

Neuralstem, Inc.
Form 424B3
October 04, 2006

SUPPLEMENT DATED October 4, 2006
(To Prospectus dated August 28, 2006)

Rule 424(b)(3)
Registration No. 333-132923

NEURALSTEM, INC.

16,335,333
Common Shares

This prospectus supplement supplements information contained in, and should be read in conjunction with, that certain Prospectus, dated August 28, 2006, of Neuralstem, Inc. (the "Company"). This prospectus supplement is not complete without, and may not be delivered or used except in connection with, the original Prospectus. The Prospectus relates to the resale of up to 16,335,333 shares of our common stock by the selling shareholders identified in the Prospectus.

The information attached to this prospectus supplement modifies and supersedes, in part, the information in the Prospectus, as supplemented. Any information that is modified or superseded in the Prospectus shall not be deemed to constitute a part of the Prospectus, except as modified or superseded by this prospectus supplement.

We may amend or supplement the Prospectus from time to time by filing amendments or supplements as required. You should read the entire Prospectus and any amendments or supplements carefully before you make an investment decision.

As previously disclosed in the above-referenced prospectus, in the section captioned "Registration Rights."

[w]e entered into a registration rights agreements with the investors under which we agreed to file the registration statement of which this prospectus is a part in order to register (1) the common shares issued in the private placement; and (2) the common shares issuable upon the exercise of the class "A" and "B" warrants.

The registration rights agreement required us to use our best efforts to:

- file the registration statement as soon as reasonably practicable after the first closing for the offering, but in no event more than 30 days following the closing of the minimum offering amount, which closing occurred on February 23, 2006 ("Filing Deadline");
- have the registration agreement declared effective within 180 days after the closing of the minimum offering amount ("Effectiveness Deadline"); and
- maintain the registration statement continuously effective until the date that the shares covered by this prospectus may be sold pursuant to Rule 144 of the Securities Act without any restrictions.

If we fail to file the registration statement within the 30 days, have the registration statement declared effective within 180 days, or the registration statement does not stay effective for any 45 consecutive day period: (i) the shares underlying the "A" and "B" warrants will be increased by one percent (1%) for each 30 day period subject to proration for any partial period; and (ii) we will be obligated to issue additional shares equal to one percent (1%) of the common

shares sold in the offering for each 30 day period and subject to proration for any partial period.

In addition to the forgoing, Regal One Corporation, one of our largest shareholders, agreed that if we fail to meet either the Filing Deadline or Effectiveness Deadline, that for each day following such 30 day or 180 day period, as the case may be, the Company will cancel 3,000 shares of Neuralstem's common stock which Regal One currently owns, up to a maximum of 1,000,000 cancelled shares.

We filed our initial registration statement as required under the registration rights agreement on March 31, 2006 after hours and it has a filing date of April 3, 2006. Accordingly, we have incurred a penalty of 9 days and are already obligated to issue 15,000 additional common shares, 7,500 additional class A warrant shares and 7,500 additional class B warrant shares. Additionally, 27,000 common shares held by Regal One Corporation are subject to cancellation. As stated above, we are registering an additional 100,000 common shares reserved for issuance in the event we incur additional penalties.

Described below are acts or events that constitute a substantive change from or addition to the information set forth in the above-referenced prospectus:

- Our above referenced prospectus was declared effective on September 30, 2006.
- In total, we incurred 17 days worth of penalties consisting of: (i) 9 days attributed to the filing of the prospectus past the Filing Deadline; and (ii) 6 days attributed to the prospectus becoming effective past the Effectiveness Deadline.
- As a result of the penalties and our obligations under the registration rights agreement, we have cancelled a total of 51,000 common shares held by Regal One Corporation.
- As a result of the penalties and our obligations under the registration rights agreement, we issued an aggregate of: (i) 28,333 common shares; and (ii) reserved 28,333 common shares for issuance upon the exercise of the class A and class B warrants.

