384 Oyster Point Blvd., Suite 8 San Francisco, CA 94080

AGREED AND ACKNOWLEDGED:

Questions relating to this Notice should be directed to:

Shawn K. Singh, J.D. Chief Executive Officer 384 Oyster Point Blvd., Suite 8 San Francisco, CA 94080

VISTAGEN THERAPEUTICS, INC.

Shawn K. Singh, J.D. Chief Executive Officer
A. Franklin Rice

exhibit b full recourse promissory note

exhibit c release agreement

General Release

A. Franklin Rice ("You") and **VistaGen Therapeutics, Inc.** (the "Company") have agreed to enter into this General Release ("Release") on the following terms:

In exchange for the severance benefits set forth in your Executive Employment Agreement dated April 28, 2010 (the "Agreement"), you and your representatives completely release the Company, its affiliated, related, parent or subsidiary corporations, and its and their present and former directors, officers, and employees (the "Released Parties") from all claims of any kind, known and unknown,[1] which you may now have or have ever had against any of them, or arising out of your relationship with any of them, including all claims arising from your employment or the termination of your employment, whether based on contract, tort, statute, local ordinance, regulation or any comparable law in any jurisdiction ("Released Claims"). By way of example and not in limitation, the Released Claims shall include any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Age Discrimination in Employment Act, and the California Fair Employment and Housing Act, or any other comparable state or local law, as well as any claims asserting wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional misrepresentation, and defamation and any claims for attorneys' fees. The parties intend for this release to be enforced to the fullest extent permitted by law. You understand that you are not waiving any right or claim that cannot be waived as a matter of law, such as workers' compensation or unemployment insurance benefits. Notwithstanding anything else in this Release to the contrary, the Released Claims will not include any claims you may have now or in the future to be indemnified by the Company as a director, officer, employee or other agent of the Company under the Company's articles of incorporation or bylaws, under the State of California's Corporations Code or Labor Code, or as may be provided in any indemnification agreement entered into between you and the Company or in any insurance policy obtained by the Company.

You agree not to file or initiate any lawsuit concerning the Released Claims. You understand that this paragraph does not prevent you from filing a charge with or participating in an investigation by a governmental administrative agency; provided, however, that you hereby waive any right to receive any monetary award resulting from such a charge or investigation.

You acknowledge that the release of claims under the Age Discrimination in Employment Act ("ADEA") is subject to special waiver protection. Therefore, you acknowledge the following: (a) you have had 21 days to consider this General Release (but may sign it at any time beforehand if you so desire); (b) you can consult an attorney in doing so; (c) you can revoke this General Release within seven (7) days of signing it by sending a certified letter to that effect to VistaGen Therapeutics, Inc., 384 Oyster Point Blvd., Suite #8, South San

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[1] You further agree that because your rights under Section 1542 o jurisdiction that limits a general i of the California Civil Code states not know or suspect to exist in h materially affected his settlement.

Francisco, CA 94080; and that (d) this General Release shall not become effective or enforceab and no severance benefits shall be provided until the 7-day revocation period has expired. the date of this release. Section 15 tend to claims which the creditor d ■ which if known by him must have

The parties agree that this General Release and the Agreement contain all of their agreements and understandings with respect to their subject matter, and may not be contradicte by evidence of any prior or contemporaneous agreement, except to the extent that the provision of any such agreement have been expressly referred to in this General Release or the Agreemen as having continued effect. It is agreed that this General Release shall be governed by the laws of the State of California. If any provision of this General Release or its application to any person, place, or circumstance is held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this General Release and such provision as applied to other person, places, and circumstances will remain in full force and effect.

Please note that this General Release may not be signed before the last day of your employment with the Company, and that your eligibility for severance benefits is conditioned upon meeting the terms set forth in the Agreement.

A. Franklin Rice

Date:

THE COMPANY

By:
Name:

Its:

Date:

EXHIBIT D

PROPRIETARY INFORMATION AND I

VistaGen Therapeutics, Inc.

employee confidential informa inventions agreement

In partial consideration and as a condition of my employment or continued employment with VistaGen Therapeutics, Inc., a California corporation (which together with any parent, subsidiary, affiliate, or successor is hereinafter referred to as the " ***Company),*** and effective as of the date that my employment with the Company first commenced, I hereby agree as follows:

1. At-Will Employment.

My employment relationship with the Company is one of employment at-will and my continued employment is not obligatory by either the Company or myself, and it may be terminated by the Company at any time with or without cause and with or without notice.

