

**UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A**

Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2009.

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-1357459

**NEURALSTEM, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

State or other jurisdiction of  
incorporation or organization

**52-2007292**

(I.R.S. Employer  
Identification No.)

**9700 Great Seneca Highway  
Rockville, MD**

(Address of principal executive offices)

**20850**

(Zip Code)

Registrant's telephone number, including area code **(301)-366-4841**

Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Name of each exchange on which registered**

Common stock, \$0.01 par value

NYSE Amex

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting  
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter based upon the closing price of the common stock as reported by NYSE Amex on such date, was approximately \$33,827,962.

The number of shares outstanding of Registrant's common stock, \$0.01 par value at March 25, 2010 was 42,820,875.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

None.

#### **EXPLANATORY NOTE**

We are filing this Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed with the Securities and Exchange Commission ("SEC") on March 31, 2010 (the "Original 10-K"), solely for the purpose of filing an employment agreement mistakenly omitted from our prior filings. The agreement is being filed as Exhibit 10.05.

Except as described above, this Amendment No. 1 does not amend any other information set forth in the Original 10-K, and the Company has not updated disclosures included therein to reflect any events that occurred subsequent to the period covered by the Original 10-K.

Accordingly, this Amendment No. 1 should be read in conjunction with the Original 10-K and the Company's filings made with the SEC subsequent to the filing of the Original 10-K.

---

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### NEURALSTEM, INC.

Date: October 5, 2010

By: /s/ I Richard Garr

Name: I Richard Garr

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the following capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>I. Richard Garr</u> I. Richard Garr	President, Chief Executive Officer, General Counsel and Director (Principal executive officer)	October 5, 2010
<u>John Conron</u> John Conron	Chief Financial Officer (Principal financial and accounting officer)	October 5, 2010
<u>Karl Johe</u> Karl Johe	Chairman of the Board and Director	October 5, 2010
<u>William Oldaker</u> William Oldaker	Director	October 5, 2010
<u>Scott Ogilvie</u> Scott Ogilvie	Director	October 5, 2010

---

## INDEX TO EXHIBITS

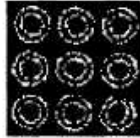
Exhibit No.	Description	Filed Herewith	Incorporated by Reference			
			Form	Exhibit No.	File No.	Filing Date
3.01(i)	Amended and Restated Certificate of Incorporation of Neuralstem, Inc. filed on 9/29/05		10-K	3.01(i)	001-33672	3/31/09
3.02(i)	Certificate of Amendment to Certificate of Incorporation of Neuralstem, Inc. filed on 5/29/08		DEF 14A	Appendix I	001-33672	4/24/08
3.03(ii)	Amended and Restated Bylaws of Neuralstem, Inc. adopted on July 16, 2007		10-QSB	3.2(i)	333-132923	8/14/07
4.01**	Amended and Restated 2005 Stock Plan adopted on June 28, 2007		10-QSB	4.2(i)	333-132923	8/14/07
4.02**	Non-qualified Stock Option Agreement between Neuralstem, Inc. and Richard Garr dated July 28, 2005		SB-2	4.4	333-132923	6/21/06
4.03**	Non-qualified Stock Option Agreement between Neuralstem, Inc. and Karl Johe dated July 28, 2005		SB-2	4.5	333-132923	6/21/06
4.04	Private Placement Memorandum for March 2006 offering		SB-2	4.12	333-132923	6/21/06
4.05	Form of Placement Agent Warrant issued in connection with the March 2006 offering		SB-2	4.13	333-132923	6/21/06
4.06	Form of Series A Warrant (\$1.50) issued in connection with the March 2006 offering		SB-2	4.14	333-132923	6/21/06
4.07	Form of Series B Warrant (\$2.00) issued in connection with the March 2006 offering		SB-2	4.15	333-132923	6/21/06
4.08	Form of Subscription Agreement for March 2006 offering		SB-2	4.16	333-132923	7/26/06
4.09	Form of Securities Purchase Agreement dated March 15, 2007		8-K	4.1	333-132923	3/16/07
4.10	Form of Common Stock Purchase Warrant dated March 15, 2007 (Series C)		8-K	4.2	333-132923	3/16/07
4.11	Form of Registration Rights Agreement dated March 15, 2007		8-K	4.3	333-132923	3/16/07
4.12**	Neuralstem, Inc. 2007 Stock Plan		10-QSB	4.21	333-132923	8/14/07

