Neuralstem, Inc.
Form 424B5
June 28, 2010

PROSPECTUS SUPPLEMENT
(To Prospectus dated September 9, 2008, and as amended)

Filed pursuant to Rule 424(b)(5)
Registration No. 333-153387

3,571,436 Units

Units Consisting of
One Share of Common Stock and
a Warrant to Purchase 0.75 of a Share of Common Stock

We are offering 3,571,436 units, with each unit consisting of one share of our common stock and a warrant to purchase 0.75 of a share of our common stock (and the shares of common stock issuable from time to time upon exercise of the offered warrants), to institutional investors pursuant to this prospectus supplement and the accompanying prospectus. Each unit will be sold at a negotiated price of $2.80. Each warrant has an exercise price of $3.25 per share, and is exercisable immediately for a period of three years. The shares of common stock and the warrants will be issued separately but will be purchased together in this offering.

The warrants will not be listed on any national securities exchange. Our common stock is listed on the NYSE AMEX under the symbol "CUR." On June 25, 2010, the last reported sale price of our common stock on the NYSE AMEX was $2.93 per share. As of June 25, 2010, the aggregate market value of our outstanding common stock held by non-affiliates was approximately $114,818,628 million based on 42,436,588 shares of outstanding common stock, of which 39,187,245 shares were held by non-affiliates, and a price of $2.93 per share, which was the last reported sale price of our common stock as quoted on the NYSE AMEX on June 25, 2010.

This investment involves a high degree of risk. Please see the section entitled "Risk Factors" beginning on page S-5 of this prospectus supplement and page 3 of the accompanying prospectus.

Noble International Investment, Inc., D/B/A Noble Financial Capital Markets ("Noble") acted as the placement agent on this transaction. The placement agent is not required to sell any specific number or dollar amount of securities. The placement agent has agreed to use its reasonable best efforts to sell the securities offered by this prospectus supplement. We have agreed to pay the placement agent the placement agent fees set forth in the table below.

	Per Unit	Total
Public offering price	$ 2.80	$ 10,000,021
Placement agent fees(1)	$ 0.20	$ 700,001
Proceeds, before expenses, to Neuralstem, Inc. (2)	$ 2.60	$ 9,300,020

(1) In addition, we have agreed to issue the placement agent warrants to purchase up to 250,001 shares of our common stock at an exercise price of $3.25 per share as described under "Plan of Distribution" in this prospectus supplement.

(2) The proceeds shown exclude proceeds that we may receive upon exercise of the warrants.

Delivery of the units is expected to be made on or about June 29, 2010, against payment for such units to be received by us on the same date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Noble Financial Capital Markets

The date of this prospectus supplement is June 28, 2010

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Prospectus supplement

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying base prospectus. We have not authorized anyone to provide you with information that is different. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. This document may only be used where it is legal to sell these securities. You should assume that the information in this prospectus supplement and the accompanying base prospectus is accurate only as of their respective dates and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

ABOUT THIS PROSPECTUS

We are providing information to you about this offering in two parts. The first part is this prospectus supplement, which provides the specific details regarding the offering. The second part is the base prospectus, included in the registration statement on Form S-3 (No. 333-153387) which we are supplementing with the information contained in this supplement. Generally, when we refer to this "prospectus," we are referring to both documents combined as well as any documents incorporated herein by reference. Some of the information in the base prospectus may not apply to this offering.

You should also read and consider the information in the documents that we have referred you to in "Where You Can Find More Information" on page S-16 of this prospectus supplement and the information described under "Incorporation of Certain Documents by Reference" on page S-16 of this prospectus supplement before investing in our securities. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the Securities and Exchange Commission, or SEC, will automatically update and supersede this information.

If information in this prospectus supplement is inconsistent with the base prospectus, you should rely on this prospectus supplement. We have not authorized anyone to provide information different from that contained or incorporated in this prospectus supplement and the accompanying prospectus. We are offering to sell securities only in jurisdictions where offers and sales are permitted. The information contained or incorporated in this prospectus supplement and the accompanying prospectus is accurate only as of the date of such information, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our units.

In this prospectus supplement, "we," "us," "our company" "Neuralstem," the "Company," and similar terms refer to Neuralstem Inc., unless the context otherwise requires.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In this prospectus we make a number of statements, referred to as "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), which are intended to convey our expectations or predictions regarding the occurrence of possible future events or the existence of trends and factors that may impact our future plans and operating results. These forward-looking statements are derived, in part, from various assumptions and analyses we have made in the context of our current business plan and information currently available to use and in light of our experience and perceptions of historical trends, current conditions and expected future developments and other factors we believe are appropriate in the circumstances. You can generally identify forward looking statements through words and phrases such as "believe," "expect," "seek," "estimate," "anticipate," "intend," "plan," "budget," "project," "may likely result," "may be," "may continue," similar expressions.