2. Noncompetition.

During my employment with the Company, I will perform for the Company such duties as it may designate from time to time and will devote my full time and best efforts to the business of the Company and will not, without the prior written approval of (i) an officer of the Company if I am not an executive officer of the Company or (ii) the Board of Directors of the Company if I am an executive officer of the Company, (a) engage in any other professional employment or consulting, or (b) directly or indirectly participate in or assist any business which is a current or potential supplier, customer, or competitor of the Company.

3. Nonsolicitation.

During the term of my employment by the Company, and for twelve months thereafter, I shall not directly or indirectly, without the prior written consent of the Company, solicit, recruit, encourage or induce any employees, officers, directors, consultants, contractors or subcontractors who were employed by or affiliated with the Company at the time of my termination to leave the employ of the Company or terminate a relationship with the Company, either on my own behalf or on behalf of any other person or entity.

4. Confidentiality Obligation.

I will hold all Company Confidential Information in strict confidence and will not disclose, use, reproduce, copy, publish, summarize, or remove from the premises of the Company any Confidential Information, except to the extent necessary to carry out my assigned responsibilities as a Company employee or as specifically authorized in writing by an officer of the Company. ***"ConfidentialInformation*** is all information and materials, in whatever form, tangible or intangible, whether disclosed to or learned or developed by me before or after the execution of this Agreement, whether or not marked or identified as confidential or proprietary, related to any aspect of the business of the Company which is either information not known by actual or potential competitors of the Company or is proprietary information of the Company, whether of a technical nature or otherwise. Confidential Information includes but is not limited to inventions, ideas, designs, computer programs, circuits, schematics, formulae, algorithms, trade secrets, works of authorship, mask works, developmental or experimental work, processes, techniques, improvements, know-how, data, financial information and forecasts, product plans, marketing plans and strategies, and customer lists, and any other information or materials relating to the past, present, planned or foreseeable business, products, developments, technology or activities of the Company.

5. Information of Others.

I will safeguard and keep confidential the proprietary information of customers, vendors, consultants, and other parties with which the Company does business to the same extent as if it were Company Confidential Information. I will not, during my employment with the Company or otherwise, use or disclose to the Company any confidential, trade secret, or other proprietary information or material of any previous employer or other person, and I will not bring onto the Company's premises any unpublished document or any other property belonging to any former employer without the written consent of that former employer.

6. Company Property.

All papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, and other materials, including copies and in whatever form, relating to the business of the Company that I possess or create as a result of my Company employment, whether or not confidential, are the sole and exclusive property of the Company and shall be considered Confidential Information of the Company.

7. Ownership of Inventions.

All inventions, ideas, designs, circuits, schematics, formulas, algorithms, trade secrets, works of authorship, mask works, developments, processes, techniques, improvements, and related know-how which are made, developed, conceived ordiscovered by me, alone or with others, on behalf of the Company or from access to or any use of the Company Confidential Information or property whether or not patentable, copyrightable, or qualified for mask work protection (collectively ***"Inventions')*** shall be the sole property of the Company, and, to the extent permitted by law, shall be "works made for hire." I hereby assign and agree to assign to the Company or its designee, without further consideration, my entire right, title, and interest in and to all Inventions, other than those described in Paragraph 7 of this Agreement, including all rights to obtain, register, perfect, and enforce patents, copyrights, mask work rights, and other intellectual property protection for Inventions. I will disclose promptly and in writing to the individual designated by the Company or to my immediate supervisor all Inventions which I have made or reduced to practice. During my employment and for four years after, I will cooperate with and assist the Company (at its expense) to obtain and enforce patents, copyrights, mask work rights, and other forms of intellectual property protection on Inventions. Should the Company be unable to secure my signature on any such document, whether due to my mental or physical incapacity or any other cause, I hereby irrevocably designate and appoint the Company and each of its duly authorized representatives as my agent and attorney-in-fact, solely for the purpose of obtaining and enforcing such intellectual property protection, with full power of substitution and delegation, to undertake such acts in my name as if executed and delivered by me (which appointment is coupled with an interest), and I waive and quitclaim to the Company any and all claims of any nature whatsoever that I may have or may later have for infringement of any intellectual property rights in or to the Inventions.

