
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): August 9, 2018 (August 4, 2018)

Neuralstem, Inc.
(Exact name of registrant as specified in Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33672
(Commission File No.)

52-2007292
(IRS Employee Identification No.)

20271 Goldenrod Lane, 2nd Floor, Germantown, Maryland 20876
(Address of Principal Executive Offices)

(301) 366-4960
(Issuer Telephone number)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Jim Scully as Interim Chief Executive Officer and Principal Accounting Officer.

On August 6, 2018, the Company announced that Jim Scully has been appointed Chief Executive Officer and Principal Accounting Officer of Neuralstem, Inc. (the “Company”), on an interim basis, effective August 1, 2018 (“Effective Date”).

Mr. Scully, age 56, has over 20 years of pharmaceutical industry experience focusing on commercial, clinical development, and manufacturing operations. From 2017 to 2018, Mr. Scully served as Partnership Valuation Leader for GE Healthcare Partners, a leading provider of outcomes-based solutions for major health systems. Prior to that from 2015 to 2016, Mr. Scully served as Senior Director of capacity, metrics, and reporting for Astellas Pharmaceuticals, a publicly traded Japanese pharmaceutical company. From 2011 to 2015, Mr. Scully served in several capacities, most recently as the Senior Director of the clinical trials services BU for Walgreen Company. Prior to 2011, Mr. Scully served in management level roles for Takeda Pharmaceuticals, a publicly traded Japanese pharmaceutical company, and Abbott Laboratories pharmaceutical division. Mr. Scully holds a BS in Economics from the University of Pennsylvania – Wharton School of Business and an MBA from the University of Chicago – Booth School of Business.

There is no arrangement or understanding between Mr. Scully and any other person pursuant to which Mr. Scully was selected as the Company’s interim Chief Executive Officer or interim Principal Accounting Officer. Mr. Scully has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K. There are no family relationships between Mr. Scully and any of the directors or officers of the Company or any of its subsidiaries.

Employment Related Contracts

On August 4, 2018, the Company entered into a binding term sheet (“Term Sheet”) with Mr. Scully, summarized as follows:

Mr. Scully will serve as the interim Chief Executive Officer and interim Principal Accounting Officer beginning on the Effective Date. Mr. Scully will receive \$25,000 per calendar month and shall work three (3) full days per week. In the event Mr. Scully works additional days, he will receive \$2,000 per day of full time service. The term of Mr. Scully’s employment will be for six (6) months beginning on the Effective Date and ending on January 31, 2018, unless terminated earlier upon sixty (60) days prior notice (the “Term”).

Pursuant to his appointment, Mr. Scully was issued an option to purchase 250,000 shares of common stock, with a grant date of August 4, 2018, a term of five (5) years, and an exercise price of \$1.15 per share (the “Option”). The Option is fully vested on the grant date but is subject to immediate termination in the event that Mr. Scully voluntarily ceases to be a service provider of the Company prior to the end of the Term, or is terminated “for cause” prior to the end of the Term.

In the event that Mr. Scully exercises the Option during the Term, he will be required to complete the Term in full. In such event, if he does not voluntarily complete the Term or is terminated by the Company “for cause”, Mr. Scully will be required to pay liquidated damages consisting of, (i) the repayment of any gain from the sales of the shares underlying the Option or (ii) if the shares are not sold, the Company will have the right to repurchase the shares for (a) the amount of cash paid by Mr. Scully to purchase the shares or (b) \$0.01 in the event the option is exercised on a cashless basis.

The Company anticipates entering into a formal employment agreement with Mr. Scully that contains materially the same terms as the Term Sheet.

The foregoing description of the Term Sheet is a summary only, does not purport to be complete and is subject to, and qualified in its entirety by reference, to the Term Sheet, which is attached as Exhibit 10.01 hereto and is incorporated herein by reference.

Item 8.01 Other Events.

On August 6, 2018, the Company issued a press release announcing Mr. Scully’s appointment, which is attached to this report as Exhibit 99.01.

Item 9.01 Financial Statement and Exhibits.

**Exhibit
No.**

Description

10.01	Jim Scully Binding Term Sheet
99.01	Press Release dated August 6, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 9, 2018

Neuralstem, Inc.