When reading any forward-looking statement you should remain mindful that actual results or developments may vary substantially from those expected as expressed in or implied by such statement for a number of reasons or factors, including but not limited to:

- the success of our research and development activities, the development of a viable commercial product, and the speed with which regulatory authorizations and product launches may be achieved;

- whether or not a market for our product develops, and, if a market develops, the rate at which it develops;

- our ability to successfully sell or license our products if a market develops;
- our ability to attract and retain qualified personnel to implement our business plan and corporate growth strategies;
- our ability to develop sales, marketing, and distribution capabilities;
- our ability to obtain reimbursement from third party payers for our proposed products if they are developed;
- the accuracy of our estimates and projections;
- our ability to fund our short-term and long-term financing needs;
- changes in our business plan and corporate strategies; and
- other risks and uncertainties discussed in greater detail in the section of this prospectus captioned "Risk Factors."

Each forward-looking statement should be read in context with, and in understanding of, the various other disclosures concerning our company and our business made elsewhere in this prospectus as well as our public filings with the SEC. You should not place undue reliance on any forward-looking statement as a prediction of actual results or developments. We are not obligated to update or revise any forward-looking statements contained in this report or any other filing to reflect new events or circumstances unless and to the extent required by applicable law.

SUMMARY

This summary highlights selected information appearing elsewhere or incorporated by reference in this prospectus may not contain all of the information that is important to you. This summary is not complete and does not contain all of the information that you should consider before investing in our securities. To fully understand this offering and its consequences to you, you should read this entire prospectus supplement and the accompanying base prospectus carefully, including the information referred to under the heading "Risk Factors" in this prospectus supplement beginning on page S-5, and the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying base prospectus when making an investment decision.

ABOUT NEURALSTEM

Overview

We are focused on the development and commercialization of treatments based on transplanting human neural stem cells and small molecule compounds.

We have developed and maintain a portfolio of patents and patent applications that form the proprietary base for our research and development efforts in the area of neural stem cell research. We own or exclusively license four (4) issued patents and twelve (12) patent pending applications in the field of regenerative medicine and related technologies. We believe our technology base, in combination with our know-how, and collaborative projects with major research institutions, provides a competitive advantage and will facilitate the development and commercialization of products for use in the treatment of a wide array of neurodegenerative conditions and in regenerative repair of acute disease.

Regenerative medicine is a young and emerging field. Regenerative Medicine is the process of creating living, functional tissues to repair or replace tissue or organ function lost due to age, disease, damage, or congenital defects. There can be no assurances that our intellectual property portfolio will ultimately produce viable commercialized products and processes. Even if we are able to produce a commercially viable product, there are strong competitors in this field and our products may not be able to successfully compete against them.

All of our research efforts to date are at the pre-clinical or clinical stage of development. We are focused on leveraging our key assets, including our intellectual property, our scientific team and our facilities, to advance our technologies. In addition, we are pursuing strategic collaborations with members of academia. We are headquartered in Rockville, Maryland.

In addition to our core tissue based technology, we have begun developing neurogenic and neuroprotective Small-Molecule compounds. The patent, covering what we believe to be a new class of drug, was issued on June 10, 2009.

Clinical Trial

On December 18, 2008 we filed our first Investigational New Drug Application ("IND") with the U.S. Food and Drug Administration ("FDA") to begin a clinical trial to treat Amyotrophic Lateral Sclerosis ("ALS" or "Lou Gehrig's disease").

On September 21, 2009, the FDA approved our IND. The first patient in our study was dosed on January 21, 2010 at Emory University in Atlanta Georgia. As a result, we anticipate that for the next 18 months, our primary focus will be on our duties as the sponsor of this Phase I clinical trial.

Technology

Stem Cells

Our technology enables the isolation and large-scale expansion of human neural stem cells from all areas of the developing human brain and spinal cord, thus enabling the generation of physiologically relevant human neurons of all types. Our two issued core patents entitled: (i) Isolation, Propagation, and Directed Differentiation of Stem Cells from Embryonic and Adult Central Nervous System of Mammals; and (ii) In Vitro Generation of Differentiated Neurons from Cultures of Mammalian Multipotential CNS Stem Cell contain claims which cover the process of deriving the cells as well as the cells created from this process.

What differentiates our stem cell technology from others is that our patented processes do not require us to direct our cells towards a certain fate by adding specific growth factors. Our cells actually “become” the type of cell they are fated to be. This process and the resulting cells comprise a technology platform that allows for the efficient isolation and production, in commercially reasonable quantities, of neural stem cells from the human brain and spinal cord.