8. Excluded Inventions.

Attached is a list of all inventions, improvements, and original works of authorship which I desire to exclude from this Agreement, each of which has been made or reduced to practice by me prior to my employment by the Company ***(Excluded Inventions')***.

I understand that this Agreement requires disclosure, but not assignment, o any invention that qualifies under Section 2870 of the California Labor Code. I understand that nothing in this Agreement is intended to expand the scope of protection provided me by Section 2870 through 2872 of the California Labor Code. Section 2870 of the California Labor Code reads as follows:

"Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

a) relate at the time of conception or reduction to practice of the invention to the employer's business or actual or demonstrably anticipated research or development of the employer, or

b) result from any work performed by the employee for the employer."

9. License

If, under applicable law, I retain any right, title or interest (including any intellectual property right) with respect to any Invention, I hereby grant and agree to grant to the Company, without any limitations or additional remuneration, a worldwide, exclusive, royalty-free, irrevocable, perpetual, transferable and sublicenseable (through multiple tiers) license to make, have made, use, import, sell, offer to sell, practice any method or process in connection with, copy, distribute, prepare derivative works of, display, perform and otherwise exploit such Invention and I agree not to make any claim against the Company or its affiliates, suppliers or customers with respect to such Invention. For the sake of clarity, Excluded Inventions are not subject to this Section 9.

10. Records; Disclosure

I agree to keep and maintain adequate and current written records regarding all Inventions made, conceived, discovered or developed by me (either alone or jointly with others) during my period of employment or after the termination of my employment if based on or using Confidential Information or otherwise in connection with my activities as an employee of the Company. I agree to make available such records and disclose promptly and fully in writing to the Company all such Inventions, regardless of whether I believe the Invention is subject to this Agreement or qualifies fully under the provisions of Section 2870(a) of the California Labor Code, and the Company will examine such disclosure in confidence to make such determination. Any such records related to Inventions shall be the sole property of the Company.

11. Patent Applications

If the Company files an original United States patent application covering any invention of which I am a named inventor, I will receive an inventor's fee of $100.

12. Prior Contracts.

I represent that there are no other contracts to assign inventions that are now in existence between any other person or entity and me. I further represent that I have no other employments, consultancies, or undertakings, which would restrict and impair my performance of this Agreement.

13. Agreements with the United States Gov

I acknowledge that the Company from tiwith other persons or with the United St; impose obligations or restrictions on the course of work under such agreements o I agree to be bound by all such obligatio to discharge the obligations of the Compthereof whichtake all action necessary

Termination and Return of Materials

I agree to promptly return all property o limitation, (a) all books, manuals, records, models, dlists, and other documents or materials and all copies thereof, (b) all equipment furnished to or prepared by me in the course of or incident to my employment, and (c) all written o tangible materials containing Confidential Information in my possession upon termination of my employment for any reason or at any other time at the Company's request. Following my termination, I will not retain any written or other tangible material containing any Confidential Information or information pertaining to any Invention. I understand that my obligations contained in this Agreement will survive the termination of my employment and I will continue to make all disclosures required of me hereunder. In the event of the termination of my employment, I will sign and deliver to the Company the "Termination Certification" attached hereto as Exhibit A. I agree that after the termination of my employment, I will not enter into any agreement that conflicts with my obligations under this Agreement. The termination of any employment or other agreement between the Company and me shall not terminate this Agreement and each and all of the terms and conditions hereof shall survive and remain in full force and effect.

15. Miscellaneous.

15.1 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California excluding those laws that direct the application of the laws of another jurisdiction.

15.2 Enforcement. If any provision of this Agreement shall be determined to be invalid or unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to the extent possible. In any event, all other provisions of this Agreement, shall be deemed valid, and enforceable to the full extent possible.

15.3 Injunctive Relief; Consent to Jurisdiction. I acknowledge and agree that damages will not be an adequate remedy in the event of a breach of any of my obligations under this Agreement. I therefore agree that the Company shall be entitled(without limitation of any other rights or and without the necessity of posting a bo competent jurisdiction prohibiting the co Agreement. I hereby submit myself to th State of California for purposes of any su in any such action or proceeding may be to my address as last appearing on the re ce of any breach of thisclass mail, certified or registered,

15.4 Jurisdiction. Except for actions for injunctive or other equitable relief, which may be brought in any court of competent jurisdiction, any legal suit, action or proceeding arising out of or relating to this Agreement shall be commenced in a federal court in the Northern District of California or in state court in the County of San Mateo, California, and each party hereto irrevocably submits to the exclusive jurisdiction and venue of any such court in any such suit, action or proceeding.