Exhibit No.	Description	Filed Herewith	Incorporated by Reference			
			Form	Exhibit No.	File No.	Filing Date
4.13	Form of Common Stock Purchase Warrant Issued to Karl Johe on June 5, 2007		10-KSB	4.22	001-33672	3/27/08
4.14	Form of Registration Rights Agreement entered into on February 19, 2008 between the Company and CJ CheilJedang Corporation		8-K	10.20	001-33672	2/25/08
4.15	Form of Placement Agent Warrant Issued to Midtown Partners & Company on December 18, 2008		8-K	4.1	001-33672	12/18/08
4.16	Form of Consultant Common Stock Purchase Warrant issued on January 5, 2009		S-3/A	10.1	333-157079	02/3/09
4.17	Form of Series D, E and F Warrants		8-K	4.01	001-33672	7/1/09
4.18	Form of Placement Agent Warrant		8-K	4.02	001-33672	7/1/09
4.19	Form of December 29, 2009 Securities Purchase Agreement		10-K	4.19	001-33672	3/31/10
4.20	Form of Consultant Warrant Issued January 8, 2010		10-K	4.20	001-33672	3/31/10
4.21	Form of Replacement Warrant Issued January 29, 2010		10-K	4.21	001-33672	3/31/10
4.22	Form of Replacement Warrant Issued March of 2010		10-K	4.22	001-33672	3/31/10
4.23	Form of employee and consultant option grant		10-K	4.23	001-33672	3/31/10
10.01**	Employment Agreement with I. Richard Garr dated January 1, 2007 and amended as of November 1, 2005		SB-2	10.1	333-132923	6/21/06
10.02**	Amended terms to the Employment Agreement of I Richard Garr dated January 1, 2008		10-K	10.02	001-33672	3/31/09
10.03**	Employment Agreement with Karl Johe dated January 1, 2007 and amended as of November 1, 2005		SB-2	10.1	333-132923	6/21/06
10.04**	Amended terms to the Employment Agreement of Karl Johe dated January 1, 2009		10-K	10.04	001-33672	3/31/09
10.05	Employment Agreement with Thomas Hazel, Ph.D. dated August 11, 2008	*				
14.01	Neuralstem Code of Ethics		SB-2	14.1	333-132923	6/21/06

Exhibit No.	Description	Filed Herewith	Incorporated by Reference			
			Form	Exhibit No.	File No.	Filing Date
14.02	Neuralstem Financial Code of Profession Conduct adopted on May 16, 2007		8-K	14.2	333-132923	6/6/07
23.01	Consent of Stegman & Company		10-K	23	001-33672	3/31/09
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*				
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*				
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. § 1350	*				
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. § 1350	*				

*\*\*Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.*

---



# NEURALSTEM INC.

## EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") dated as of August 11, 2008, between NEURALSTEM INC., (the "Company"), with offices at 9700 Great Seneca Highway Rockville, Md.20850 and THOMAS HAZEL, Ph.D. (the "Executive"),

### WITNES SETH

WHEREAS, the Company desires to retain the services of the Executive and the Executive desires to work with and for the Company on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Employment and Duties.(a) The Company hereby agrees to employ the Executive and the Executive hereby agrees to accept such employment as an Executive of the Company as a Senior Vice President, Research. In that capacity, the Executive shall perform such duties as shall be normally incident to the position and as shall, from time to time, be assigned to him by the President and/or Chief Scientist of the Company.
  2. Term. The term of this Agreement shall be for a period of four years commencing on August 11, 2008.
  3. Compensation. (a) So long as the Executive is employed hereunder, the Company shall pay to the Executive as compensation for his services, and the Executive agrees to accept therefore a salary of \$180,000 per annum, or such higher sum as the Company may award to the Executive.
  4. Expenses and Executive Benefits.(a) The Executive shall be reimbursed for all of his reasonable travel, telephone, entertainment and other verifiable business expenses incurred in the course of performing his duties hereunder on behalf of the Company. These business expenses shall be paid in full on a monthly basis provided the Executive submits to the Company documentation of such expenses in such manner as requested by the Company from time to time in order to substantiate the deductions as business expenses under the Internal Revenue Code.
-

(b) The Executive shall be entitled to 3 weeks of vacation time and 10 legal holidays each year; and Company paid medical insurance coverage under the then current standard policy of the Company.

(c) The Executive shall participate in any pension or profit sharing plan, stock purchase plan, or other benefit plan maintained by the Company for Senior Scientist level Executives, in accordance with the terms and conditions thereof.

