

Neuralstem, Inc.
Form DEF 14A
October 24, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION**

**Proxy statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant ☐
Filed by a Party other than the Registrant ☐
Check the appropriate box:

☐ Preliminary Proxy statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☒ Definitive Proxy statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

NEURALSTEM, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

Edgar Filing: Neuralstem, Inc. - Form DEF 14A

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

October 28, 2011

Dear Stockholder,

I am pleased to invite you to the 2011 Annual Meeting of Stockholders of Neuralstem, Inc. The meeting will be held at our headquarters located at 9700 Great Seneca Highway Rockville, Maryland, 20850, on Wednesday, December 7, 2011, starting at 12:00 p.m. (local time). Only stockholders of record on October 21, 2011, are entitled to notice of, and to vote, at the meeting and at any adjournment or postponement that may take place.

The accompanying notice and proxy statement includes important information about the matters to be acted on at the meeting.

Your vote is important. On behalf of the Board, I urge you to vote promptly even if you plan to attend the meeting. Voting now will not prevent you from voting in person at the meeting if you are a stockholder of record and wish to do so. At this year's Annual Meeting, the agenda includes the following items:

Election of Directors;

An advisory vote to approve executive compensation (non-binding);

An advisory vote to approve the frequency of holding future advisory votes on executive compensation every 1, 2 or 3 years (non-binding); and

Ratification of Stegman & Company as our independent registered public accounting firm.

Whether or not you plan to attend the meeting, please vote electronically via the Internet, by telephone, or, complete, sign, date and return the accompanying proxy in the enclosed postage-paid envelope.

Thank you for your ongoing support of, and continued interest in, Neuralstem, Inc. I look forward to seeing you at the 2011 Annual Shareholders meeting.

Sincerely,

/s/ I. Richard Garr

I. Richard Garr

Chief Executive Officer

**NEURALSTEM, INC.
9700 Great Seneca Highway
Rockville, Maryland, 20850
(301)-366-4841**

**Important Notice Regarding the Availability of Proxy
Materials for the
Stockholder Meeting to Be Held on December 7, 2011**

**The proxy statement and annual report to security
holders are available at
*<http://proxy.neuralstem.com>***

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Neuralstem Inc.:

The 2011 Annual Meeting of Stockholders (Annual Meeting) of Neuralstem, Inc., a Delaware corporation, (Company) will be held at our headquarters located at 9700 Great Seneca Highway Rockville, Maryland, 20850, on December 7, 2011, starting at 12:00 p.m. (local time).

The Board of Directors has fixed the close of business on October 21, 2011, as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof.

At the meeting we plan to:

1. To elect two (2) members to Class III of the Board of Directors to serve for the following three years or until their successors are elected and qualified;
2. Ratification of Stegman & Company as our independent registered public accounting firm;
3. An advisory vote to approve executive compensation (non-binding);
4. An advisory vote to approve the frequency of holding future advisory votes on executive compensation every 1, 2 or 3 years (non-binding); and

5. To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. Our Board of Directors recommends that you vote **FOR** the election of each director nominee named in this proxy statement, **FOR** the ratification of the appointment of Stegman & Company as our independent registered public accounting firm, **FOR** the approval, on an advisory basis, of the compensation of the Company's named executive officers as disclosed in the Proxy statement and **FOR** the approval, on an advisory basis, of a vote on compensation of the Company's named executive officers every three year.

We cordially invite you to attend the meeting. To ensure your representation at the meeting, please vote promptly even if you plan to attend the meeting. Voting now will not prevent you from voting in person at the meeting if you are a stockholder of record and wish to do so.

By Order of the Board of Directors
/s/ I. Richard Garr
I. Richard Garr
Chief Executive Officer
Rockville, Maryland
October 28, 2011

IMPORTANT

Whether or not you expect to attend the Annual Meeting in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly voting your shares by telephone, via the Internet, or by signing, dating, and returning the enclosed proxy card will save us the expenses and extra work of additional solicitation. Submitting your proxy now will not prevent you from voting your shares at the meeting if you desire to do so, as your proxy is revocable at your option.

**NEURALSTEM, INC.
9700 Great Seneca Highway
Rockville, Maryland, 20850
(301)-366-4841**

PROXY STATEMENT

GENERAL

We are providing this proxy statement to you as part of a solicitation by the board of directors (**Board**) of Neuralstem, Inc. for use at our 2011 Annual Meeting of Stockholders and at any adjournment or postponement that may take place.

We will hold our Annual Meeting at our headquarters, located at 9700 Great Seneca Highway Rockville, Maryland, 20850, on December 7, 2011, starting at 12:00 p.m. (local time). Only stockholders of record on October 21, 2011 (**Record Date**), are entitled to notice of and to vote at the meeting and at any adjournment or postponement that may take place.

We expect to mail this proxy statement and accompanying proxy card to stockholders beginning on or about October 28, 2011. Unless the context otherwise requires, the terms **Neuralstem**, **us**, **we**, and **our** references Neuralstem, Inc.

**QUESTIONS AND ANSWERS ABOUT THE PROXY
MATERIALS
AND THE MEETING**

***Q:* Why am I receiving these materials?**

A: Our Board is providing these proxy materials to you in connection with our 2011 Annual Meeting of Stockholders, which will take place at 12:00 p.m. (local time) on Wednesday, December 7, 2011, at our headquarters located at 9700 Great Seneca Highway Rockville, Maryland, 20850. As a stockholder, you are invited to attend the meeting and requested to vote on the items of business described in this proxy statement.

***Q:* What information is contained in these materials?**

A: The information in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of our directors and most highly paid executive officers, corporate governance, and certain other required information.

Q: What can I vote on at the meeting?

A: The items of business scheduled to be voted on at the Annual Meeting are:

The election of 2 Class III director to our Board to hold office until the annual meeting of stockholders in or until their successors are elected and qualified;

The ratification of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2011;

The approval of 2010 compensation awards to named executive officers;

The frequency of future stockholder advisory votes regarding compensation awarded to named executive officers.

We will also consider any other business that properly come before the Annual Meeting.

Q: How does the Board recommend that I vote on each of the matters?

A: Our Board recommends that you vote your shares:

FOR the director nominees.

FOR the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the 2011 fiscal year.

FOR the approval of the 2010 compensation awarded to named executive officers.

Every 3 Years for frequency of the stockholder advisory vote regarding compensation awarded to named executive officers.

Q: What shares can I vote?

A: Each share of our common stock outstanding on the Record Date is entitled to one vote on each of the items being voted on at the meeting. You can vote all shares you owned on the Record Date. These shares include (1) shares held directly in your name as the stockholder of record, and (2) shares held for you as the beneficial owner through a stockbroker, bank or other nominee. On the Record Date, we had 48,682,118 shares of common stock outstanding which are entitled to vote at our Annual Meeting. Each share of common stock is entitled to one vote. We have no other classes of stock outstanding.

Q: What does it mean if I get more than one set of proxy-related materials?

A: It means you hold shares registered in more than one account. Follow the instructions in each set of proxy-related materials to ensure that all of your shares are voted.

Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?

A: Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. There are some important distinctions between shares held of record and those beneficially owned.

Stockholder of Record

If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company., you are considered, with respect to those shares, the *stockholder of record*, and the proxy-related materials were sent directly to you by Neuralstem. As the *stockholder of record*, you have the right to grant your voting proxy directly to Neuralstem or to vote in person at the Annual Meeting. Neuralstem has enclosed herewith a proxy card for you to use. You may also vote on the internet or by telephone, as below under the heading How can I vote my shares without attending the Annual Meeting?

Beneficial Owner

If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust, or other similar organization, like the vast majority of our stockholders, you are considered the *beneficial owner* of shares held *in street name*, and the Proxy materials were forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker, bank, trustee, or nominee how to vote your shares, and you are also invited to attend the Annual Meeting.

Since a beneficial owner is not the *stockholder of record*, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from the broker, bank, trustee, or nominee that holds your shares giving you the right to vote the shares at the meeting. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the internet or by telephone, as described below under the heading How can I vote my shares without attending the Annual Meeting?

Q: How can I contact Neuralstem's transfer agent?

A: Contact our transfer agent by either writing to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue Brooklyn, NY 11219 or by telephone at 718-921-8200.

Q: How can I attend the Annual Meeting?

A: You are entitled to attend the Annual Meeting only if you were a Neuralstem stockholder as of the Record Date or you hold a valid proxy for the Annual Meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. You must present photo identification for admittance. If you are not a stockholder of record but hold shares as a beneficial owner in street name, you must also provide proof of beneficial ownership as of the Record Date, such as your most recent account statements for the periods prior to and after October 21, 2011, a copy of the voting instruction card provided by your broker, bank, trustee, or nominee, or other similar evidence of ownership. If you do not provide photo identification

or comply with the other procedures outlined above, you will not be admitted to the Annual Meeting. For security reasons, you and your bags will be subject to search prior to your admittance to the meeting. The meeting will begin promptly at 12:00 p.m. (local time). Check-in will begin at 11:30 a.m., local time, and you should allow ample time for the check-in procedures.

Q: How can I vote my shares in person at the Annual Meeting?

A: Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held beneficially in street name may be voted by you in person at the Annual Meeting only if you obtain a legal proxy from the broker, bank, trustee, or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the meeting.

Q: How can I vote my shares without attending the Annual Meeting?

A: Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by proxy. You can vote by proxy over the internet by mail or telephone pursuant to instructions provided on the proxy card. If you hold shares beneficially in street name, you may also vote by proxy over the internet by telephone or mail by following the voting instruction card provided to you by your broker, bank, trustee, or nominee.

Q: Can I change my vote or revoke my proxy?

A: Yes. You can change your vote or revoke your proxy at any time before the final vote at the meeting. You can do this by casting a later proxy through any of the available methods described in the questions and answers above. If you are a stockholder of record, you can also revoke your proxy by delivering a written notice of your revocation to our Corporate Secretary at our principal executive office at 9700 Great Seneca Highway Rockville, Maryland, 20850. If you are a beneficial owner, you can revoke your proxy by following the instructions sent to you by your broker, bank or other nominee.

Q: Is my vote confidential?

A: Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Neuralstem or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide on their proxy card written comments, which are then forwarded to Neuralstem's management.

Q: How are votes counted?

A: In the election of directors (proposal number 1), you may vote **FOR** all or either of the nominees or your vote may be **WITHHELD** with respect to one or both of the nominees.

With respect to the advisory vote on the frequency of holding future stockholder advisory votes regarding compensation awarded to named executive officers (proposal number 4), you may vote **1 YEAR**, **2 YEARS**, **3 YEARS**, or **ABSTAIN**. If you elect to **ABSTAIN**, the abstention does not count in the determination of which alternative receives the highest number of votes cast.

For the other items of business, you may vote FOR, AGAINST, or ABSTAIN. If you elect to ABSTAIN, the abstention has the same effect as a vote AGAINST.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If no instructions are indicated, the shares will be voted as recommended by the board of directors.

Q: What is the voting requirement to approve each of the proposals?

A: In the election of directors, the two persons receiving the highest number of affirmative FOR votes at the Annual Meeting will be elected.

The ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2011 requires the affirmative **FOR** vote of a majority of those shares present in person or represented by proxy and entitled to vote on them at the Annual Meeting.

In the case of the proposal to determine the frequency of future stockholder advisory votes regarding compensation awarded to named executive officers, the frequency that receives the highest number of votes cast will be deemed to be the frequency selected by stockholders.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters are referred to as non-routine matters. All of the matters scheduled to be voted on at the Annual Meeting are non-routine, except for the proposal to ratify the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2011. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained.