15.5 Attorneys' Fees. If any party seeks to enforce its rights under this Agreement by legal proceedings or otherwise, the non-prevailing party shall pay all costs and expenses of the prevailing party.

15.6 Waiver. The waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision hereof.

15.7 Binding Effect. This Agreement shall be binding upon and shall
inure to the benefit of the successors, executors, administrators, heirs, representatives, and assigns of the parties.

15.8 Headings. The Section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

15.9 Entire Agreement; Modifications. This Employee Confidential Information and Inventions Agreement contains the entire agreement between the Company and the undersigned employee concerning the subject matter hereof and supersedes any and all prior and contemporaneous negotiations, correspondence, understandings, and agreements, whether oral or written, respecting that subject matter. All modifications to this Agreement must be in writing and signed by the party against whom enforcement of such modification is sought.

[REMAINDER OF PAGE INTENTION

IN WITNESS WHEREOF, I have executed this document as of:

Date:

Type/Print Employee's Name

RECEIPT ACKNOWLEDGED: VistaGen Therapeutics, Inc.

By:

Title:

IN WITNESS WHEREOF, I have executed this document as

Employee's Signature

Type/Print Employee's Name

RECEIPT ACKNOWLEDGED: VistaGen Therapeutics, Inc.

California Labor Code

§ 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

§ 2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

§ 2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

Added Stats 1979 ch 1001 § 1; Amended Stats 1986 ch 346 § 1.

(Excluded Inventions, Improvements, and Original Works of Authorship)

Identifying Number
Title Date Or Brief Description
[If none, write "NONE". Continue on attached additional sheet if necessary.]mployee^Signature Type/Print Employee's Name

ACKNOWLEDGED:

VistaGen Therapeutics, Inc.
By:

Title:

(Excluded Inventions, Improvements, and Original Works of Authorship)

Identifying Number

Title Date Or Brief Description
[If none, write "NONE". Continue on attached additional sheet if necessary.]

Employee's Signature

Type/Print Employee's Name

ACKNOWLEDGED:

EXHIBIT A **VistaGen Therapeutics, Inc. TERMINATION CERTIFICATION**

This is to certify that I do not have in my possession, nor have I failed to return, any papers, records, data, notes, drawings, files, documents, samples, devices, products, equipment, designs, computer programs, and other materials, including reproductions of any of the aforementioned items (together, the ***"Materials),*** belonging to VistaGen Therapeutics, Inc., its subsidiaries, affiliates, successors, or assigns (togethe the " ***Company)***, unless specifically authorized in writing by an officer of the Company to retain certain Materials.

I further certify that I have complied with all the terms of the Company's Employee Confidential Information and Inventions Agreement signed by me, including the reporting of any Inventions (as defined therein) conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Employee Confidential Information and Inventions Agreement, I will hold in confidence and will not disclose, use, copy, publish, or summarize any Confidential Information (as defined in the Employee Confidential Information and Inventions Agreement) of the Company or of any of its customers, vendors, consultants, and other parties with which it does business.

Date:

Employee's Signature

Type/Print Employee's Name

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EXHIBIT E ARBITRATION AGREEMENT

ARBITRATION AGREEMENT

VistaGen Therapeutics, Inc. (the "Company") and A. Franklin Rice ("Employee") hereby agree that, to the fullest extent permitted by law, any and all claims or controversies between them (or between Employee and any present or former officer, director, agent, or employee of the Company or any parent, subsidiary, or other entity affiliated with the Company) relating in any manner to the employment or the termination of employment of Employee shall be resolved by final and binding arbitration. Except as specifically provided herein, any arbitration proceeding shall be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("the AAA Rules").

Claims subject to arbitration shall include, without limitation: contract claims, tort claims, claim relating to compensation and stock options, as well as claims based on any federal, state, or loce law, statute, or regulation, including but not limited to any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the California Fair Employment and Housing Act. However, claims for unemployment benefits, workers' compensation claims, and claims under the National Labor Relations Act shall not be subject to arbitration.