5. Termination. (a) The Company may terminate the Executive's employment hereunder for cause as herewith defined ("cause") at any time. Cause shall be either the good faith determination that the Executive's repeated and demonstrable neglect, refusal or failure in a material manner to faithfully and diligently perform the material duties required of the Executive (as defined in paragraph I of this Agreement) in a competent manner and failure of the Executive to substantially remedy such failure within 30 days of receiving written notice of such failure from the Company or the Executive's dishonesty or fraud with respect to the Company, conviction of a crime constituting a felony in the State of Maryland, gross insubordination or breach of a material term of this Agreement.

(b) Any termination by the Company or the Executive shall be communicated by written notice to the other party. With respect to any termination by the Company for cause, the Notice of Termination shall set forth in reasonable detail the nature of the Cause and the facts and circumstances claimed to provide a basis for such termination and shall be communicated to the Executive in writing.

(c) In the Event the Executive is terminated by the Company except for cause a) the Executive will be compensated solely with the immediate vesting of all the stock options awarded to the Executive. And b) paragraph 6(a) of this Agreement is null and void.

6. Covenant not to Compete; Trade Secrets. (a) The Executive acknowledges that his employment by the Company may bring him into contact with confidential information, including inventions, processes, business plans, and business affairs, of the Company with which he would otherwise have no contact or knowledge. The Executive therefore covenants and agrees with the Company that, during the term of his employment by the Company and for a period of one (1) year following the termination of this Agreement, he shall not, directly or indirectly, by himself, as an owner, agent, Employee or otherwise, actively engage in a business that is directly competitive with that of the Company at the date of the termination of this Agreement. The Executive further covenants and agrees with the Company that for a period of one (1) year following termination of the Executive's employment hereunder for purposes of actively competing directly with the business of the Company, he shall not, directly or indirectly, solicit persons, firms or other entities who are or have been customers of the Company within the one (1) year period immediately preceding termination of the Executive's employment hereunder; associate, directly or indirectly, in a business relationship with any person who is or was an Executive of the Company at any time during the term of this Agreement for the purpose of actively competing directly with the business of the Company.; or, send announcements or advertisements to persons, firms or other entities

---



who are or have been customers of the Company within the one (1) year period immediately preceding termination of the Executive's employment hereunder for the purpose of actively competing directly with the business of the Company; except where provided for by written agreement between the Executive and the Company.

(b) The Executive further covenants and agrees with the Company that he shall at all times during and for three (3) years after the term of this Agreement:

(i) keep secret all confidential matters of the Company and its agents, affiliates and subsidiaries which are not otherwise known or readily available to members of the public generally including, but not limited to, the business plans and financial results, formulae and techniques for the preparation of the products or services, inventions, methods of distribution of the products or services, prices for products and services, customer and supplier lists and trade secrets, but excepting information of the kind disclosed in the ordinary course of business, information in the public domain, or information obtained from a third party, having the right to disclose same information (all such confidential matters are referred to hereinafter as the "Confidential Matters") and not disclose the Confidential Matters to anyone outside of the Company except with the Company's prior written consent or in the course of the Executive's performing his duties under this Agreement, or pursuant to the requirements of applicable law; pursuant to the course of this Agreement; and

(iii) deliver promptly to the Company on termination of this Agreement all memoranda, records, reports and other documents (and all copies thereof) containing the Confidential Matters which the Executive may then possess or have under his control, except one copy which Executive may retain as a record.

(c) Assignment of Patent rights Executive hereby irrevocable assigns to the Company any and all rights which the Executive might have in any and all Patents and/or letters Patent issued with respect to any invention or improvement conceived or reduced to practice by Executive as a result of Executive's work for the Company. Executive agrees to execute all instruments and to perform all acts which may be necessary to carry any such assignment into full effect.

7. Executive's Warranties. The Executive warrants that he has full power and authority to enter into this Agreement and that such act, and the performance of his obligations hereunder, shall not conflict with any other agreement or undertakings to which he is a party or to which he is bound, or give rise to any claim or proceeding against the Company, and that he shall fully indemnify the Company and hold it harmless from and against any and all such claims, charges, expenses or liabilities, including reasonable attorney's fees, incurred by the Company in connection therewith.

8. Return of Materials. It is agreed that all samples, product manuals, sales material, telephone and computer equipment and other assets of the Company furnished to the Executive by the Company, including software, shall be and remain the Company's sole and exclusive property. Written material shall not be copied or reproduced in any form, either in whole or in part, without the Company's prior express written consent. All such samples, manuals, material, telephone and computer equipment, software and other assets shall be returned to the Company promptly upon termination of Executive's employment hereunder.

---

9. Notices. Any offers, notices or acceptances required by this Agreement to be given shall be in writing and shall be sent by Federal Express or other similar overnight delivery service, by hand delivery, or by postage prepaid registered or certified mail, return receipt requested, to the addressee at the address provided above in this Agreement, or if notice of a different address has been given, then to such different address. All such offers, notices or acceptances shall be deemed given when so sent or hand delivered with a signed receipt.