Abstentions are considered votes cast and thus will have the same effect as votes against each of the matters scheduled to be voted on at the Annual Meeting, except the proposal to determine the frequency of future stockholder advisory votes regarding compensation awarded to named executive officers. Abstentions will have no effect on the outcome of that proposal.

Please note that the rules regarding how brokers may vote your shares have changed. Brokers may no longer vote your shares on the election of directors or on executive compensation matters in the absence of your specific instructions as to how to vote so we encourage you to provide instructions to your broker regarding the voting of your shares.

Q: Is cumulative voting permitted for the election of directors?

A: No. You may not cumulate your votes for the election of directors.

Q: Who will count the votes?

A: We will appoint one of our officers present at the meeting to act as the inspector of elections for any votes cast at the meeting. Also, our transfer agent will separately tabulate all votes **FOR** and **AGAINST** each matter, as well as all abstentions and broker non-votes and votes made through the internet, telephone or by proxy for by shareholders of record and beneficial owners.

Q: How will voting on any other business be conducted?

A: We do not expect any matters to be presented for a vote at the meeting other than the matters described in this proxy statement. If you grant a proxy, either of the officers named as proxy holders, I. Richard Garr and John Conron, or their nominees or substitutes, will have the discretion to vote your shares on any additional matters that are properly presented for a vote at the meeting and at any adjournment or postponement that may take place. If, for any unforeseen reason, any of our nominees is not available as a candidate for director, the persons named as the proxy holder will vote your proxy for another candidate nominated by our Board.

Q: Who is paying for this proxy solicitation?

Q: What is the voting requirement to approve each of the proposals?

A: We will pay the cost of soliciting the proxies. In addition, our officers, directors and employees may solicit proxies or votes in person, by telephone or by email. These people will not be paid any additional compensation for these activities. We will send copies of proxy-related materials or additional solicitation materials to brokers, fiduciaries and custodians who will forward these materials to the beneficial owners of our shares. On request, we will reimburse brokers and other persons representing beneficial owners of shares for their reasonable expenses in forwarding these materials to beneficial owners.

4

Q: Where can I find the voting results of the Annual Meeting?

A: We will announce preliminary voting results at the Annual Meeting and publish them on the Investor Relations section of our website at www.neuralstem.com. We will also disclose voting results on a Form 8-K filed with the SEC within four business days after the Annual Meeting, which will also be available on our website.

Q: What is the deadline to propose actions for consideration at next year's Annual Meeting of Stockholders or to nominate individuals to serve as directors?

A: Stockholder Proposals: Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to Neuralstem's Corporate Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2012 Annual Meeting of Stockholders, the Corporate Secretary of Neuralstem must receive the written proposal at our principal executive offices no later than June 30, 2012; provided, however, that in the event that we hold our 2012 Annual Meeting of Stockholders more than 30 days before or after the one-year anniversary date of the 2011 Annual Meeting, the deadline is a reasonable time before we begin to print and send our proxy materials for the 2012 Annual Meeting. In addition, stockholder proposals must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (Exchange Act). Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Neuralstem, Inc.
Attn: Corporate Secretary
9700 Great Seneca Highway
Rockville, Maryland, 20850
Fax: 301-560-6634

Our bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our bylaws provide that the only business that may be conducted at an annual meeting is business that is (1) specified in the notice of a meeting given by or at the direction of our board of directors, (2) otherwise properly brought before the meeting by or at the direction of our board of directors, or (3) a proper matter for stockholder action under the Delaware General Corporate Law that has been properly brought before the meeting by a stockholder entitled to vote at the annual meeting who has delivered timely written notice to our Corporate Secretary, which notice must contain the information specified in our bylaws. To be timely for our 2012 Annual Meeting of Stockholders, our Corporate Secretary must receive the written notice at our principal executive offices:

not earlier than the close of business on August 9, 2012, and
not later than the close of business on September 8, 2012.

In the event that we hold our 2012 Annual Meeting of Stockholders more than 30 days before or after the one-year anniversary date of the 2011 Annual Meeting, then notice of a stockholder proposal that is not intended to be included in our proxy statement must be received not later than the close of business on the earlier of the following two dates:

the 10th day following the day on which notice of the meeting date is mailed, or
the 10th day following the day on which public disclosure of the meeting date is made.

If a stockholder who has notified us of his or her intention to present a proposal at an annual meeting does not appear to present his or her proposal at such meeting, we are not required to present the proposal for a vote at such meeting.

Nomination of Director Candidates: You may propose director candidates for consideration by our Nominating and Corporate Governance Committee. Any such recommendations should include the nominee's name and qualifications for membership on our board of directors, and should be directed to the Corporate Secretary of Neuralstem at the address set forth above. For additional information regarding stockholder recommendations for director candidates, see *Directors, Executive Officers and Corporate Governance - Consideration of Director Nominees - Stockholder Recommendations and Nominees* on page 13 of this proxy statement.

In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our bylaws. In addition, the stockholder must give timely notice to our Corporate Secretary in accordance with our bylaws, which, in general, require that the notice be received by our Corporate Secretary within the time period described above under *Stockholder Proposals* for stockholder proposals that are not intended to be included in our proxy statement.

Copy of Bylaw Provisions: You may contact our Corporate Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

BENEFICIAL OWNERSHIP OF SHARES OF COMMON STOCK

The following table sets forth, as of October 14, 2011, information regarding beneficial ownership of our capital stock by:

each person, or group of affiliated persons, known by us to be the beneficial owner of 5% or more of any class of our voting securities;

each of our current directors and nominees;
each of our current named executive officers; and
all current directors and named executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC. Beneficial ownership means that a person has or shares voting or investment power of a security and includes any securities that person or group has the right to acquire within 60 days after the measurement date. This table is based on information supplied by officers, directors and principal stockholders. Except as otherwise indicated, we believe that each of the beneficial owners of the common stock listed below, based on the information such beneficial owner has given to us, has sole investment and voting power with respect to such beneficial owner's shares, except where community property laws may apply.

Name and Address of Beneficial Owner ⁽¹⁾	Common Stock		Total	Percent of Class ⁽²⁾
	Shares	Shares Underlying Convertible Securities ⁽²⁾		
Directors and named executive officers				
Karl Johe, Ph.D	1,764,548	4,701,560	6,466,108	13.28 %
I. Richard Garr	1,467,978	3,365,787	4,833,765	9.93 %
Stanley Westreich	1,476,652	28,229	1,504,881	3.09 %
John Conron	74,059	1,160,991	1,235,050	2.54 %
William Oldaker	104,300	205,729	310,029	.64 %
Scott Ogilvie	15,000	182,500	197,500	.41 %
Thomas Hazel	0	160,000	160,000	.33 %
All directors and named executive officers as a group (7 persons)			14,707,333	30.21 %

*

Less than one percent.

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. Unless otherwise indicated, the address of the beneficial owner is c/o Neuralstem, Inc. 9700 Great Seneca Highway, Rockville, MD.

(2) Pursuant to Rules 13d-3 and 13d-5 of the Exchange Act, beneficial ownership includes any shares as to which a shareholder has sole or shared voting power or investment power, and also any shares which the shareholder has the right to acquire within 60 days, including upon exercise of common shares purchase options or warrant. There are 48,682,118 shares of common stock issued and outstanding as of October 14, 2011.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The names of our directors and executive officers and their ages, positions, and biographies as of October 14, 2011 are set forth below. Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Name	Position	Age	Position Since
I. Richard Garr	Chief Executive Officer, President, General Counsel and Director	58	1996
Karl Johe, Ph.D.	Chief Scientific Officer and Chairman of the Board	51	1996
Scott Ogilvie	Director	57	2007
William Oldaker	Director	70	2007
Stanley Westreich	Director	74	2/2011
John Conron	Chief Financial Officer	61	2007

Mr. I. Richard Garr, JD, age 58, has been a director and our Chief Executive Officer since 1996. Mr. Garr was previously an attorney with Beli, Weil & Jacobs, the B&G Companies, and Circle Management Companies. Mr. Garr is a graduate of Drew University (1976) and the Columbus School of Law, The Catholic University of America (1979). Additionally, he was a founder and current Board member of the First Star Foundation, a children's charity focused on abused children's issues; a founder of The Starlight Foundation Mid Atlantic chapter, which focuses on helping seriously ill children; and is a past Honorary Chairman of the Brain Tumor Society. In evaluating Mr. Garr's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his broad experience in Neural Stem Cells. He is among the longest serving executives in the field.

Mr. Karl Johe, Ph.D., age 51, has been a director, Chairman of the Board and our Chief Scientific Officer since 1996. Dr. Johe has over 15 years of research and laboratory experience. Dr. Johe is the sole inventor of Neuralstem's granted stem cell patents and is responsible for the strategic planning and development of our therapeutic products. Dr. Johe received his Bachelor of Arts Degree in Chemistry and a Master's Degree from the University of Kansas. Dr. Johe received his doctorate from the Albert Einstein College of Medicine of Yeshiva University. From 1993 to January 1997, Dr. Johe served as a Staff Scientist at the Laboratory of Molecular Biology of the National Institute of Neurological Disease and Stroke in Bethesda, Maryland. While holding this position, Dr. Johe conducted research on the isolation of neural stem cells, the elucidation of mechanisms directing cell type specification of central nervous system stem cells and the establishment of an in vitro model of mammalian neurogenesis. In evaluating Dr. Johe's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his extensive experience in international science and business communities. Mr. Johe is also multilingual.

Mr. Scott V. Ogilvie, age 57, has served on our board of directors since April 12, 2007. Mr. Ogilvie is President of AFIN International, Inc., a private equity/business advisory firm, which he founded in 2006. Prior to December 31, 2009, he was CEO of Gulf Enterprises International, Ltd, (Gulf) a company that brings strategic partners, expertise and investment capital to the Middle East and North Africa. He held this position since August of 2006. Mr. Ogilvie previously served as Chief Operating Officer of CIC Group, Inc., an investment manager, a position he held from 2001 to 2007. He began his career as a corporate and securities lawyer with Hill, Farrer & Burrill, and has extensive public and private corporate board experience in finance, real estate, and technology companies. During the past 5 years, Mr. Ogilvie has served on the board of directors of Neuralstem, Inc. (NYSE AMEX:CUR), Innovative Card Technologies, Inc. (OTCBB:INVC) and Preferred Voice Inc, (OTCBB:PRFV) and GenSpera, Inc. (OTCBB: GNSZ). In evaluating Mr. Ogilvie's specific experience, qualifications, attributes and skills in connection with his appointment

to our board, we took into account his prior work in both public and private organizations regarding corporate finance, securities and compliance and international business development.

Mr. William Oldaker, age 70, has served on our board of directors since April 12, 2007. Mr. Oldaker is a founder and partner in the Washington, D.C. law firm of Oldaker Group LLC. Prior to founding the firm in 1993, Mr. Oldaker was a partner in the Washington office of the law firm of Manatt, Phelps and Phillips from 1987 to 1993. In 2004, Mr.

Oldaker was a founder of Washington First Bank in Washington, D.C. and serves as a member of the board of directors. He previously served as a director of Century National Bank, from

1982 until its acquisition in 2001. Mr. Oldaker was appointed by President Clinton to serve as a commissioner on the National Bioethics Advisory Commission, a post he held until 2001. He 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.

He is also a partner in The National Group, a consulting firm. In evaluating Mr. Oldaker's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his extensive experience with managing and developing federal government regulations and expertise in the legislative process. He also was a founding member, and has served on the board of directors of a bank for almost thirty years.