A neutral and impartial arbitrator shall be chosen by mutual agreement of the parties; however, the parties are unable to agree upon an arbitrator within a reasonable period of time, then a neutral and impartial arbitrator shall be appointed in accordance with the arbitra and selection procedure set forth in the AAA Rules. The arbitrator shall prepar decision containing the essential findings and conclusions on which the award i ensure meaningful judicial review of the decision. The arbitrator shall apply th substantive law, with the same statutes of limitations and same remedies that w claims were brought in a court of law. The arbitrator shall have the authority to to dismiss and/or summary judgment by either party, and the arbitrator shall apj governing such motions under the California Code of Civil Procedure.

Either the Company or Employee may bring an action in court to compel arbitr Agreement and to enforce an arbitration award. Otherwise, neither party shall initiate or prosecute any lawsuit or claim in any way related to any arbitrable claim, including without limitation any claim as to the making, existence, validity, or enforceability of the agreement to arbitrate. Nothing in this Agreement, however, precludes a party from filing an administrative charge before an agency that has jurisdiction over an arbitrable claim. Moreover, nothing in this Agreement prohibits either party from seeking provisional relief pursuant to Section 1281.8 of the California Code of Civil Procedure.

All arbitration hearings under this Agreement shall be conducted in San Mateo County, California, unless otherwise agreed by the parties. The arbitration provisions of this Arbitration Agreement shall be governed by the California Arbitration Act. In all respects, this Arbitration Agreement shall be construed in accordance with the laws of the State of California, without reference to conflicts of law principles.

Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement,

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

THE PARTIES ALSO UNDERSTAND AND AGREE THAT THIS AGREEMENT CONSTITUTES A WAIVER OF THEIR RIGHT TO A TRIAL BY JURY OF ANY CLAIMS OR CONTROVERSIES COVERED BY THIS AGREEMENT. THE PARTIES AGREE THAT NONE OF THOSE CLAIMS OR CONTROVERSIES SHALL BE RESOLVED BY A JURY TRIAL.

THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS AREEMENT WITH THEIR LEGAL COUNSEL AND HAVE AVAILED THEMSELVES OF THAT OPPORTUNITY TO THE EXTENT THEY WISH TO DO SO.

THE COMPANY	EMPLOYEE
Shawn K. Singh, J.D., CEO	A. Franklin Rice
Date	Date

Signature Page to Arbitration Agreement

Each party shall pay its own costs and attorney's fees, unless a party prevails on a statutory claim, and the statute provides that the prevailing party is entitled to payment of its attorneys' fees. In that case, the arbitrator may award reasonable attorneys' fees and costs to the prevailing party as provided by law. The Company agrees to pay the costs and fees of the arbitrator.

This Agreement does not alter Employee's at-will employment status. Accordingly, Employee understands that the Company may terminate Employee's employment, as well as discipline or demote Employee, at any time, with or without prior notice, and with or without cause. The parties also understand that Employee is free to leave the Company at any time and for any reason, with or without cause and with or without advance notice.

If any provision of this Agreement shall be held by a court or the arbitrator to be invalid, unenforceable, or void, such provision shall be enforced to the fullest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect. The parties' obligations under this Agreement shall survive the termination of Employee's employment with the Company and the expiration of this Agreement.

The Company and Employee understand and agree that this Arbitration Agreement contains a full and complete statement of any agreements and understandings regarding resolution of disputes between the parties, and the parties agree that this Arbitration Agreement supersedes all previous agreements, whether written or oral, express or implied, relating to the subjects covered in this agreement. The parties also agree that the terms of this Arbitration Agreement cannot be revoked or modified except in a written document signed by both Employee and an officer of the Company.

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THE COMPANY	EMPLOYEE
Shawn ***K.*** Singh, ***J.D., CEO***	A. Franklin Rice
Date	Date

Amendment
to
Amended and Restated Executive Employment Agreement

This Amendment to Amended and Restated Executive Employment Agreement (the "Amendment") is made and entered into as of May 9, 2011 and serves as a limited modification of Section II.A. of the Amended and Restated Executive Employment Agreement (the "Agreement") entered into on April 28, 2010 by and between VistaGen Therapeutics, Inc. (the "Company") and A. Franklin Rice (the "Employee").