10. Miscellaneous.(a) This Agreement contains the entire agreement of the parties and supersedes any prior agreement or understanding between the parties with respect to its subject matter. No provision of this Agreement may be amended, modified, terminated or revoked except by a writing signed by the party to be bound thereby.

(b) No waiver of any breach of default hereunder shall be considered valid unless in writing, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

(c) This Agreement and all of the provisions hereof shall be binding upon and the benefits shall inure to the parties hereto and their representatives, successors and permitted assigns. The Executive may not assign his rights or delegate his duties hereunder without the express prior written consent of the Company.

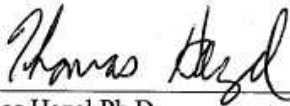
(d) This Agreement shall be governed by and construed in accordance with the laws of the state of Maryland.

(e) The invalidity or unenforceability of any portion of this Agreement shall not affect any of the remaining portions of this Agreement, all of which are declared to be severable. The captions and headings contained in this Agreement are for convenience only and shall not be construed as part of this Agreement.

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



I. Richard Garr President & CEO Neuralstem, Inc.



Thomas Hazel Ph.D.

**Exhibit 31.1**

**Certification of Chief Executive Officer  
under Section 302 of the Sarbanes-Oxley Act**

I, I. Richard Garr, certify that:

- (1) I have reviewed this annual report on Form 10-K/A of Neuralstem, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 4, 2010

/s/ I. Richard Garr

\_\_\_\_\_  
I. Richard Garr  
Chief Executive Officer

---

**Exhibit 31.2**

**Certification of Chief Financial Officer  
under Section 302 of the Sarbanes-Oxley Act**

I, John Conron, certify that:

- (1) I have reviewed this annual report on Form 10-K/A of Neuralstem, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 4, 2010

/s/ John Conron

\_\_\_\_\_  
John Conron  
Chief Financial Officer  
(Principal Accounting Officer)

---

**Exhibit 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Neuralstem, Inc. (the "Company") Annual Report on Form 10-K/A for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, I. Richard Garr, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 4, 2010

/s/ I. Richard Garr

\_\_\_\_\_  
I. Richard Garr  
Chief Executive Officer

---

**Exhibit 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Neuralstem, Inc. (the "Company") Annual Report on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Conron, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 4, 2010

/s/ John Conron

---

John Conron  
Chief Financial Officer  
(Principal Accounting Officer)

---

# Neuralstem, Inc.

---

October 5, 2010

Staci Shannon  
Staff Accountant  
United States Securities and Exchange Commission  
Washington, DC 20549

Telephone Number: (202) 551-3374

**RE: Neuralstem, Inc.  
Form 10-K for the Fiscal Year Ended December 31, 2009  
Form 10-Q for the Quarterly Period Ended June 30, 2010  
File No. 001-33672**

Dear Ms. Shannon:

We are submitting this letter in response to your comments of September 17, 2010, with regard to the above referenced filings of Neuralstem, Inc. ("Company"). This response will follow the lineal order of your letter and each specific area addressed, utilizing the text of your letter as the primary guide:

**Form 10-K for the Fiscal Year Ended December 31,2009**

**Item 8. Financial Statements and Supplementary Data**  
**Notes to Financial Statements, page 36**

1. You disclose on page 7 that you conduct research and development through research collaborations. On the same page, you also disclose a number of projects for which you may be required to pay for certain costs and expenses incurred in connection with the research. Please provide us proposed revised disclosure to be included in future filings that includes the significant terms of your research and development agreements and any other material agreements within your notes to the financial statements, including the following:
  - Payments made or future obligations under the arrangements, including a summary of events triggering your obligation and the accounting treatment;
  - Length of the agreements; and
  - Termination provisions of the agreements.

Where uncertainties prevent making a reasonable estimate of the future obligations, explain those uncertainties.

**Response:** We currently undertake sponsored research collaborations with a number of private and public entities. Although the existence of these collaborations and the general terms under which we conduct them are material to an understanding of our general business and ownership of intellectual property, the underlying economics of these relationships are typically not material to our financial performance. Generally each party is either responsible for its own expense or a budget is mutually agreed to, there are no royalty payment requirements and the studies can be terminated by either party by providing 90 days written notice. Historically, these expenses have totaled between \$50,000 and \$100,000 over the life of the agreements and do not include any termination payments.