Mr. Stanley Westreich, age 74, joined our board of director on February 15, 2011. Mr. Westreich is the manager of Westreich Services, LLC, a private investment and advisory firm which he founded in 2005. Prior to founding Westreich Services, LLC, Mr. Westreich was President of Westfield Realty, Inc., a real estate development and construction company, from 1965 to 2005. From July 26, 1994 to May 2010 he served as a director of Capital One Financial Corporation and also served as a director of Capital One Bank (USA), National Association. He served as a member of the Capital One Financial Corporation Compensation Committee from March 1995 through February 2010 and was its Chairman from March 1995 through April 2005. He has also served on the Capital One Financial Corporation Finance and Trust Oversight Committee from April 2004 to May of 2010. In evaluating Mr. Westreich's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his prior experience on the board of Capital One Financial and its related committees as well as his track record at Westreich Realty, Inc.

Mr. John Conron, age 61, has served as our Chief Financial Officer since April 1, 2007. Mr. Conron, a Certified Public Accountant, has over 30 years of experience in the field of corporate finance. Since 2003, Mr. Conron has been consulting early stage companies by providing critical outsource CFO functions such as implementation of accounting systems, creation and monitoring of internal controls, Sarbanes Oxley compliance, audit preparation, financial modeling and strategic planning. Prior to his work as a consultant, Mr. Conron worked for Cyberstar, Inc., a wholly owned subsidiary of Loral Space & Communications, Inc., where he held the position of CFO from 2000 to 2003. Mr. Conron joined Cyberstar from Transworld Telecommunications, Inc., a Qualcomm spin-off which offered telecommunication services in Russia, where he served as CFO. Mr. Conron also served as CFO and on the board of directors of Mercury Communications in London. Mercury was the European subsidiary of Cable & Wireless.

Board of Directors

Our Board consists of five members. Our business, property and affairs are managed under the direction of the Board. Members of the Board are kept informed of the our business through discussion with the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its Committees.

Our Board is responsible for establishing broad corporate policies and for overseeing our overall management. In addition to considering various matters which require its approval, the Board provides advice and counsel to, and ultimately monitors the performance of, our senior management.

Board Meetings

During 2010, the Board held two meetings and acted through unanimous written consent ten times. Each Director attended at least 75% of all meetings of the Board and of the Committees on which the Director served. The Board currently holds regularly scheduled meetings and calls for special meetings or acts through unanimous written consents as necessary. Meetings of the Board may be held telephonically. Directors are expected to attend all board meetings and meetings of the committees of the board on which they serve and to spend the time needed and meet as

frequently as necessary to properly discharge their duties. Though we do not have a formal policy regarding attendance by directors at annual meetings of stockholders, attendance is encouraged.

Classification of Board

Pursuant to our bylaws, we have a classified board of directors divided into three classes with staggered three-year terms. Only one class may be elected each year, while the directors in the other classes continue to hold office for the remainder of their three-year terms. Each class is required to have approximately the same number of directors. The Board may, on its own, determine the size of the exact number of directors on the Board and may fill vacancies on the Board. The procedure for electing and removing directors on a classified board of directors generally makes it more difficult for stockholders to change management control by replacing a majority of the board at any one time, and the classified board structure may discourage a third party tender offer or other attempt to gain control of the company and may maintain the incumbency of directors. In addition, under our bylaws, directors may only be removed from office by a vote of the majority of the shares then outstanding and eligible to vote.

Independent Directors

Our common stock is listed on NYSE AMEX. As such, we are subject to the NYSE AMEX's director independence standards. In accordance with these standards, in determining independence the Board affirmatively determines whether a director has a material relationship with Neuralstem that would compromise his or her independence from management or would cause him or her to fail to meet the NYSE AMEX's specific independence criteria. When assessing the materiality of a director's relationship with Neuralstem, the Board considers all relevant facts and circumstances, not merely from the director's standpoint, but from that of the persons or organizations with which the director has an affiliation, and, where applicable, the frequency and regularity of the services, and whether the services are being carried out at arm's length in the ordinary course of business. Material relationships can include commercial, consulting, charitable, familial and other relationships. A relationship is not material if, in the Board's judgment, it is not inconsistent with the NYSE AMEX's director independence standards and it does not compromise a director's independence from management.

Applying the NYSE AMEX's standards, our board of directors has determined that Messrs Ogilvie, Oldaker and Westreich are each independent as that term is defined by the NYSE Amex.

Communications with Directors

We have adopted a formal process for shareholder communications with our independent directors. The policy, which is available on our website, www.neuralstem.com is as follows:

Interested parties are invited to communicate with the non-management members of the Board by sending correspondence to the non-management members of the Board of Directors, c/o Corporate Secretary, Neuralstem, Inc. 9700 Great Seneca Highway, Rockville, Maryland 20850.

The Corporate Secretary will review all such correspondence and forward to the non-management members of the Board a summary of all such correspondence received during the prior month and copies of all such correspondence that deals with the functions of the Board or committees thereof or that otherwise is determined to require attention of the non-management directors. Non-management directors may at any time review the log of all correspondence received by us that is addressed to the non-management members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters will immediately be brought to the attention of the Chairman of the Audit Committee.

Corporate Governance Guidelines and Code of Ethics

We have adopted Corporate Governance Guidelines that are intended to ensure that our Board has the necessary authority and practices in place to review and evaluate our business operations and to make decisions that are independent of management. The Corporate Governance Guidelines are intended to align the interests of directors and management with those of our shareholders and establish practices for the Board with regard to its oversight of the company. Under our guidelines, the Board annually conducts a self-evaluation to assess adherence to the Corporate Governance Guidelines and identify opportunities to improve Board performance. A copy of our codes can be viewed on our website at www.neuralstem.com.

In addition to our Corporate Governance Guidelines, we have adopted several guidelines intended to promote the honest and ethical conduct of our officers, directors, employees and consultants. They include, our Code of Ethics that applies to our officer, directors and employees and our Finance Code of Professional Conduct that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and any persons who participate in our financial reporting process. A copy of our codes can be viewed on our website at www.neuralstem.com.

The codes incorporate our guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. The codes also incorporate our expectations of our officers, directors and employees that enable us to provide accurate and timely disclosure in our filings with the SEC and other public communications. In addition, the codes incorporate guidelines pertaining to topics such as complying with applicable laws, rules, and regulations; reporting violations; and maintaining accountability for adherence to the codes.

We intend to disclose future amendments to certain provisions of our codes, or waivers of such provisions on our web site within four business days following the date of such amendment or waiver.

Committees

We have established 3 corporate governance committees comprising of the: (i) Audit Committee; (ii) Compensation Committee; and (iii) Nomination and Corporate Governance Committee. The committee membership and the function of each of the committees are described below. Each committee is governed by written committee charters. We periodically review such charters and may amend or update the process and procedures contained therein. In the event of such amendment or update, we will promptly post our revised charter on our website. A copy of each respective committee's charter can be viewed on our website at www.neuralstem.com.

The table below identifies the Board's standing committees and committee membership:

Director	Audit Committee	Nomination and Corporate Governance Committee	Compensation Committee
William Oldaker	Chair	Member	Member
Scott Ogilvie	Member	Chair	Chair
Stanley Westreich	Member		Member

Each member of the Audit Committee, the Compensation Committee and the Nomination and Corporate Governance Committee is considered independent under NYSE AMEX listing criteria.

Audit Committee

We have a designated audit committee in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Messrs Ogilvie, Oldaker and Westreich. The Audit Committee assists our board in fulfilling its responsibility for the oversight of the quality and integrity of our accounting, auditing, and reporting practices, and such other duties as directed by the board. The committee's purpose is to oversee our accounting and financial reporting processes, the audits of our financial statements, the qualifications of our public accounting firm engaged by us as our independent auditor to prepare or issue an audit report on our financial statements, and the performance of our internal audit function and independent auditor. The committee reviews and assesses the qualitative aspects of financial reporting to shareholders, our processes to manage business and financial risk, and compliance with

significant applicable legal, ethical, and regulatory requirements. The committee is directly responsible for the appointment (subject to shareholder ratification), compensation, retention, and oversight of our independent auditor.

During 2010, our Audit Committee held four meetings and acted by written consent one time. Our board of directors has determined that Messrs Ogilvie, Oldaker and Westreich are audit committee financial expert within the meaning of SEC rules. An audit committee financial expert is a person who can demonstrate the following attributes: (1) an understanding of generally accepted accounting principles and financial statements; (2) the ability to assess the general application of such principles in connection with the accounting for

estimates, accruals and reserves; (3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; (4) an understanding of internal controls and procedures for financial reporting; and (5) an understanding of audit committee functions.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee reviews and evaluates the effectiveness of our executive development and succession planning processes, as well as provides active leadership and oversight of these processes, and oversight of our corporate governance policies. The Nomination and Corporate Governance Committee also evaluates and recommends nominees for membership on our board of directors and its committees. Messrs. Ogilvie, and Oldaker are the members of the Nomination Committee. During 2010, our Nomination and Corporate Governance Committee held one meeting and acted by written consent zero times.

The Nomination and Governance Committee evaluates candidates for the Board on the basis of the process and standards set forth in its charter. Candidates may come to the attention of the Nomination and Governance Committee through current Board members, professional search firms, stockholders or other persons. The Nomination and Governance Committee will consider nominees recommended by our stockholders. For additional information regarding the process for nominee submission and selection, see the *Consideration of Director Nominees* on page 13 of this proxy statement.

Compensation Committee

The Compensation Committee's role is to discharge our board's responsibilities relating to compensation of our executives and to oversee and advise the board of directors on the adoption of policies that govern our compensation and benefit programs. Messrs Ogilvie, Oldaker and Westreich are the members of the Compensation Committee. During 2010 Compensation Committee held three meetings and acted by written consent three times.

Leadership Structure

The Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. At present, the positions of Chairman and Chief Executive Officer are held by different individuals. This structure makes the best use of the Chief Executive Officer's and Chairman's respective knowledge of the Company and its industry, as well as fostering greater communication between the Company's management and the Board.

Risk Oversight

The Company has a risk management program overseen by the Chief Executive Officer. Material risks are identified and prioritized by management, and each prioritized risk is referred to a Board Committee or the full Board for oversight. For example, strategic risks are referred to the full Board while financial risks are referred to the Audit Committees. The Board regularly reviews information regarding the Company's liquidity and operations, as well as the risks associated with each, and annually reviews the Company's risk management program as a whole. Also, the Compensation Committee periodically reviews the most important risks to the Company to ensure that compensation programs do not encourage excessive risk-taking.

Compensation Committee Interlocks and Insider Participation

During 2010, Messrs. Ogilvie and Oldaker served on the Compensation Committee. None of the members of the Compensation Committee has been an officer or employee of Neuralstem. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on our board of directors or the Compensation Committee.

Consideration of Director Nominees

Stockholder Recommendations and Nominees

The policy of our Nominating and Corporate Governance Committee is to consider properly submitted recommendations for candidates to the board of directors from stockholders. In evaluating such recommendations, the Nominating and Corporate Governance Committee seeks to achieve a balance of experience, knowledge, integrity, and capability on the board of directors and to address the membership criteria set forth under Director Qualifications below. Any stockholder recommendations for consideration by the Nominating and Corporate Governance Committee should include the candidate's (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the corporation which are owned beneficially or of record by the person, (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, (v) a written indication of the candidate's willingness to serve on the board of directors, (vi) any other information required to be provided under securities laws and regulations, and (vii) a written indication to provide such other information as the Nominating and Corporate Governance Committee may reasonably request. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder or otherwise. Stockholder recommendations to the board of directors should be sent to:

Neuralstem, Inc.
Attn: Corporate Secretary
9700 Great Seneca Highway
Rockville, Maryland, 20850
Fax: 301-560-6634

In addition, our bylaws permit stockholders to nominate directors for consideration at an annual meeting. For a description of the process for nominating directors in accordance with our bylaws, see Questions and Answers about the Proxy Materials and the Annual Meeting What is the deadline to propose actions for consideration at next year's Annual Meeting of Stockholders or to nominate individuals to serve as directors? on page 5 of this proxy statement.