Section II.A of the Agreement originally read:

> **Base Salary.** In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Two Hundred Sixty Thousand Dollars ($260,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of the Company's initial public offering of equity securities in either Canada or the United States, whichever shall occur first (the "IPO Closing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2010** pursuant to this Agreement exceeds the salary actually received by the Executive since**January 1, 2010**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

Section II.A of the Agreement shall now be amended to read:

> **Base Salary.** In consideration of the services to be rendered under this Agreement, beginning January 1, 2010, the Company shall pay Executive a salary at the rate of Two Hundred Sixty Thousand Dollars ($260,000) per year ("Base Salary"). The Base Salary shall be paid in accordance with the Company's regularly established payroll practice. The first pay check delivered to Executive following the closing of a private equity financing resulting in gross proceeds to the Company totaling at least three million dollars ($3,000,000), including consideration paid by cancellation of indebtedness (other than cancellation of indebtedness of any convertible promissory notes that are convertible into equity securities of the Company by their terms) (the "Closing of the Qualified Financing") shall be grossed up to cover the amount by which Executive's pro-rated Base Salary since **January 1, 2011** pursuant to this Agreement exceeds the salary actually received by the Executive since **January 1, 2011**. Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated employees and may be adjusted in the sole discretion of the Company.

Section II.C of the Agreement originally read:

Forgiveness of Note; Gross-Up Bonus. Upon the IPO Closing, all principal and accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated March 12, 2007, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the IPO Closing. The Gross-Up Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

Section II.C of the Agreement shall now be amended to read:

Forgiveness of Note; Gross-Up Bonus. Upon the Closing of a Qualified Financing, all principal and accrued interest owed by Executive pursuant to that certain Full Recourse Promissory Note, dated March 12, 2007, a copy of which is attached hereto as Exhibit B (the "Note"), shall be forgiven and cancelled by the Company. In addition, Executive shall receive a gross-up cash bonus in an amount equal to Executive's entire federal and state income tax liability incurred as a result of the Company's forgiveness and cancellation of the Note (the "Gross-Up Bonus") and payment of the Gross-Up Bonus. The Gross-Up Bonus shall be paid at such time as the aggregate tax liability is determined by mutual agreement between the Company and Executive, but no later than 12 months from the Closing of a Qualified Financing. The Gross-Up Bonus shall not be regarded as an Incentive Bonus (as defined in Section II.D of this Agreement).

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement as of the date first set forth above.

VISTAGEN THERAPEUTICS, INC.

By:
Shawn K. Singh, CEO

A. Franklin Rice

Exhibit 10.43

AGREEMENT REGARDING SALE OF SHARES OF COMMON STOCK

Stephanie Y. Jones does hereby agree to sell 4,982403 shares of the common stock of Excaliber Enterprises, Ltd. (the "Company") to the Company for $10, which amount the Company agrees to pay on or before December 31,2011. If the Company fails to make such payment by December 31, 2011, then the only recourse of Ms. Jones will be to enforce collection.

Agreed to and accepted as of May 9,2011.

Stephanie Jones

Exhibit 10.44

AGREEMENT REGARDING SALE OF SHARES OF COMMON STOCK

Nicole Jones does hereby agree to sell 82,104 shares of the common stock of ExcaUber Enterprises, Ltd. (the "Company") to the Company for $10, which amount the Company agrees to pay on or before December 31,2011 „" If the Company fails to make such payment by December 31, 2011, then the only recourse of Ms. Jones will be to enforce collection.

Agreed to and accepted as of May 9, 2011.

Nicole Jones

Exhibit 10.45

JOINDER AGREEMENT

This **JOINDER AGREEMENT** ("Joinder Agreement") is executed and delivered as of May 11, 2011, by **EXCALIBUR ENTERPRISES, LTD.,** a Nevada corporation (the "Joining Party"), and delivered to **PLATINUM LONG TERM GROWTH VII, LLC,** a Delaware limited liability company (the "Lender"), as lender under that certain Letter Loan Agreement dated June 19, 2007 by and between **VISTAGEN THERAPEUTICS, INC.,** a California corporation (the "Borrower"), and the Lender (as amended, restated, supplemented or otherwise modified, the "Loan Agreement"). Capitalized terms used herein but not defined herein shall have the meanings assigned to such terms in the Loan Agreement.