To date we have focused our efforts on applications involving spinal cord stem cells. We have completed preclinical efficacy and safety studies on these cells sufficient to gain FDA approval for human clinical trials. We believe we have established "proof of principle" for two important spinal cord applications: ALS, or Lou Gehrig's disease, and Ischemic Spastic Paraplegia (a painful form of spasticity that may arise as a complication of surgery to repair aortic aneurysms). In anticipation of our Phase I trials, we have created spinal cord cell banks using Good Manufacturing Practice ("GMP").

Small-molecule Compounds

We have performed tests on cultured neural stem cells as well as in animals models in order to validate the performance of small molecule compounds for hippocampal neurogenesis. To date, we have contracted for the manufacturing of small batches of the compound. We have also contracted for a production run using GMP methods which will be large enough to complete safety testing and Phase I clinical trials. We expect to file an IND to commence human safety trials of our lead small molecule compound to treat major depression in early 2011.

In July of 2009, we received notice from the U.S. Patent and Trademark Office ("USPTO") patent application 12/049,922, entitled "Use of Fused Nicotinamides to Promote Neurogenesis," claims four chemical entities and any pharmaceutical composition including them, have been issued.

Research

We have devoted substantial resources to our research programs in order to isolate and develop a series of neural stem cell banks that we believe can serve as a basis for our therapeutic products. Our efforts to date have been directed at methods to identify, isolate and culture large varieties of stem cells of the human nervous system, and to develop therapies utilizing these stem cells. This research is conducted internally, through the use of third party laboratories and consulting companies under our direct supervision, and through collaboration with academic institutes.

Operating Strategy

We employ an outsourcing strategy where we outsource all of our Good Laboratory Practices ("GLP") preclinical development activities and GMP manufacturing and clinical development activities to contract research organizations ("CRO") and contract manufacturing organizations ("CMO") as well as all non critical corporate functions. Manufacturing is also outsourced to organizations with approved facilities and manufacturing practices. This outsource model allows us to better manage cash on hand and eliminates non-vital expenditures. It also allows for us to operate with relatively fewer employees and lower fixed costs than that required by our competitors.

Employees and Location

As of March 13, 2010, we had eight full-time employees and six full time independent contractors. Of these employees, ten work on research and development and four in administration. We also use the services of numerous outside consultants in business and scientific matters.

Our Corporate Information

We were incorporated in Delaware. Our principal executive offices are located at 9700 Great Seneca Highway, Rockville, Maryland 20850, and our telephone number is (301) 366-4841. Our website is located at www.neuralstem.com. We have not incorporated by reference into this prospectus supplement or the accompanying base prospectus the information in, or that can be accessed through, our website, and you should not consider it to be a

part of this prospectus supplement or the accompanying prospectus.

Where to Find More Information

We make our public filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all exhibits and amendments to these reports. Also our executive officers, directors and holders of more than 10% of our common stock, file reports with the SEC on Forms 3, 4 and 5 regarding their ownership of our securities. These materials are available on the SEC's web site, http://www.sec.gov. You may also read or copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Alternatively, you may obtain copies of these filings, including exhibits, by writing or telephoning us at:

NEURALSTEM, INC
9700 Great Seneca Highway,
Rockville, Maryland 20850
Attn: Chief Financial Officer
Tel: (301) 366-4841

THE OFFERING

Common stock offered by us	6,250,013 shares
Common stock to be outstanding after this offering	46,008,024 shares*
Warrants offered by us	Warrants to purchase up to 2,678,577shares of our common stock (excluding warrants to purchase up to 250,001 shares of our common stock to be issued to our placement agent upon the completion of this offering). Each warrant has an exercise price of $3.25 per share and is exercisable immediately for a period of three years. This prospectus supplement also relates to the offering of the shares of common stock issuable upon exercise of the warrants. There is currently no market for the warrants and none is expected to develop after this offering.
Use of proceeds	We intend to use the net proceeds from the sale of the securities under this prospectus supplement for general corporate purposes, including, without limitation, to fund our Phase I clinical study program for ALS, and for working capital. Please see the section entitled “Use of Proceeds” on page S-12 of this prospectus supplement.
NYSE: AMEX	CUR
Risk factors	This investment involves a high degree of risk. Please see the section entitled “Risk Factors” beginning on page S-5 of this prospectus supplement.

The number of shares of our common stock to be outstanding immediately after this offering is based on 42,436,588.000 shares of our common stock outstanding as of June 24, 2010. Unless we specifically state otherwise, the share information in this prospectus supplement does not include:

- 2,678,577 shares of our common stock issuable upon the exercise of warrants to be issued to purchasers in this offering and an additional 250,001 shares of our common stock issuable upon the exercise of warrants to be issued to the placement agent in this offering;

- 13,243,550 shares of our common stock issuable upon the exercise of warrants and options outstanding at a weighted average exercise price of $2.19 per share;

- 9,070,659 shares of our common stock issuable upon the exercise of options outstanding under our 2005 Stock Plan & 2007 Stock Plan at a weighted average exercise price of $2.52 per share; and

- 853,866 shares of our common stock available for future issuance under the Neuralstem, Inc. 2005 Stock Incentive Plan and 2007 Stock Incentive Plan.