Director Qualifications

Our Nominating and Corporate Governance Committee will evaluate and recommend candidates for membership on the board of directors consistent with criteria established by our board of directors. While our board of directors has not adopted a formal diversity policy or specific standards with regard to the selection of director nominees, due to the nature of our business, the board of directors believes it is important to consider diversity of race, ethnicity, gender, age, education, cultural background, and professional experiences in evaluating board candidates.

Although our board of directors has not formally established any specific, minimum qualifications that must be met by each candidate for the board of directors or specific qualities or skills that are necessary for one or more of the members of the board of directors to possess, when considering a potential non-incumbent candidate, the Nominating and Corporate Governance Committee will factor into its determination the following qualities of a candidate: educational background, diversity of professional experience, including whether the person is a current or former chief executive officer or chief financial officer of a public company or the head of a division of a large international organization, knowledge of our business, integrity, professional reputation, independence, and ability to represent the best interests of our stockholders.

The board of directors is composed of a diverse group of individuals who have gained experience over their respective careers in strategic and financial planning, public company financial reporting, compliance, risk management, and leadership development. Most of our directors also have experience serving on boards of directors and board committees of other public and private companies, which provides an understanding of different business processes, challenges, and strategies. Some of our directors also have experience with regard to the protection of intellectual property and litigation strategy as well as with the development of our core technologies.

The Nominating and Corporate Governance Committee and the board of directors believe that the above-mentioned attributes, along with the leadership skills and other experiences of our board members described below, provide us with a diverse range of perspectives and judgment necessary to guide our strategies and monitor their execution.

Identification and Evaluation of Nominees for Directors

Our Nominating and Corporate Governance Committee uses a variety of methods for identifying and evaluating nominees for directors. Our Nominating and Corporate Governance Committee regularly assesses the appropriate size and composition of the board of directors, the needs of the board of directors and the respective committees of the board of directors, and the qualifications of candidates in light of these needs. Candidates may come to the attention of the Nominating and Corporate Governance Committee through stockholders, management, current members of the board of directors, or search firms. The evaluation of these candidates may be based solely upon information provided to the committee or may also include discussions with persons familiar with the candidate, an interview of the candidate or other actions the committee deems appropriate, including the use of third parties to review candidates.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers, directors, and stockholders owning more than ten percent of our common stock, to file reports of ownership and changes in ownership with the SEC and to furnish us with copies of such reports. Based solely on our review of Form 3, 4 and 5's, the following table provides information regarding any of the reports which were filed late during the fiscal year ended December 31, 2010:

Name of Reporting Person	Type of Report and Number Filed Late	No. of Transactions Reported Late
	Form 5	
William Oldaker	Annual Statement of Changes in Beneficial Ownership of Securities (1 Report)	5
William Oldaker	Form 4 Statement of Change in Beneficial Ownership (1 Report)	2
Scott Ogilvie	Form 4 Statement of Change in Beneficial Ownership (1 Report)	2
John Conron	Form 4 Statement of Change in Beneficial Ownership (1 Report)	2
Richard Garr	Form 4 Statement of Change in Beneficial Ownership (1 Report)	2
Karl Johe	Form 4 Statement of Change in Beneficial Ownership (1 Report)	2

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Party Transactions Procedure

We review all known relationships and transactions in which Neuralstem and our directors, executive officers, and significant stockholders or their immediate family members are participants to determine whether such persons have a direct or indirect interest. Our management, in consultation with our outside legal consultants, determines based on specific fact and circumstances whether Neuralstem or a related party has a direct or indirect interest in these transactions. In addition, our directors and executive officers are required to notify us of any potential related party transactions and provide us with the information regarding such transactions.

If it is determined that a transaction is a related party transaction, the Audit Committee must review the transaction and either approve or disapprove it. In determining whether to approve or ratify a transaction with a related party, the Audit Committee will take into account all of the relevant facts and circumstances available to it, including, among any other factors it deems appropriate:

- the benefits to us of the transaction;
- the nature of the related party's interest in the transaction;
- whether the transaction would impair the judgment of a director or executive officer to act in the best interests of Neuralstem and our stockholders;
- the potential impact of the transaction on a director's independence; and
- whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.

Any member of the Audit Committee who is a related party with respect to a transaction under review may not participate in the deliberations or vote on the approval of the transaction.

Related Party Transactions

Summarized below are certain transactions and business relationships between Neuralstem and persons who are or were an executive officer, director or holder of more than five percent of any class of our securities since January 1, 2009 or which have been proposed since December 31, 2010.

Information regarding disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction is included in the Section of this proxy statement entitled *Director Compensation* and *Executive Compensation*.

Information regarding disclosure of compensation to a director is included in the Section of this proxy statement entitled *Director Compensation*.

Information regarding the identification of each independent director is included in the Section of this proxy statement entitled *Directors, Executive Officers and Corporate Governance* *Independent Directors*.

On February 9, 2009, our compensation committee awarded Messrs Garr and Conron 2008 discretionary cash bonuses in the amount of \$312,033 and \$60,000, respectively. Both individuals voluntarily agreed to defer such bonuses until such later date as our cash position increased. On December 28, 2009, we requested that Messrs Garr and Conron exchange their respective obligations for restricted common shares in a private placement. As a result of the

exchange, Mr. Garr received 189,111 restricted shares and Mr. Conron received 36,364 restricted shares as payment in full of their respective obligations. The purchase price per share was \$1.65. The transaction was unanimously approved by our Audit Committee as well as our disinterested board members.

On February 15, 2011, upon joining the board and pursuant to our non-employee director compensation plan, our compensation committee awarded Mr. Westreich 25,000 Restricted Stock Units (RSU) and 10,000 options for service on 2 committees. The options vest quarterly over the grant year, have an exercise price of \$2.02, and a term of seven years. The options were granted from our 2007 Plan. The RSU s vest 12,500 on the one month anniversary of joining the board, and 12,500 vest quarterly over the grant year and come from the 2010 Option Plan.

15

On July 1, 2011, pursuant to our non-employee director compensation plan, Messrs. Oldaker and Ogilvie were each awarded an aggregate 35,000 options from the 2007 Option Plan. Each received 20,000 options for participation on the Board of Directors and 5,000 options for participation on each of three committees. The options vest quarterly over the grant year, have an exercise price of \$1.50, and a term of seven years.

On September 20, 2011, we issued Messrs. Oldaker and Westreich each, options to purchase 46,458 common shares in lieu of their respective cash compensation that they were entitled to receive under our non-employee director compensation plan for service on the Board and related committees. The options vest quarterly over the grant year, have an exercise price of \$1.53 per share and have a term of 10 years.

16

DIRECTOR COMPENSATION

Board Compensation Arrangements

Our director compensation program is designed to enable continued attraction and retention of highly qualified directors by ensuring that director compensation is in line with peer companies competing for director talent, and is designed to address the time, effort, expertise, and accountability required of active board membership. In general, we believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the board of directors and its committees, and an equity component, designed to align the interests of directors and stockholders and, by vesting over time, to create an incentive for continued service on the board.

Our Compensation Committee has adopted a formal non-employee director compensation plan to assist us in attracting and retaining qualified directors. In November of 2010, the plan was modified. The following are the terms of our Legacy Plan and Current Plan pursuant to which non-employee directors are compensated:

Legacy Plan (Ended December 31, 2010)

Option Grants

First Year Grant. Upon joining the board of directors, individuals receive options to purchase 45,000 common shares. The options vest as follows: (i) 25,000 vest on the one month anniversary of joining the Board; and (ii) 20,000 vest quarterly over a one year period commencing on the date such Director joins the Board;

Annual Grant. Each eligible director is granted annually, options to purchase 20,000 shares of common stock. These Annual Grants vest quarterly during the year; and

Committee Grant. Each Director will receive options to purchase an additional 5,000 shares for each committee on which he or she serves. These Committee Grants will vest quarterly during the year.

The exercise price for the options to be granted to the independent directors shall be the market price of the stock on each applicable grant date. The options expire 7 years from the grant date.

Cash Compensation

Board Retention Amount. Each director receives a \$20,000 annual board retainer. The retainer is payable quarterly.

Committee Retainer. In addition to the Board Retention Amount, each director serving on a committee receives an additional \$5,000 per committee on which he serves.

Current Plan (Effective January 1, 2011)

Securities

First Year Grant. Upon joining the board of directors, individual receive a restricted stock grant or restricted stock unit grant equal to 25,000 common shares. The grant vests as follows: (i) 12,500 vest on the one month anniversary of joining the Board; and (ii) 12,500 vest quarterly over a one year period commencing on the date such director joins the

Board.

Annual Grant. Each eligible director is granted annually, at the directors' election, either options to purchase 20,000 shares of common stock or the equivalent value of restricted shares or restricted stock units. These Annual Grants vest quarterly during the year.

Committee Grant. Each director receives, at their election, either options to purchase an additional 5,000 shares of common stock or the equivalent value of restricted shares or restricted stock units for each committee on which he or she serves. These Committee Grants vest quarterly during the year.

The exercise price for the options granted to non-employee directors is the market price of the stock on each applicable grant date. With regard to options, the options expire 7 years from the grant date. The option, restricted stock or restricted stock units are granted pursuant to our incentive stock option plans. All restricted stock grants and restricted stock units contain restrictions with regard to the resale of the shares.

Cash Compensation

Board Retention Amount. Each director receives a \$20,000 annual board retainer. The retainer is payable quarterly.

Committee Retainer. Each director serving on a committee receives an additional \$5,000 per committee on which he or she serves.

Meeting Fees. Each director receives a meeting fee equal to: (i) \$1,500 for in person attendance, and (ii) \$750 for telephonic attendance.

Compensation for 2010

The following table summarizes compensation paid to non-employee directors during 2010.

* Mr. Westreich joined our board of directors in early 2011 so accordingly, no compensation was paid to him during 2010.

18

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the material components of our executive compensation program for:

Dr. Karl Johe, our Chairman of our Board of Directors and Chief Scientific Officer;
 Richard Garr, our President, Chief Executive Officer, and General Counsel (our CEO);
 John Conron, our Chief Financial Officer (our CFO); and
 Dr. Thomas Hazel, our Senior Vice President of Research.

We refer to these executives collectively in this Compensation Discussion and Analysis and the related compensation tables as the Named Executive Officers.

Specifically, this Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each element of compensation that we provide. In addition, we explain how and why the Compensation Committee of our Board of Directors (the Compensation Committee) arrived at the specific compensation policies and decisions involving our executives during 2010.