/s/ Jim Scully
By: Jim Scully
Chief Executive Officer

INDEX OF EXHIBITS

**Exhibit
No.**

Description

10.01

Jim Scully Binding Term Sheet

99.01

Press Release dated August 6, 2018



TERM SHEET

Consultant	James Scully (“ <u>Consultant</u> ”)
Position	Interim Chief Executive Officer (“ <u>CEO</u> ”) and principal accounting officer (“ <u>PAO</u> ”) (collectively the “ <u>Position</u> ”) of Neuralstem Inc. (“ <u>Company</u> ”)
Effective Date	August 1, 2018.
Base Salary	Consultant will earn \$25,000 per calendar month (prorated for partial months of service) in accordance with the regular payroll practices of the Company (the “ <u>Base Pay</u> ”). Consultant will be required to devote his full business time, attention, skill, and best efforts to the performance of his duties for three (3) days per week. In addition to the Base Pay, Consultant will earn an additional \$2,000 for each additional day for which he devotes his full business time and attention (“ <u>Daily Retainer</u> ”). Consultant will submit a monthly invoice (“ <u>Invoice</u> ”) containing Base Pay and itemizing any applicable Daily Retainer to the chairman of the Company’s Compensation Committee (“ <u>Chairman</u> ”). The Chairman will then have 5 days to review (“ <u>Review Period</u> ”) and approve any amount of Daily Retainer contained therein or provide any objection, in writing. In the event an objection is not made within the Review Period, the Daily Retainer amount will be deemed approved. In the event any amount is disputed, the undisputed amount of the Invoice will be paid pursuant to the Company’s normal payroll practices and Consultant and Chairman will work in good faith to resolve any such dispute. Consultant will also be reimbursed for reasonable, out of pocket business expenses incurred in performing his duties in accordance with the Company’s expense reimbursement policies then in effect.
The Term/Early Termination	<p>The term shall be for six (6) months beginning August 1, 2018 and ending on January 31, 2018 (“<u>Term</u>”) unless terminated earlier, as described herein. The Company may terminate the agreement upon sixty (60) days written notice to Consultant. Provided that a Non-Termination event has not occurred, Consultant may terminate the agreement with sixty (60) days written notice.</p> <p>If a Non-Termination event has occurred, Consultant will be required to complete the Term or in the event: (i) Consultant elects to cease being a service provider prior to the end of the Term, or (ii) Consultant is Terminated by the Company for Cause after a Non-Termination event has occurred, Consultant will be required to pay Liquidated Damages, as defined below.</p>
Non-Termination/Liquidated Damages	For purposes of the agreement, the exercise of the Option during the Term will constitute a Non-Termination event. For purposes of the agreement, Liquidated Damages shall be: (i) the repayment of any gain from the sale of the shares underlying the Option, or (ii) if Consultant has not sold the shares, the Company’s ability to repurchase the shares for: (a) the amount of cash paid by Consultant to purchase the shares or (b) \$0.01 in the event Consultant exercised the Option via a cashless exercise.



NEURALSTEM INC.

Stock Option Grant	On the date hereof (“Grant Date”), the Company will issue Consultant an option to purchase 250,000 shares of common stock (“Options”). The Option has a term of five (5) years and an exercise price equal to the closing price on the Grant Date. The Option vests immediately but is subject to immediate termination in the event Consultant voluntarily ceases to be a service provider to the Company or is terminated by the Company for cause prior to the end of the Term.
For Cause	“Cause” shall mean (i) Consultant’s failure (except where due to a disability), neglect, or refusal to perform in any material respect Consultant’s duties and responsibilities, (ii) any intentional or grossly negligent act of Consultant that has, or could reasonably be expected to have, the effect of injuring the business of the Company or its subsidiaries in any material respect, (iii) Consultant’s conviction of, or plea of guilty or no contest to: (x) a felony, (y) any material violation of federal or state securities laws or (z) any other criminal charge that has, or could be reasonably expected to have, a material adverse impact on the performance of Consultant’s duties to the Company or otherwise result in material injury to the business of the Company or its subsidiaries , (iv) the commission by Consultant of an act of fraud or embezzlement against the Company or its subsidiaries; (v) any material violation by Consultant of the policies of the Company or its subsidiaries , including but not limited to those relating to sexual harassment or business conduct, and those otherwise set forth in the manuals or statements of policy of the Company or its subsidiaries, or (vi) Consultant’s breach of his employment agreement or breach of the any confidentiality agreement entered into between Consultant and the Company.

