

NeuroMetrix, Inc.
Form 4
November 16, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Gregory Gary

(Last) (First) (Middle)
C/O NEUROMETRIX, INC., 62
FOURTH AVENUE
(Street)

WALTHAM, MA 02451

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NeuroMetrix, Inc. [NURO]

3. Date of Earliest Transaction
(Month/Day/Year)
11/14/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Chief Operating Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Code V Amount (D) Price | | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
|---|------------------------------|------------------|------------|--|---------------------|---|-----|-------|------------------|-----------------|--------------|----------------------------|
| Employee Stock Option (right to buy Common Stock) | \$ 2.25 | 11/14/2006 | | | D ⁽¹⁾⁽²⁾ | | | 2,167 | <u>(3)</u> | 06/05/2013 | Common Stock | 2,167 |
| Employee Stock Option (right to buy Common Stock) | \$ 4.48 | 11/14/2006 | | | A ⁽¹⁾⁽²⁾ | | | 2,167 | <u>(3)</u> | 06/05/2013 | Common Stock | 2,167 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Gregory Gary C/O NEUROMETRIX, INC. 62 FOURTH AVENUE WALTHAM, MA 02451 | | | Chief Operating Officer | |

Signatures

/s/ Nicholas J. Alessi,
Attorney-in-Fact
Date: 11/16/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The two reported transactions involved an amendment of an outstanding option award, resulting in the deemed cancellation, for purposes of Section 16, of the "old" option and the grant of a "replacement" option. The existing option was initially granted prior to the company's initial public offering and had an exercise price per share that was less than the fair market value of the company's common stock on the grant date as determined by the company's board of directors.
- (2) The company had historically accounted for this option as a discounted option. Subsequent to the grant of this option, the IRS adopted Section 409A of the Internal Revenue Code, which negatively impacted the tax treatment of discounted stock options. However, the IRS issued guidance permitting companies and option holders to amend discounted stock options to increase the exercise price to equal the fair market value per share on the grant date in order to avoid application of Section 409A. Accordingly, the company and the related

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person agreed to amend the option to increase the exercise price from \$2.25 per share to \$4.48 per share.

(3) This option was vested as to 1,690 shares on November 14, 2006 and the remainder will vest on December 5, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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