Executive Summary

Our executive compensation program is relatively straightforward and does not materially change from year to year. At the core of our executive compensation philosophy is a strong pay-for-performance structure that links a significant portion of each executive's compensation to both corporate and individual performance. At the same time, the Compensation Committee has structured our executive compensation program to ensure that our executives and other members of senior management are compensated in a manner consistent with stockholder interests and competitive practices. The following table sets forth a summary of the primary components of our executive compensation program and the actions taken in 2010:

Compensation Component	Description	Actions and Decisions in 2010
Base Salary	Provide a competitive annual fixed level of cash compensation.	Continuation of base salary freeze.
Annual Incentive Awards	Discretionary performance-based award to recognize achievement of corporate and individual objectives set by Compensation Committee at the beginning of the year.	Target award opportunities reduced from 2009 levels. Overall 2010 corporate performance objectives reflect:
	Target award opportunities for executives range from 25% to 60% of base salary.	Beginning ALS clinical trials;
	Corporate performance objectives and individual performance objectives equally weighted in	proof of principle in animal studies for Stroke;

determining awards for executives. FDA approval for clinical trials of new pharmaceutical;

establishment of new subsidiary in China;

receipt of aggregate total of \$.7 million in grants under the QTDP program; and

Compensation Component	Description	Actions and Decisions in 2010
		maintenance of strong balance sheet by raising \$17.3 million in net proceeds through various equity financings Executives' individual performance objectives measured at 100%, reflecting successful execution of departmental and functional objectives and support of corporate initiatives. Grants made in November 2010 were consistent with compensation policy.
Long-Term Incentive Awards	Grants of stock options and restricted stock awards and restricted stock units to align executives' interests with stockholder interests. Size of awards corresponds to executive's position and responsibilities.	Size of the long-term incentive awards in a given year is determined by the overall performance of the company and each individual executive's performance.
Benefits and Perquisites	Benefit programs offered to all employees, including executives, include comprehensive medical, dental, and vision insurance, The Company does not offer any pension plans or other retirement benefits Executives receive limited perquisites consisting of an automobile allowance and limited tax preparation services. The Company maintains employment agreements with certain executives that generally provide for severance payments and/or certain benefits in the event of a termination of employment or change in control.	No changes to benefits offered to employees, including executives, in 2010.
Severance and Change-in-Control Arrangements		No new employment agreements were entered into or existing agreement modified in 2010

Executive Compensation Philosophy and Objectives

Our executive compensation program impacts all of our employees by establishing a general framework for compensation and creating a work environment focused on expectations, goals, and rewards. Because the performance of every employee is important to the overall success of the Company, our Board is mindful of the impact that our

executive compensation program has on all of our employees. In considering our executive compensation policies and practices, our Board balances the needs to conserve cash and minimize stockholder dilution against the requirements to attract, retain, and motivate our executives and other employees while fostering an innovative and entrepreneurial corporate culture.

Our Board strives to act in the long-term best interests of the Company and its stockholders, as well as ensure that the components of compensation do not, individually or in the aggregate, encourage excessive risk-taking. To address these challenges, our Board has structured our executive compensation program based on the following principles:

Reward the successful execution of our business strategy we use short-term incentive compensation to encourage our executives to focus on the achievement of corporate and individual performance objectives with an emphasis on the importance of cross-functional collaboration. Our executive compensation program is designed to support our corporate business strategy and business plan by clearly communicating what is expected of each executive with respect to goals and results, and reward collaborative success, not just individual effort.

Attract and retain qualified executive talent successful execution of our business strategy necessitates keeping our executives in place and focused on our business objectives. Therefore, our executive compensation program must be competitive, including the use of equity awards with vesting schedules designed to promote retention.

Align management and stockholder interests long-term equity compensation underscores the common interests of our executives and stockholders by providing a continuing financial incentive to maximize long-term value for our stockholders.

Based on these principles, we have designed our executive compensation program to achieve four primary objectives:

Ensure base pay is competitive for the role to be performed and to retain the executive;

Recognize the achievement of short-term objectives and milestones through annual incentives;

Reward the successful completion of long-term objectives and enhancement of stockholder return through our long-term incentive plan; and

Provide a competitive, cost-effective benefits package.

Compensation-Setting Process

Role of the Board and Compensation Committee

The Compensation Committee is responsible for overseeing, determining, and approving the compensation of our CEO and other executives, including the other Named Executive Officers. Typically, in the first quarter of each year, the Compensation Committee will review the compensation of our CEO and other executives, decide whether to make any adjustments to their base salaries, determine whether to make short-term incentive awards for the last completed fiscal year based on its assessment of Company and individual performance for that period and, if so, the amount of any such bonuses, and determine whether to make equity awards based on Company and individual performance.

As described below, the Compensation Committee gives considerable weight to our CEO's performance evaluation of the other executives because of his direct knowledge of each executive's performance and contributions. For each executive, the Compensation Committee independently determines each component of compensation based on its collective assessment of the executive's performance using the following factors:

performance against corporate and individual objectives for the previous year;

the difficulty of achieving desired results in the coming year;

the value of unique skills, capabilities, and industry experience to support the long-term performance of the Company;

the performance of general management responsibilities and span of control;

the reporting structure and internal pay relationships, including the number of direct and indirect reports;

the extraordinary contributions as a member of the executive management team;

market information; and

overall Company performance.

The Compensation Committee conducts an annual review of our executives' compensation and considers adjustments in executive compensation levels to ensure alignment with our compensation strategy and competitive market practices.

Role of Senior Management

The Compensation Committee typically seeks the input of our CEO when discussing the performance of and compensation for our other executives, including the other Named Executive Officers. In this regard, at the request of the Compensation Committee our CEO reviews the performance of the other executives, including the other Named Executive Officers, annually and presents to the Compensation Committee his conclusions and recommendations as to their compensation, including base salary adjustments, short-term incentive awards, and equity awards. The Compensation Committee then uses these recommendations as one factor in its deliberations to determine the compensation of our executives. The Compensation Committee also works with our CFO in evaluating the financial, accounting, tax, and retention implications of our executive compensation plans and arrangements.

Role of Compensation Consultant

The Compensation Committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the oversight of our executive compensation program and related policies and practices. In 2010, the Compensation Committee did not engage any executive compensation advisors to assist it in discharging its responsibilities.

In 2011, the Compensation Committee engaged Compensia, Inc., a national compensation consulting firm, to assist it in overseeing our executive compensation program. Compensia was engaged to provide the Compensation Committee with information, recommendations, and other advice relating to executive compensation on an ongoing basis. Compensia serves at the discretion of the Compensation Committee and provides no other services to the Company.

Competitive Positioning

In making compensation decisions, the Compensation Committee reviews independent survey data, such as the Radford Global Life Sciences compensation survey, as well as publicly-available data from companies with which we compete for executive talent. The companies chosen for comparison may differ from one executive to the next depending on the scope and nature of the business for which the particular executive is responsible.

Companies used for comparative purposes (aka our Peer Group) in 2010 included:

Aastrom Biosciences	Neurocrine Biosciences
Advanced Cell Technology	Novavax
Alexza Pharmaceuticals	Nupathe
Athersys	Osiris Therapeutics
BioTime	Repligen
Cryolife	Stemcells
Cytori Therapeutics	Thermo Genesis
CyRx	Titan Pharmaceuticals
Geron	Vanda Pharmaceuticals
NeoStem	

While many of these companies are larger than us with respect to market capitalization, revenue, and employees, they represent the market in which we compete for talented executives, especially for positions which we will be

developing in the future to help us plan for our next stage of anticipated growth.

Although the compensation data from comparable companies is useful comparative information, the Compensation Committee does not require that the compensation components of individual executives bear any particular relationship to the compensation of executives of similar positions of those comparable companies. In the biopharmaceutical industry, many traditional measures of corporate performance, such as earnings-per-share or sales growth, may not readily apply in reviewing the performance of executives. Because of the Company's current stage of development, the Compensation Committee evaluates other indications of performance, including progress towards the Company's research and development programs

and corporate development activities, as well as the Company's success in securing capital sufficient to enable the Company to continue research and development activities, in its decision-making process.

Executive Compensation Program Components

The compensation of our executives, including the Named Executive Officers, consists of base salary, a short-term incentive award opportunity, equity compensation in the form of stock awards and stock options, and benefits and perquisites. Of these components, only base salary is fixed while the other components are variable based on the performance of both the Company and the individual executive, measured against specific objectives that are determined in advance.

Base Salary

We use base salary to provide a minimum amount of financial certainty and security to our executives on an ongoing basis. The Compensation Committee annually evaluates the base salaries for all of our employees, including our executives, and adjustments are made at the beginning of the year to reflect changes in job responsibilities and market conditions. When establishing or reviewing base salaries for each executive, the Compensation Committee considers numerous factors, including the qualifications of the executive, his or her level of relevant experience, the nature and responsibility of the position, strategic goals for which the executive has responsibility, Company and individual performance, salary norms for persons in comparable positions at comparable companies, the competitiveness of the market for the executive's services, and industry compensation levels.

During 2009, the Compensation Committee reviewed the base salaries of our executives, including the Named Executive Officers, and determined to continue the salary freeze that was previously instituted. More recently, the Compensation Committee met in December 2010 and decided to maintain this salary freeze in 2011 as well.

The base salaries paid to the Named Executive Officers during 2010 are set forth in the Summary Compensation Table below.

Short-Term Incentive Awards

We use short-term incentive awards to motivate our executives to achieve our short-term financial and strategic objectives while making progress towards our longer-term growth and other goals.

Each year, the Compensation Committee establishes a short-term incentive award plan for our executives, which provides for short-term incentive awards based on our actual level of achievement as measured against one or more pre-established corporate objectives related to our financial and operational performance (based on our annual operating plan), as well as the achievement of individual performance objectives. By using an appropriate amount of performance-based compensation, we believe our short-term incentive award plan creates a direct link between executive compensation and our financial and operational performance to provide further motivation for our executives to implement strategic initiatives that meet or exceed our pre-established corporate objectives.

Each employee, including each executive, is given a pre-established target short-term incentive award opportunity, which is expressed as a percentage of the employee's base salary. This percentage increases with increasing rank within the Company. In the case of the Named Executive Officers, their target short-term incentive award opportunities for 2010 were as follows:

Named Executive Officer	Target Short-Term Incentive Award Opportunity (as a percentage of base salary)
Dr. Johe	60 %
Mr. Garr	60 %
Mr. Conron	25 %
Dr. Hazel	8 %

23

Each executive's short-term incentive award is determined by taking into account corporate and individual performance goals. There are no minimum payouts and award are not granted above the target level of each respective Named Executive Officer. Awards are made on a discretionary basis by the Compensation Committee after subjectively evaluating the Corporate and Individual Performance Goals achieved by our Named Executive Officers for the year. Individual performance for each executive is based on our CEO's assessment of the executive's performance for the year which is then provided to the Compensation Committee. While our CEO reviews the performance of our other executives, our Board of Directors conducts an independent assessment of our CEO's performance which is submitted to the Compensation Committee for its use.

Corporate Performance Goals

At the beginning of the year, our CEO develops one or more corporate performance objectives for the Company, which he then provides to our Board of Directors for review and approval. The objectives correlate with increasing the business value of the Company for its stockholders. Typically, these objectives include the following:

- product development, such as enhancements in technology;
- clinical progress, such as initiation of clinical trials, patient enrollment, and patient data;
- corporate development, such as strategic collaborations; and
- finance, legal and administration, such as patent enforcement, budget controls and maintenance of a strong balance sheet.

As part of the annual year-end performance reviews, the Compensation Committee (with input from our CEO and other members of our Board of Directors) evaluates the Company's overall performance after the end of the year with respect to the pre-established objectives as well as other significant Company performance accomplishments while also taking into consideration the degree of difficulty in achieving each objectives and any particular events or circumstances that impacted performance. As part of this assessment, the Compensation Committee evaluates the status of the Company's development programs, clinical progress, and corporate development activities. This necessarily involves a subjective assessment of corporate performance by the Compensation Committee. Moreover, the Compensation Committee does not base its considerations on a single performance area, but rather considers the entire mix of accomplishments, challenges, and efforts in evaluating Company performance and determining the corporate performance for the year.