[SIGNATURE PAGE TO FOLLOW]



NEURALSTEM INC.

This is a binding term sheet that will bind both the Company and Consultant to the terms described herein. The undersigned hereby agrees to the terms of this Term Sheet in its entirety subject to the drafting of definitive documentation thereto.

James Scully

Signature: _____

Date: _____

Neuralstem, Inc.

Signature: _____

By: Sandford Smith

Its: Chairman of the Compensation Committee

Date: _____

Neuralstem Appoints Jim Scully as Interim Chief Executive Officer

William Oldaker Expands Role and is Named Chairman of the Board

GERMANTOWN, Md., Aug. 06, 2018 (GLOBE NEWSWIRE) -- Neuralstem, Inc. (Nasdaq:CUR), a biopharmaceutical company focused on the development of nervous system therapies based on its neural stem cell and small molecule compound technologies, today announced that the Board of Directors has appointed Jim Scully as interim chief executive officer. Mr. Scully will assume the role effective immediately and succeeds Mr. Rich Daly who served as president and chief executive officer of the Company since February 2016.

“Jim’s contribution in 2018 heading up business development and as strategic advisor for Neuralstem has been extremely valuable, and we are confident that his appointment will ensure continued momentum over the near-term as our dedicated search efforts continue,” said Cristina Csimma, Chair of the Nominating Committee of Neuralstem. “Jim is an experienced pharmaceutical executive with a deep understanding of commercial, clinical development and manufacturing operations and has worked with our team to advance our Company’s efforts in China and rest-of-world.”

“I am very pleased to increase my responsibilities with Neuralstem at this important time for the company, and I look forward to working closely with the management team and the Board to unlock the full potential of the Company’s promising pipeline candidates, NSI-566 and NSI-189,” said Mr. Scully. “We continue to believe that these candidates represent innovative approaches to several unmet medical needs, and we look forward to providing further updates on our progress in executing our strategic plan.”

Mr. Scully’s experience spans multiple key strategic roles in the healthcare industry. During his decade with Takeda Pharmaceuticals, a leading global pharmaceutical company, Mr. Scully assumed roles of increasing responsibility across multiple functional areas, leading efforts in financial planning, global business development, business analytics and corporate project management. Mr. Scully has also held key roles at Astellas Pharmaceuticals, Abbott Labs, GE Healthcare and Walgreens. These roles included leadership of clinical development planning, performance analytics and partnering initiatives.

The Board of Directors also appointed William Oldaker, as Chairman. Mr. Oldaker has served as a director of Neuralstem since April 2007. He is a founder and partner in the Washington, D.C. law firm, Oldaker & Willison PLLP, and is a member of the Colorado, D.C. and Iowa Bar Associations, the Bar Association for the Court of Appeals, D.C., and the Bar of the United States Supreme Court.

“I am excited to expand my role and continue to work with the Board and the management team to execute on its exciting strategy to become a leader in CNS and neural stem cell technology,” said William Oldaker.

About Neuralstem

Neuralstem is a clinical-stage biopharmaceutical company developing novel treatments for nervous system diseases of high unmet medical need. The Company has two lead development candidates:

- NSI-566 is a stem cell therapy being tested for treatment of paralysis in stroke, Amyotrophic Lateral Sclerosis (ALS) and chronic spinal cord injury (cSCI).
- NSI-189, is a small molecule in clinical development for major depressive disorder and in preclinical development for Angelman syndrome, irradiation-induced cognitive impairment, Type 1 and Type 2 diabetes, and stroke.

Neuralstem’s diversified portfolio of product candidates is based on its proprietary neural stem cell technology.

Cautionary Statement Regarding Forward Looking Information

This news release contains “forward-looking statements” made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to future, not past, events and may often be identified by words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Specific risks and uncertainties that could cause our actual results to differ materially from those expressed in our forward-looking statements include risks inherent in the development and commercialization of potential products, uncertainty of clinical trial results or regulatory approvals or clearances, need for future capital, dependence upon collaborators and

maintenance of our intellectual property rights. Actual results may differ materially from the results anticipated in these forward-looking statements. Additional information on potential factors that could affect our results and other risks and uncertainties are detailed from time to time in Neuralstem's periodic reports, including the Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission (SEC), and in other reports filed with the SEC. We do not assume any obligation to update any forward-looking statements.

Contact:

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