RECITALS

WHEREAS, the Borrower has requested the Lender's consent to certain transactions, including consummation of a merger with a wholly-owned subsidiary of the Joining Party, pursuant to which the shares of common stock of the Borrower will be exchanged for shares of the Joining Party, and the Borrower will become a wholly-owned subsidiary of the Joining Party (the "Merger");

WHEREAS, it is a condition precedent to such consent that the Joining Party become jointly and severally liable to the Lender for all obligations and indebtedness of the Borrower to the Lender under that certain Amended and Restated Senior Convertible Promissory Bridge Note (the "Note") from the Borrower to the Lender issued on or about May 5, 2011 in the original principal amount of Four Million Dollars ($4,000,000); and

WHEREAS, to induce the Lender to consent to the Merger, the Joining Party is willing to become jointly and severally liable to the Lender with respect to the obligations of the Borrower to the Lender.

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

AGREEMENT

1. JOINDER. By this Joinder Agreement, the Joining Party hereby assumes, on a joint and several basis, all obligations and indebtedness of the Borrower to the Lender now existing or hereafter arising under the Loan Agreement, the Note and the common stock purchase warrants issued to the Lender by the Borrower (collectively, the "Transaction Documents"). Upon request by the Lender, the Joining Party shall promptly endorse the Note to confirm such obligation. This Joinder Agreement shall not release any party from any obligations to be performed by such party under and pursuant to any Transaction Document.

2. FURTHER ASSURANCES. The Joining Party agrees to execute and deliver such other instruments and documents and take such other actions, as the Lender may reasonably request, in connection with the transactions contemplated by this Joinder Agreement.

3. GOVERNING LAW. THIS JOINDER AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

JOINING PARTY:

EXCALIBUR ENTERPRISES, LTD.

By: /s/Stephanie Y. Jones
Name: Stephanie Y. Jones Title: Duly authorized agent

ACKNOWLEDGED AND AGREED: BORROWER:
VISTAGEN THERAPEUTICS, INC.

By: /s/Shawn K. Singh
Name: Shawn K. Singh Title: Duly authorized agent

LENDER:

PLATINUM LONG TERM GROWTH VII, LLC

By: /s/Joan Janczewski
Name: Joan Janczewski Title: Duly Authorized Agent

Exhibit 16.1

Weaver & Martin, LLC

May 13, 2011

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Excaliber Enterprises, Ltd. (copy attached), which we understand will be filed with the Securities and Exchange Commission, pursuant to Item 4.01 of Form 8-K, as part of the Form 8-K of Excaliber Enterprises, Ltd. to be filed May 16, 2011. We agree with the statements concerning our Firm in such Form 8-K.

Very truly yours,

/s/ Weaver & Martin LLC
Weaver & Martin, LLC

Exhibit 21.1

List of Subsidiaries

- VistaGen Therapeutics, Inc.
- VistaStem Canada, Inc.
- Artemis Neuroscience, Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Current Report on Form 8-K of Excaliber Enterprises, Ltd. of our report dated May 16, 2011 relating to the consolidated financial statements of VistaGen Therapeutics, Inc. (a development stage company) (which report expresses an unqualified opinion and includes a matter of emphasis paragraph relating to the Company's ability to continue as a going concern).

/s/ ODENBERG, ULLAKKO, MURANISHI & CO. LLP

San Francisco, California
May 16, 2011

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS

WHEREAS, EXCALIBER ENTERPRISES, LTD., a Nevada corporation (the "*Company*"), proposes shortly to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934 as amended, a Form 8-K announcing the Merger Agreement by and among the Company, Excaliber Merger Subsidiary, Inc., a California corporation and a wholly-owned subsidiary of the Company, and VistaGen Therapeutics, Inc., a California corporation.

WHEREAS, each of the undersigned is a Director of the Company.

NOW, THEREFORE, each of the undersigned hereby constitutes and appoints Shawn K. Singh and A. Franklin Rice and each of them, as true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, in any and all capacities, to sign said Form 8-K, and any and all amendments thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand effective as of this 16th day of May, 2011.

Jon S. Saxe Director	Shawn K. Singh Director
Stephanie Y. Jones Director	Matthew L. Jones Director