Individual Performance Goals

The individual performance objectives for our executives focus on contributions that facilitate the achievement of the overall Company objectives and development of the organization. Each year, our Board of Directors reviews and approves the individual performance objectives for our executives. Both the corporate and individual performance objectives are set at challenging levels requiring the Company and the executives to perform at a high level to meet the objectives and receive an award payout and the likelihood of attaining these objectives is not assured.

Our CEO evaluates the individual performance of our executives (other than himself) after the end of the year. Our CEO then consults with the Compensation Committee and provides the evaluations along with his recommendations for each executive's individual performance bonus. The Compensation Committee, taking into account our CEO's evaluation and recommendation and determines each individual's performance bonus. To evaluate the performance of our CEO, the Compensation Committee obtains performance evaluation for our CEO from each member of our Board of Directors. The Compensation Committee also considers the following general criteria when evaluating individual performance, not all of which are applicable to each executive:

- the individual's role in the research, development, acquisition, and/or licensing of product candidates and technologies;
- the individual's contribution to the achievement of key research, development, and business milestones;

the individual's contribution to the management team and development and application of leadership skills to drive future performance of the Company;
the individual's ability to attract, hire, manage, retain, and motivate staff (including contractors) in support of the achievement of the Company's performance objectives;
the individual's contribution to the achievement of key financial objectives of the Company, including management of financial budgets and forecasts, as appropriate, and
effectiveness of the individual's management of regulatory compliance requirements related to his other responsibilities.

After the end of the year, the Compensation Committee evaluates, on a qualitative basis, the level of each executive's attainment of his or her individual performance objectives, including our CEO. The Compensation Committee does not specifically allocate or weight these objectives and considers the attainment of individual objectives on an overall basis when assessing performance for each executive. The Compensation Committee's assessment of the executive's level of attainment of his or her individual performance objectives basis used in determining the executive's short-term incentive award for the year.

Award Decisions and Analysis

In January 2011, the Compensation Committee determined the amount of the short-term incentive awards to be paid to our executives, including the Named Executive Officers, for 2010. In making these awards, the Compensation Committee consulted with our CEO with respect to the Named Executive Officers other than himself and evaluated our financial performance and the level of achievement of both corporate and individual performance goals for the year.

With respect to the corporate performance goals, the Compensation Committee reviewed our performance during 2010, taking into account several Company accomplishments, as well as the individual performance of our executive officers, that included the following:

In January 2010, the first amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease) patient was treated with the Company's spinal cord stem cells at Emory University, in Atlanta, Georgia. The progress of the ALS Phase I clinical trial which moved from non-ambulatory to ambulatory patients with the second cohort of patients in May. In all, nine patients were dosed in 2010. The formation of its wholly-owned subsidiary, Neuralstem China (Suzhou Neuralstem Biopharmaceutical Company, Ltd.), where the Company has leased office and laboratory space, including a therapeutic-level manufacturing space to grow the Company's stem cells, in anticipation of conducting clinical trials in the People's Republic of China. The filing of an Investigational New Drug (IND) application with the United States Food and Drug Administration (FDA) for its second cell therapy clinical trial utilizing the Company's spinal cord stem cells to treat chronic spinal cord injury (cSCI). The Phase I clinical trial is structured as a multicenter trial that will enroll up to 16 cSCI patients. Announcement of preclinical data for motor disorders from stroke, presented by Company collaborator, Dr. Shinn-Zong Lin, MD, PhD of the China Medical University Hospital of Taiwan, at the Stem Cells USA & Regenerative Medicine Conference in Philadelphia. Dr. Lin demonstrated that the Company's spinal cord stem cells survived in rat brains affected by stroke and differentiated predominantly into neurons, and that the transplanted animals showed significant improvement in motor skill and strength measurements. The awarding of three Federal grants, totaling \$733,438, through the Patient Protection and Affordable Care Act, which supports investments in qualifying therapeutic discovery projects. The funds were allocated to advance three programs: the ongoing ALS stem cell trial; the small molecule drug program; and a program, which is focused on engineering the Company's spinal cord neurons to over-express molecules that could be beneficial in treating ALS and other indications.

Receiving FDA approval to commence a Phase Ia safety trial for major depression with its lead small molecule neurogenic compound, NS-189. The neurogenic drug program is based on the Company's proprietary neural stem cell screening approach as a source for discovering novel compounds that affect complex stem cell biology rather than a single molecular target. This proprietary, first-in-class, orally administered drug stimulates new neuron, or neurogenic, growth in the hippocampus. The Company announced it believes that this neurogenic approach to brain self-repair may be applicable in multiple diseases in addition to major depression, including: Alzheimer's disease, mild cognitive impairment, dementia, schizophrenia, cognitive complications from diabetes, post-traumatic stress syndrome, and traumatic brain injury.

Following this review, the Compensation Committee decided to award discretionary short-term incentive awards equal to 100% of the available bonus pool, based upon its assessment of market conditions, corporate risks, Company successes in 2010, including the successful regulatory authorization for our new pharmaceutical compound NS-189, historic employee compensation practices more generally, and our assessment of the competitive market, among other things, including the Committee's qualitative assessments of the Company's and individual performance in 2010 as described above. Short-term incentive awards were calculated using each executive's annual base salary as of January 1, 2010, and were paid in January 2011. In the case of the Named Executive Officers, the short-term incentive awards for 2010 were as follows:

Named Executive Officer	2010 Base Salary	Target Short-Term Incentive Award Opportunity (as a percentage of base salary)	Short-Term Incentive Award
Dr. Johe	\$ 422,100	60 %	\$ 253,260 ⁽¹⁾
Mr. Garr	\$ 407,000	60 %	\$ 244,200 ⁽²⁾
Mr. Conron	\$ 225,000	25 %	\$ 56,250 ⁽³⁾
Dr. Hazel	\$ 180,000	8 %	\$ 15,000 ⁽⁴⁾

(1) Dr. Johe's short-term incentive award was paid entirely in cash.

(2) Mr. Garr's short-term incentive award was paid partly in cash (\$204,200) and partly in a restricted stock unit award consisting of 19,802 shares of our common stock (with a grant date fair value of \$40,000).

(3) Mr. Conron's short-term incentive award was paid partly in cash (\$18,750) and partly in a restricted stock unit award consisting of 18,565 shares of our common stock (with a grant date fair value of \$37,500).

(4) Dr. Hazel's short-term incentive award was paid entirely in cash.

Equity Compensation

We use equity awards to incent and reward our executives, including the Named Executive Officers, for long-term corporate performance based on the value of our common stock and, thereby, to align the interests of our executives with those of our stockholders. These equity awards have been granted in the form of stock options to purchase shares of our common stock, restricted stock grants and restricted stock unit awards. We believe that stock options, when granted with exercise prices equal to the fair market value of our common stock on the date of grant, provide an appropriate long-term incentive for our executives, since the stock options reward them only to the extent that our stock price grows and stockholders realize value following their grant date. In addition, we believe that restricted stock grants and restricted stock unit awards serve as an effective retention tool while also motivating our executives to work toward corporate objectives that provide a meaningful return to our stockholders.

The Compensation Committee determines the size of each executive's equity awards according to his or her position within the Company and sets a level it considers appropriate to create an opportunity for reward predicated on increasing stockholder value. The Compensation Committee also takes into account an executive's performance history and his or her potential for future responsibility and promotion. Other factors include long-term incentives previously granted, the amount of actual versus theoretical equity value per year that has been derived to date by the executive, the current actual value of the unvested equity awards for the executive, the percentage of stock option grants with exercise prices greater than the Company's current stock price, and the number of stock option grants that have expired unexercised as a result of market conditions.

The relative weight given to each of these factors can vary among executives in the Compensation Committee's discretion. There is no set formula for the granting of equity awards to individual executives.

On November 11, 2010, we granted our CEO, Dr. Johe, and Mr. Conron the following awards:

Name	Position	Percentage of Base Salary	Common Stock Options	Restricted Stock Units
Karl Johe, Ph.D	Chief Scientific Officer	200 %	272,909	143,247
Richard Garr	Chief Executive Officer	200 %	263,147	138,122
John Conron	Chief Financial Officer	90 %	65,948	34,615

These awards were granted pursuant to our equity compensation plans and are subject to certain vesting conditions. In determining the amount of these awards, the Compensation Committee took into consideration the factors described above, as well as internal equity and current market practice.

The Compensation Committee also evaluated the equity awards then-held by our executives to evaluate the retention value of these awards. The Compensation Committee noted that, with respect to prior stock option grants, only one set of awards held by our executives had an exercise price that was lower than the recent market price of our common stock. Further, the Compensation Committee's evaluation of market trends indicated that biotechnology companies with volatile trading prices were using restricted stock unit awards with increasing regularity. Thus, the Compensation Committee concluded that the retention value of any equity awards would be enhanced by awarding a mixture of both stock options and restricted stock unit awards.

The Compensation Committee first determined the size of the equity award pool based on its assessment of Company performance during the prior year. The Compensation Committee then pre-approved a grant matrix, based on employee base salary, and individual performance, which determined the value of the equity award that would be received by each individual executive. The Compensation Committee decided that the value of each executive's equity award should be equally divided between stock options and restricted stock unit awards. The number of shares of our common stock to be awarded under option was determined by dividing the Black-Sholes call value of a stock option for a single share by the value of the executives' stock option pool. The number of shares of our common stock subject to restricted stock unit awards was calculated by dividing the value of the executives' restricted stock pool by the closing market price of our shares of common stock on the date of grant. The number of shares of common stock subject to the restricted stock unit awards was approximately one-half of the number of shares subject to stock options.

The awards vest quarterly over three years effective November 11, 2010 based on each respective Named Executive Officer's continued employment with the Company.

The equity awards granted to the Named Executive Officers during 2010 are set forth in the Summary Compensation Table and the Grants of Plan-Based Awards Table below.

Benefits and Perquisites

We provide other medical benefits to our executives, including the Named Executive Officers, on the same basis as all of our full-time employees. These benefits include medical, dental, prescription and vision insurance. These benefits are provided to our executives on the same general terms as to all of our full-time employees in the country in which they are resident.

We provide a limited number of perquisites to our executives to assist them in the performance of their duties, to make them more efficient and effective, and for recruitment and retention purposes. Perquisites provided to the Named Executive Officers during 2010 included an automobile allowance and limited tax preparation services as described in the Summary Compensation Table below.

Employment Agreements

We have employment agreements with each of the Named Executive Officers, other than Mr. Conron, setting forth the terms and conditions of their employment. Each of these arrangements was approved on our behalf

by our Board of Directors. For a summary of the material terms and conditions of employment for the Named Executive Officers, see *Employment Agreements and Arrangements and Change-In-Control Arrangements* below.

In retaining our executives, we recognized that it would be necessary to recruit and retain individuals with the requisite experience and skills to manage a dynamic, growing business. In addition, we recognized that a competitive compensation package would have to contain a financial inducement sufficient to motivate the candidate to accept an employment offer over any competing offers. Accordingly, we have sought to develop competitive compensation packages to attract qualified candidates who could fill our most critical positions. At the same time, we have been sensitive to the need to maintain an equitable executive compensation structure, balancing both competitive and internal considerations.