---

## Neuralstem, Inc.

---

To that extent that we enter into any financially material collaborations or agreements in the future, we will include the following disclosure:

*“On [\_\_\_\_], we entered into a [ type of agreement] with [name of party] for the purpose of [ purpose of agreement]. The term of the agreement is for a period of [time of agreement] over which time we anticipate expending [ \_\_\_\_ in cash in connection therewith] or [at this time we are not able to reasonably estimate our future obligations under this agreement but anticipate payments of between \_\_\_\_ and \_\_\_\_]. Payments under the agreement will be made [ terms under which payments are to be made]. The agreement may be terminated [ Description of termination provisions and any payments required upon early termination].”*

**Note 2.**                    **Stockholders' (Delicit) Equity**  
**Stock Warrants, page 40**

2. Please tell us why you believe the fair value you have assigned to the liability classified warrants complies with GAAP given that a Black-Scholes option pricing model is not designed to attribute fair value to the price protection features of your warrants. Binomial or lattice models are better suited to handle this feature.

**Response:** In certain instances, Binomial pricing models may be more effective in valuing “price protection” features in warrants than the Black-Scholes pricing model. However, do to the characteristics of our warrants (as discussed below) both methods result in relatively the same valuation with the difference being immaterial. Accordingly, to maintain consistency across all of our derivative instruments, we have elected to use the Black Scholes pricing model.

Neuralstem has warrants outstanding that have been classified as “derivatives” for accounting purposes. As a result, we value these warrants quarterly and report them as a liability with the change in fair value reported in our statements of operations. The calculation was done using the Black-Scholes option pricing model.

---



## Neuralstem, Inc.

---

Hoadley Trading and Investment Tools software was used to calculate the estimated fair value of the warrants under both the Black Scholes and Binomial warrant valuation models which resulted in the following valuations:

- For 12/31/2009
  - o Using the Black-Scholes Formula: \$6,462,039
  - o Using the Binomial Formula: \$6,434,964
  - o Difference \$27,075
    - o Percentage of net loss 0.26%
- For 6/30/2010
  - o Using the Black-Scholes Formula: \$2,179,820
  - o Using the Binomial Formula: \$2,189,665
  - o Difference \$9,845
  - o Percentage of net loss – six months 0.008%

Key assumptions for Binomial Warrant valuation:

	<u>31-Dec-09</u>	<u>30-Jun-10</u>
Expected life (days)	219 to 720	121
Interest rate	.2% to 1.14%	0.18%
Expected volatility	62% to 98%	61%
Strike Price	\$1.10 to \$1.25	\$1.25
Underlying Asset Price	\$1.79	\$2.50
Number of binomial tree steps	15	10
Total warrants	8,227,257	1,742,393

Under certain circumstances, a warrant with a price protection feature would be significantly more valuable than a warrant without such price protection. This is not the case with Neuralstem's warrants at the dates being reported in the Company's financial statements because:

- The "price protection" feature of these warrants is only triggered when the Company issues common stock or common stock equivalents at a price below the current exercise price of the warrants.
-

## Neuralstem, Inc.

---

- Neuralstem's common shares (AMEX:CUR) closed at \$1.79 on December 31, 2009, at \$2.05 on March 31, 2010 and \$2.50 on June 30, 2010. The common shares closed at \$2.52 on September 30, 2010 the date of this response.
- The exercise price of the warrants is \$1.25 or less.
- The warrants are near expiration. The last remaining warrant expires in February 2011.
- The wide difference between the market price of the Company's common stock and exercise price of the warrants leaves the holder with little opportunity to benefit from the price protection feature,
- The short remaining life of the warrants results in a low volatility rate which drives the option value towards the difference spot and strike price, and
- 70% of the warrants were exercised in January and February 2010.

### **Item 11. Executive Compensation**

#### **Employment Agreements and Arrangements and Change-In-Control Arrangements, page 53**

3. You describe the employment agreements between the company and CFO John Conron as well as Senior Vice President Thomas Hazel, but do not file these agreements as exhibits to your filing. Please amend your Form 10-K for the fiscal year ended December 31, 2009 to file these employment agreements as exhibits.

**Response:** Mr. Conron's employment agreement terminated on April 1, 2008 pursuant to its terms. Accordingly, Mr. Conron is currently an at-will employee. We will update future filings with regard to this information. With regard to Dr. Hazel, we have amended our annual report to include his agreement as an exhibit.

We hereby acknowledge that:

- should the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, such action will not foreclose the Commission from taking any action with respect to the filing;
  - the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, will not relieve the Issuer from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and
-

## Neuralstem, Inc.

---

- The Issuer may not assert staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

Very truly yours,

*/s/ I. Richard Garr*

---

I. Richard Garr  
Chief Executive Officer

---