As a result of the above stated actions, we are updating our selling shareholder table to provide for: (i) the cancellation of the Regal One Corporation shares; (ii) the issuance and reservation of additional shares to certain selling shareholders; and (iii) the decreasing of shares contained in the line item entitled "Reserved Penalty Shares." We have not registered any additional shares.

The updated selling shareholder table is as follows:

Edgar Filing: Neuralstem, Inc. - Form 424B3

| | Held Outright | Warrants/ Options | Amount | % of class | Shares being registered | Shares owned after sale | % |
|---|------------------|----------------------|---------|---------------|----------------------------|-------------------------------|---|
| Andrew M. Lessman | 251,417 | 251,417 | 502,833 | 1.9% | 502,833 | - | |
| Ariana M. McFadyen | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Andrew M. Margulies | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Aton Select Fund Limited | 150,850 | 150,850 | 301,700 | 1.2% | 301,700 | - | |
| B&R Richie's | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| Barry Shemaria | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Benjamin G. Wells, Trustee, Wells Family Revocable Trust Dtd. 5- 3-91 | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Brendon Myers | 100,000 | - | 100,000 | * | 100,000 | - | |
| Brian Garr | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Bruce & Jacqueline Barron, Joint Ownership | 50,000 | - | 50,000 | * | 50,000 | - | |
| Bruce B. Allen Trustee of the Bruce and Janet Joint Revocable Trust dated 7-31-03 | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Chaim Slomluc | 50,000 | - | 50,000 | * | 50,000 | - | |
| Chandrasekhar Polepalle & Suseela Polepalle JTWROS | 325,708 | 125,708 | 451,417 | 1.7% | 451,417 | - | |
| Charles Abramovitz | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Condor Financial Management S.A. | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Dan R. Hamby and Marianne Hamby | 40,227 | 40,227 | 80,453 | * | 80,453 | - | |
| David Carl Lustig, III | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Donald L. Stahl | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Equity Communications, LLC | | 330,000 | 330,000 | 1.3% | 330,000 | - | |
| Freddie Bear Partnership | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| G. Tyler Runnels or Jasmine Niklas Runnels TTEES The Runnel Family Trust dtd 1-11-20 | 112,068 | 12,068 | 124,136 | * | 124,136 | - | |
| Guy Clemente | 100,000 | - | 100,000 | * | 100,000 | - | |
| Harbans L. Gulati & Subhash C. Gulati | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Hawkins Family Trust | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| High Tide, LLC | 500,000 | - | 500,000 | 1.9% | 500,000 | - | |
| Ira Weingarten | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Iroquois Master Fund, Ltd. | 251,417 | 251,417 | 502,833 | 1.9% | 502,833 | - | |
| J. Leroy and Joan B. Thompson | 12,068 | 12,068 | 24,136 | * | 24,136 | - | |
| JAG Multi Investments, LLC | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |

Edgar Filing: Neuralstem, Inc. - Form 424B3

JAM Capital Associates,
LLC

| | | | | | | | |
|--|-----------|-----------|-----------|-------|-----------|---------|------|
| James Karanfilian | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| James McCamant | 50,000 | - | 50,000 | * | 50,000 | - | |
| Jay R. Solan & Sandra S. Solan | 225,708 | 125,708 | 351,417 | 1.4% | 351,417 | - | |
| JMG Capital Partners, LP | 502,833 | 502,833 | 1,005,667 | 3.9% | 1,005,667 | - | |
| JMG Triton Offshore Fund, Ltd. | 502,833 | 502,833 | 1,005,667 | 3.9% | 1,005,667 | - | |
| John G. Korman | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| John H. Dakin | 15,085 | 15,085 | 30,170 | * | 30,170 | - | |
| Jonathan Meyers | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| Joseph Giamanco | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Joseph H. Merback & Tema N. Merback Co-TTEE FBO Merback Family Trust UTD 8-30- | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| Larry E. Roher | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Leonard Cohen | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Louis Albert Lobel | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Martin Hodas | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| Michael Berry | 50,000 | - | 50,000 | * | 50,000 | - | |
| Michael Diamant | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Michael J. Garr | 40,227 | 40,227 | 80,453 | * | 80,453 | - | |
| Michael W. Engmann | 150,850 | 150,850 | 301,700 | 1.2% | 301,700 | - | |
| Mitchell Sassower | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Nathan Sugarman | 100,283 | 50,283 | 150,567 | * | 150,567 | - | |
| New Horizon Exploration Inc. | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Omicron Master Trust | 251,417 | 251,417 | 502,833 | 1.9% | 502,833 | - | |
| Patrick Hund | 75,142 | 25,142 | 100,283 | * | 100,283 | - | |
| Paul A. Lobel and Laura A. Lobel, Tenants by Entirety | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| Phillip S. Sassower Charitable Remainder Annuity Trust '96 | 100,567 | 100,567 | 201,133 | * | 201,133 | - | |
| RBC Dain Rauscher Custodian FBO Gregory B. Pepus IRA | 35,198 | 35,198 | 70,397 | * | 70,397 | - | |
| Regal One Corporation | 1,794,287 | 1,000,000 | 2,794,287 | 10.8% | 1,800,000 | 994,287 | 3.9% |
| Richard Friedman | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Richard Green | 50,000 | - | 50,000 | * | 50,000 | - | |
| Richard Hull | 25,142 | 125,142 | 150,284 | * | 50,284 | 100,000 | * |
| Richard Stone | 50,000 | - | 50,000 | * | 50,000 | - | |
| Robert Cohan | 50,283 | 50,283 | 100,567 | * | 100,567 | - | |
| Robert Lempert | 20,113 | 20,113 | 40,227 | * | 40,227 | - | |
| Robert R. Kauffman | 75,425 | 75,425 | 150,850 | * | 150,850 | - | |
| Rubicon Global Value Fund, L.P. | 145,822 | 145,822 | 291,643 | 1.1% | 291,643 | - | |
| S&J Veal, Inc. | 25,142 | 25,142 | 50,283 | * | 50,283 | - | |
| S.W. Bach & Company | | 127,050 | 127,050 | * | 127,050 | - | |

Edgar Filing: Neuralstem, Inc. - Form 424B3

| | | | | | | |
|--|------------------|------------------|-------------------|------|-------------------|------------------|
| Sachs Investing Co. | 50,283 | 50,283 | 100,567 | * | 100,567 | - |
| Sam R. Buck | 131,742 | 131,742 | 263,485 | 1.0% | 263,485 | - |
| Silpi Polepalle | 25,142 | 25,142 | 50,283 | * | 50,283 | - |
| Steven B. Dunn | 500,000 | - | 500,000 | 1.9% | 500,000 | - |
| Steven Mitchell Sack | 172,567 | 100,567 | 273,133 | 1.1% | 273,133 | - |
| Sylvia Johe | 25,142 | 25,142 | 50,283 | * | 50,283 | - |
| T.R. Winston & Company, LLC | | 672,950 | 672,950 | 2.6% | 672,950 | - |
| The JD Group, LLC | | 1,000,000 | 1,000,000 | 3.9% | 1,000,000 | - |
| Thomas E. Genna | 150,283 | 50,283 | 200,567 | * | 200,567 | - |
| Thomas R. Smith | 50,283 | 50,283 | 100,567 | * | 100,567 | - |
| Univest Management Employee Profit Sharing Plan | 50,283 | 50,283 | 100,567 | * | 100,567 | - |
| VAR Growth Corp. | 100,000 | - | 100,000 | * | 100,000 | - |
| William John Reininger | 25,142 | 25,142 | 50,283 | * | 50,283 | - |
| Reserved Penalty Shares | 38,333 | 38,333 | 76,667 | | 76,667 | - |
| TOTALS | 9,132,954 | 8,296,667 | 17,429,621 | | 16,335,334 | 1,094,287 |