Post-Employment Compensation

Except as contained in the employment agreements, if any, for our Named Executive Officers, we do not have any agreements or other arrangements with any of our executives that provide for payments or benefits in the event of a termination of employment or in connection with a change in control of the Company. For a summary of such terms and conditions, see *Employment Agreements and Arrangements and Change-In-Control Arrangements* below.

Summary Compensation Table

The following table sets forth information regarding the compensation to our named executive officers for the fiscal year ended December 31, 2010.

(1) Includes automobile allowance, perquisites and other personal benefits.

For additional information regarding the valuation of Option Awards, refer to Note 2 of our financial statements in (2) the section captioned *Stock Options* contained in our Annual Report filed on Form 10-K with the SEC on March 16, 2011.

For additional information regarding the valuation of Stock Awards, refer to Note 2 of our financial statements in (3) the section captioned *Preferred and Common Stock* contained in our Annual Report filed on Form 10-K with the SEC on March 16, 2011.

Employment Agreements and Arrangements and Change-In-Control Arrangements

Employment Agreement with I. Richard Garr

We have a written employment agreement with Mr. Garr, our Chief Executive Officer and General Counsel. Pursuant to the agreement, as in effect, Mr. Garr is entitled to an annual salary of \$407,000 paid monthly of which \$30,000 is paid in connection with Mr. Garr's duties as general counsel. In addition, the agreement provides for certain performance bonuses as determined from time to time by our Compensation Committee. Mr. Garr's employment agreement also provides for a \$500 monthly automobile allowance and the reimbursement of reasonable business expenses. The term of the agreement is until October 31, 2012.

Mr. Garr's employment agreement also provides for severance (Termination Provisions) in an amount equal to the greater of: (i) the aggregate compensation remaining on his contract; or (ii) \$1,000,000, in the event Mr. Garr is terminated for any reason. In the event of termination, the agreement also provides for the immediate vesting of 100% of stock options granted to Mr. Garr during his term of employment. These termination provisions apply whether employee is terminated for cause or without cause. Additionally, in the event employee voluntarily terminates his employment following a change in control and material reassignment of duties, he will also be entitled to the termination provisions under the contract. In the event of early termination, the Termination Provisions will require us to make a substantial payment to the employee. By way of example, such payments would be approximately as follows:

Officer	Severance	Accelerated Vesting of Awards ⁽¹⁾	Total
I. Richard Garr	\$ 1,000,000	\$ 1,944,000	\$ 2,944,000

(1) Derived from the intrinsic value of the stock options as of 12/31/10 using a market value of \$2.12 for the Company's common stock.

Mr. Garr's agreement contains non-solicitation, and confidentiality and non-competition covenants. The agreement may be terminated by either party with or without cause and without prior notice subject to the termination provisions as discussed.

Employment Agreement with Karl Johe, Ph.D.

We have a written employment agreement with Mr. Johe, our Chief Scientific Officer. Pursuant to the agreement, as in effect, Mr. Johe is entitled to an annual salary of \$422,100 paid monthly. In addition, the agreement provides for certain performance bonuses as determined from time to time by our Compensation Committee. Mr. Johe's employment agreement also provides for a \$500 monthly automobile allowance and the reimbursement of reasonable business expenses. The term of the agreement is until October 31, 2012.

Mr. Johe's employment agreement also provides for severance (Termination Provisions) in an amount equal to the greater of: (i) the aggregate compensation remaining on his contract; or (ii) \$1,000,000, in the event Mr. Johe is terminated for any reason. In the event of termination, the agreement also provides for the immediate vesting of 100% of stock options granted to Mr. Johe during his term of employment. These termination provisions apply whether employee is terminated for cause or without cause. Additionally, in the event employee voluntarily terminates his employment following a change in control and material reassignment of duties, he will also be entitled to the

termination provisions under the contract. In the event of early termination, the Termination Provisions will require us to make a substantial payment to the employee. By way of example, such payments would be approximately as follows:

Officer	Severance	Accelerated Vesting of Awards ⁽¹⁾	Total
Karl Johe, Ph.D	\$ 1,000,000	\$ 1,944,000	\$ 2,944,000

(1) Derived from the intrinsic value of the stock options as of 12/31/10 using a market value of \$2.12 for the Company's common stock.

29

Mr. Johe's agreement contains non-solicitation, and confidentiality and non-competition covenants. The agreement may be terminated by either party with or without cause and without prior notice subject to the termination provisions as discussed.

Employment Agreement with John Conron.

Mr. Conron, our Chief Financial Officer, is currently an at-will employee. We currently pay Mr. Conron an annual salary of \$225,000. In addition, Mr. Conron receives performance bonuses as determined from time to time by our Compensation Committee. Mr. Conron also receives a \$500 monthly automobile allowance.

Employment Arrangement with Thomas Hazel

We have a written employee agreement with Mr. Hazel, our Senior Vice President of Research. During 2010, we paid Mr. Hazel an annual salary of \$180,000. In June of 2011, Dr. Hazel's annual salary was increased to \$225,000.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning unexercised options; stock that has not vested; equity incentives; and awards for each Named Executive Officer outstanding as of the end of the last completed fiscal year ending December 31, 2010.

(1) On July 28, 2005, we granted our CEO an option to purchase 1,200,000 common shares. The option was granted under our 2005 Stock Plan. The option vests annually over 4 years at a rate of 300,000 per year. The applicable vesting dates are July 28, 2006, 2007, 2008 and 2009. The only vesting condition is Mr. Garr's continued employment.

(2) On January 21, 2008, we granted our CEO an option to purchase 2,100,000 common shares. The grant has an effective date of January 1, 2008. The option was granted under our 2007 Stock Plan. The option vests at a rate of 700,000 per 14 month period. The applicable vesting dates are February 28, 2009, April 30, 2010, and June 30, 2011. The only vesting condition is Mr. Garr's continued employment.

(3) On November 11, 2010, we granted our CEO an option to purchase 263,147 common shares and 138,122 restricted stock units. The award was granted under our 2010 Stock Plan. The awards vest quarterly over three years effective November 11, 2010. The only vesting condition is Mr. Garr's continued employment.

(4) Outstanding equity awards for Mr. Johe do not include warrants to purchase an aggregate of 3,000,000 common shares that were issued on June 5, 2007.

30

(5) On July 28, 2005, we granted our CSO an option to purchase 1,200,000 common shares. The option was granted under our 2005 Stock Plan. The option vests annually over 4 years at a rate of 300,000 per year. The applicable vesting dates are July 28, 2006, 2007, 2008 and 2009. The only vesting condition is Mr. Johe's continued employment.

(6) On September 20, 2007, we granted our Chairman and Chief Scientific Officer, an option to purchase an aggregate of 333,333 shares of our common stock at a price per share of \$3.01 pursuant to our 2005 Stock Plan. The option expires 5 years from the date when they become exercisable. The option vests on October 31, 2010. The option is immediately exercisable upon an event which would result in an acceleration of Mr. Johe's stock option grants under his employment agreement.

(7) On January 21, 2008, we granted our CSO an option to purchase 2,100,000 common shares. The grant has an effective date of January 1, 2008. The option was granted under our 2007 Stock Plan. The option vests at a rate of 700,000 per 14 month period. The applicable vesting dates are February 28, 2009, April 30, 2010, and June 30, 2011. The only vesting condition is Mr. Johe's continued employment.

(8) On November 11, 2010, we granted our CSO an option to purchase 272,909 common shares and 143,247 shares of restricted stock units. The award was granted under our 2010 Stock Plan. The awards vest quarterly over three years effective November 11, 2010. The only vesting condition is Mr. Johe's continued employment.

(9) In April of 2007, we granted our CFO an option to purchase 100,000 common shares pursuant to his employment contract. The option is fully vested as of December 31, 2008.

(10) On April 1, 2008, we granted our CFO an option to purchase 50,000 common shares. The grant was made pursuant to Mr. Conron's employment agreement. The option was fully vested at the grant date.

(11) On April 1, 2008, we granted our CFO an option to purchase 1,000,000 common shares. The option vests at an annual rate of 333,333 per year. The vesting dates are April 1, 2009, 2010 and 2011. The only vesting condition is Mr. Conron's continued employment.

(12) On November 11, 2010, we granted our CFO an option to purchase 65,948 common shares and 34,615 shares of restricted stock. The award was granted under our 2010 Stock Plan. The awards vest quarterly over three years effective November 11, 2010. The only vesting condition is Mr. Conron's continued employment.

(13) On August 8, 2008, we granted the Sr. Vice President of Operations an option to purchase 200,000 common shares. The grant was made pursuant to Mr. Hazel's employment agreement. The option vests at 40,000 immediately on award and the remainder annually over 4 years at a rate of 40,000 per year.

31

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to our equity compensation plans as of December 31, 2010.

	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders			
2005 Stock Plan, as amended	3,763,617	\$ 1.24	236,383
2007 Stock Plan	5,460,000	3.37	568,846
2010 Stock Plan	947,988	2.21	6,052,012
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	10,171,605	\$ 2.44	6,857,241

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table summarizes the approximate aggregate fees billed to us or expected to be billed to us by our independent auditors, Stegman & Company, for our 2010 and 2009 fiscal years:

Type of Fees	2010	2009
Audit Fees	\$ 94,367	\$ 69,256
Audit Related Fees ⁽¹⁾	23,000	
Tax Fees	6,500	6,000
All Other Fees		
Total Fees	\$ 123,867	\$ 75,256

(1)

Fees associated with issuance of comfort letter.

Pre-Approval of Independent Auditor Services and Fees

Our audit committee reviewed and pre-approved all audit and non-audit fees for services provided by Stegman & Company and has determined that the provision of such services to us during fiscal 2010 and in connection with the audit of our 2010 fiscal year financials is compatible with and did not impair independence. It is the practice of the audit committee to consider and approve in advance all auditing and non-auditing services provided to us by our independent auditors in accordance with the applicable requirements of the SEC. Stegman & Company did not provide us with any services, other than those listed above.

AUDIT COMMITTEE REPORT

This section of the proxy statement will not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and will not otherwise be deemed filed under these Acts.

The Audit Committee is solely responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work.

Management is responsible for our financial statements, internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing, including with respect to auditor independence. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. Therefore, the Audit Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles and on the representations of the independent registered public accounting firm included in its report on Neuralstem's financial statements. Furthermore, the Audit Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that our financial statements are presented in accordance with generally accepted accounting principles, that the audit of our financial statements has been carried out in accordance with generally accepted auditing standards, or that the independent registered public accounting firm is in fact independent.

The Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. Our independent registered public accounting firm also provided to the Audit Committee the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed with the independent registered public accounting firm its independence.

Based upon these reviews and discussions and the report of the independent registered public accounting firm to the Audit Committee, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above, the Audit Committee, exercising its business judgment, recommended to our Board on March 10, 2011, that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC.

Scott Ogilvie
William Oldaker
Stanley Westreich

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Board currently consists of five members, three of which are independent, as that term is defined by NYSE Amex Rules. The Company's Bylaws provide for the classification of the Board into three classes, as nearly equal in number as possible, with staggered terms of office. The Company's Bylaws also provide that upon expiration of the term of office for a class of directors, nominees for such class will be elected for a term of three years or until their successors are duly elected and qualified.

At this year's annual meeting, the terms of Messrs. Garr and Johe expire. Two Directors will be elected at the annual meeting to serve for a three-year term which will expire at our annual meeting in 2014. The Board has nominated Messrs. Garr and Johe as Class III directors, both of whom are currently directors of the Company. The two candidates receiving the highest number of affirmative votes of the shares represented and entitled to vote at the Annual Meeting will be elected as Class III directors of the Company. Accordingly, abstentions will not affect the outcome of the proposal. The election of directors is a non-routine matter on which a broker or other nominee is not empowered to vote. Accordingly, if the beneficial owner does not give a broker specific instructions, the beneficially owned shares may not be voted on this proposal and will not be counted in determining the number of shares necessary for approval.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the two nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve.

Set forth below is information regarding the nominees for Class III director, the periods during which they have served as a director of the Company. Please refer to the sections entitled Directors, Executive Officers and Corporate Governance on pages 8, 14 and Beneficial Ownership of Shares of Common Stock on page 7 of this proxy statement containing more information on the director nominees and their respective beneficial ownership of our securities.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

For a Three Year Term Expiring at the 2014 Annual Meeting

Nominee for Term Expiring in 2014 (Class III)

Name	Principal Occupation	Age	Director Since
I. Richard Garr	Chief Executive Officer, President, General Counsel and	58	1996

Karl Johe, Ph.D

Director of Neuralstem, Inc.
Chief Scientific Officer, Chairman of the Board and Director of Neuralstem, Inc. 51 1996

Required Vote

The nominees receiving the highest number of affirmative FOR votes shall be elected as directors. Unless marked to the contrary, proxies received will be voted FOR these nominees.

Recommendation

The Board of Directors Unanimously Recommends That Stockholders Vote FOR the Election of Each Nominee to the Board of Directors

34

PROPOSAL 2

RATIFICATION OF AUDIT COMMITTEE'S SELECTION OF STEGMAN & COMPANY AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011

The Audit Committee has selected Stegman & Company as the independent registered public accounting firm for the fiscal year ending December 31, 2011. Stegman & Company has served as the Company's independent registered public accounting firm since 2007. Representatives of Stegman & Company are expected to attend the Annual Meeting and to respond to appropriate questions, and they will have the opportunity to make a statement if they wish.

We are asking our stockholders to ratify the selection of Stegman & Company as our independent registered public accounting firm. Although ratification is not required, our Board is submitting the selection of Stegman & Company to stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event stockholders fail to ratify the appointment of Stegman & Company, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that the change would be in the best interests of the Company and our stockholders.

The Company has been informed by Stegman & Company that, to the best of their knowledge, neither the firm nor any of its members or their associates has any direct financial interest or material indirect financial interest in the Company or its affiliates.

Required Vote

Ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2011 requires the affirmative **FOR** vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Unless marked to the contrary, proxies received will be voted **FOR** ratification of the appointment of Stegman & Company.

Recommendation

Our board of directors recommends a vote FOR the ratification of the appointment of Stegman & Company as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

PROPOSAL 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As required by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Exchange Act, the Board is requesting stockholders to vote, on a non-binding advisory basis, to approve the compensation paid to our Named Executive Officers as disclosed in this proxy statement in the sections entitled, Executive Compensation Compensation Discussion and Analysis beginning on page 19 of this proxy statement. This proposal, commonly known as a say on pay proposal, gives stockholders the opportunity to express their views on the compensation of our Named Executive Officers.

Our executive compensation strategy and structure is based on the following principles: a) reward successful execution of business strategy; b) attract and retain qualified talent; and c) align management and stockholder interests. The executive compensation program is designed to achieve four primary objectives:

1. Ensure base pay is competitive for the role or job to be performed and to retain the executive.
2. Recognize achievement of annual goals and milestones through annual incentives.
3. Reward successful completion of long-term goals and enhancement of shareholder wealth through the long-term incentive program.
4. Provide a cost effective benefits package.

The Compensation Committee actively reviews and assesses our executive compensation program, the challenge of recruiting, motivating and retaining executives in an industry with much longer business cycles than other commercial industries, and evolving compensation governance and best practices. The Compensation Committee strives to act in the long-term best interests of the Company and its stockholders and believes that Neuralstem's executive compensation programs are aligned with the long-term interests of our stockholders. In determining whether to approve this proposal, the Compensation Committee believes that stockholders should consider the following:

Independent Compensation Committee. Executive compensation is reviewed and established by our Compensation Committee of the Board consisting solely of independent directors. The Compensation Committee meets in executive session, without executive officers present, in determining annual compensation.

No Increases to Base Salaries or Target Bonus Opportunities. In light of the continuing uncertain economic environment, target incentives were decreased for executive officers in 2010 and 2011.

	Year Ended 12/31/08	Year Ended 12/31/09	Year Ended 12/31/10	As of 04/01/11
	Base Compensation/ Target Bonus	Base Compensation/ Target Bonus	Base Compensation/ Target Bonus	Base Compensation/ Target Bonus
Karl Johe Chief Scientific Officer and Chairman	427,250/85 %	422,100/85 %	422,100/85 %	422,100/60 %
Richard Garr Chief Executive Officer,	436,750/85 %	407,000/85 %	407,000/85 %	407,000/60 %

Edgar Filing: Neuralstem, Inc. - Form DEF 14A

General Counsel

John Conron

Chief Financial Officer

Tom Hazel

Senior VP Research

208,750*/35 % 225,000/35 % 225,000/35 % 225,000/25 %

100,000*/7.5 % 180,000/8 % 180,000/8 % 180,000/8 %

*

partial year

Emphasis on Pay for Performance. Bonuses are paid based on our achievement of pre-established corporate goals related to our operations, as well as achievement of individual objectives. This provides a direct link between executive compensation and our operational and financial

36

performance and motivates our executives to implement strategic initiatives in order to meet or exceed pre-established corporate goals.

Equity is Used as a Key Component of Compensation and Aligns our Compensation Programs with the Long-Term Interests of our Stockholders. The largest portion of our Named Executive Officers' 2010 compensation consisted of performance- and equity-based compensation which provides a direct link between executive compensation and our operational and financial performance. Stock options and restricted stock units/grants were a key component of our 2010 compensation program and closely align the long-term interests of our executives with those of our stockholders because the recipient will only realize a return on the option if our stock price increases over the life of the option.

No Personal Benefits. Our executive officers are eligible for generally the same benefits as non-executive, salaried employees, and do not receive any additional personal benefits other than limited perquisites consisting of an automobile allowance and limited tax services.

No Retirement Benefits. We do not offer any pension plans or health benefits during retirement.

Required Vote

You may vote for or against the following resolution, or you may abstain. Approval of this proposal requires the affirmative **FOR** vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Because this vote is advisory, it will not be binding upon our board of directors. However, the Compensation Committee will consider the outcome of the vote, along with other relevant factors, in evaluating its executive compensation program.

RESOLVED, that the stockholders approve, on a non-binding advisory basis, the compensation paid to Neuralstem's Named Executive Officers, as disclosed in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in the Proxy statement relating to the Company's 2011 Annual Meeting.

Recommendation

Our board of directors recommends a vote **FOR the approval of the foregoing resolution.**

PROPOSAL 4

ADVISORY VOTE TO APPROVE THE FREQUENCY OF HOLDING FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION EVERY 1, 2 OR 3 YEARS

As required by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Exchange Act, the Board is requesting stockholders to vote, on a non-binding advisory basis the Board is conducting a non-binding, advisory vote on the frequency with which it will seek the non-binding stockholders advisory vote on executive compensation, similar to Proposal No. 3 in this proxy statement in future years. Neuralstem is required to hold the say-on-pay vote at least once every three years. Accordingly, stockholders may vote that the advisory vote on executive compensation be held in the future as follows:

Every year;
Every two years; or
Every three years.

Stockholders may also abstain from voting on this proposal. In considering your vote, you may wish to review the information presented in connection with Proposal No. 3 in this proxy statement, as well as the Compensation Discussion and Analysis and Executive Compensation Tables sections of this proxy statement, which provide a more detailed discussion of our executive compensation programs and policies.

Our Board of Directors has determined that holding a say-on-pay vote every three years is most appropriate for Neuralstem and recommends that you vote to hold such advisory vote in the future every third year, for the following reasons.

A triennial aligns with Neuralstem's approach to executive compensation and the underlying philosophy of the Compensation Committee.

Our executive compensation programs are designed to enhance the long-term growth of Neuralstem and reward performance over a multi-year period. For example, the stock awards granted to our executive team generally have three-year vesting periods

A triennial vote encourages a longer-term evaluation of compensation history and business results.

The Board believes that there is some risk that an annual advisory vote on executive compensation could lead to a short-term stockholder perspective regarding executive compensation that does not align well with the longer-term approach used by our Compensation Committee. We believe a three-year cycle for the stockholder advisory vote will provide investors the most meaningful timing alternative by which to evaluate the effectiveness of our executive compensation strategies and their alignment with Neuralstem's performance, financial results and business.

A triennial vote provides our Compensation Committee with adequate time to consider the results of say-on-pay votes and other stockholder input.

A triennial say-on-pay vote allows the Board to respond to stockholder sentiment and effectively implement any desired changes to executive compensation policies, practices and programs.

The Board believes that a triennial vote would not foreclose stockholder engagement on executive compensation during interim periods. Stockholders can currently provide input directly to the Board, its committees or individual

directors as indicated in the section of this proxy entitled Directors, Executive Officers and Corporate Governance Communicating with the Board of Directors. Thus, we view the advisory vote on executive compensation as an additional, but not exclusive, opportunity for our stockholders to communicate their views on Neuralstem's executive compensation programs.

The Board weighed these reasons against the arguments in support of conducting the advisory vote annually or biannually. In particular, the Board considered the value of the opportunity for stockholder input at each annual meeting, as well as the belief that annual votes would promote greater accountability on executive compensation. Although the Board believes that these and other positions put forth in favor of an annual say-on-pay vote are not without merit, on balance, the Board believes that a triennial approach is most appropriate for Neuralstem and recommends that voting alternative to stockholders. The Compensation

Committee intends to periodically reassess that view and, if it determines appropriate, may provide for an advisory vote on executive compensation on a more frequent basis.

Required Vote

The frequency that receives the highest number of votes cast will be deemed to be the frequency selected by the stockholders. Because this vote is advisory, it will not be binding upon our board of directors. However, the Compensation Committee will consider the outcome of the stockholder vote, along with other relevant factors, in recommending a voting frequency to our board of directors.

Recommendation

Our board of directors recommends a vote for a frequency of once every 3 YEARS for the stockholder advisory vote on compensation awarded to our named executive officers.

ANNUAL REPORT ON FORM 10-K AND OTHER SEC FILINGS

Enclosed herewith is our Annual Report on Form 10-K for the 2010 fiscal year. Additional copies may be requested in writing. Such requests should be submitted to Mr. John Conron, Chief Financial Officer, Neuralstem, Inc., 9700 Great Seneca Highway, Rockville, Maryland 20850, Exhibits to Form 10-K, as amended, will also be provided upon specific request. The materials will be provided without charge.

You can also obtain copies of this Proxy statement, our Annual Report and exhibits, as well as other filings we make with the SEC, on the SEC's website at www.sec.gov. or on Neuralstem's website at www.neuralstem.com.

OTHER MATTERS

We have not received notice of and do not expect any matters to be presented for a vote at the meeting, other than the proposals described in this proxy statement. If you grant a proxy, each of the persons named as proxy holder, I. Richard Garr and John Conron, or their nominees or substitutes, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any unforeseen reason, any of our nominees are not available as a candidate for director, the proxy holder will vote your proxy for such other candidate or candidates nominated by our Board.

October 28, 2011

By Order of the Board of Directors
/s/ I. Richard Garr
Chief Executive Officer,