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RISK FACTORS

An investment in our securities involves a high degree of risk. Our business, financial condition, operating results and prospects can be impacted by a number of factors, any one of which could cause our actual results to differ materially from recent results or from our anticipated future results. As a result, the trading price of our common stock and the value of the warrants offered hereby could decline, and you could lose part or all of your investment. You should carefully consider the risks described below with all of the other information included in this prospectus supplement, our annual report on Form 10-K for the fiscal year ended December 31, 2009, our subsequent quarterly reports on Form 10-Q and our other filings with the SEC. Failure to satisfactorily achieve any of our objectives or avoid any of the risks below would likely have a material adverse effect on our business, operating results and financial condition and could cause the trading price of our common stock to decrease.

Risks Relating to Our Stage of Development

We have a limited operating history and have significantly shifted our operations and strategies since inception.

Since inception in 1996 and through March 31, 2010, we have raised $79,356,358 of capital and recorded accumulated losses totaling $74,333,792. On March 31, 2010, we had a working capital surplus of $4,451,452 and stockholders' equity of $5,022,566. Our net losses for the two most recent fiscal years have been $10,364,363 and $11,830,798 for 2009 and 2008 respectively. We had no revenues for the twelve months ended December 31, 2009 or the three months ended March 31, 2010.

Our ability to generate revenues and achieve profitability will depend upon our ability to complete the development of our proposed stem cell products, obtain the required regulatory approvals, manufacture, and market and sell our proposed products. In part because of our past operating results, no assurances can be given that we will be able to accomplish any of these goals.

Although we have generated some revenue in prior years, we have not generated any revenue from the commercial sale of our proposed stem cell products. Since inception, we have engaged in several related lines of business and have discontinued operations in certain areas. For example, in 2002, we lost a material contract with the Department of Defense and were forced to close our principal facility and lay off almost all of our employees in an attempt to focus our development strategy on stem cell technologies. This limited and changing history may not be adequate to enable you to fully assess our future prospects. No assurances can be given as to exactly when, if at all, we will be able to fully develop, commercialize, market, sell and/or derive material revenues from our proposed products

We will need to raise additional capital to continue operations.

Since inception, we have relied almost entirely on external financing to fund operations. Such financing has come primarily from the sale of common stock and the exercise of investor warrants. As of March 31, 2010, we had cash and cash equivalents on hand of $7,515,269. Presently, we have a monthly cash burn rate of approximately $600,000. We will need to raise additional capital to fund anticipated operating expenses and future expansion. Among other things, external financing will be required to further develop our technologies and products, as well as to pay general operating costs. Additionally, on September 21, 2009, the FDA approved our IND application to commence Phase I trials for ALS. The first patient was dosed on January 21, 2010. Accordingly, we may need additional capital in order to pay for expenses associated with our clinical trials.

We have expended and expect to continue to expend substantial cash in the research, development, clinical and pre-clinical testing of our stem cell technologies with the goal of ultimately obtaining FDA approval to market our proposed products. We will require additional capital to conduct research and development, establish and conduct

clinical and pre-clinical trials, enter into commercial-scale manufacturing arrangements and to provide for marketing and distribution of our products.

Our long term capital requirements are expected to depend on many factors, including:

- the continued progress and costs of our research and development programs;
- the progress of pre-clinical studies and clinical trials;
- the time and costs involved in obtaining regulatory clearance;
- the costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- The cost of defending any patent litigation;
- the costs of developing sales, marketing and distribution channels and our ability to sell our products if developed;
- the costs involved in establishing manufacturing capabilities for commercial quantities of our proposed products;
- competing technological and market developments;

- market acceptance of our proposed products;
- the costs of recruiting and retaining employees and consultants; and
- the costs associated with educating and training physicians about our proposed products.

We cannot assure you that financing will be available if needed. If additional financing is not available, we may not be able to fund operations and planned growth, develop or enhance our technologies, take advantage of business opportunities or respond to our competitive market pressures. If we exhaust our cash reserves and are unable to realize adequate additional financing, we may be unable to meet operating obligations which could result in us initiating bankruptcy proceedings or delaying, or eliminating some or all of our research and product development programs.

Additional financing requirements could result in dilution to existing stockholders.

We are not able to finance our operations by generating revenue. Accordingly, we will be required to secure additional financing which may be dilutive to current shareholders. We are authorized to issue 150,000,000 shares of common stock and 7,000,000 shares of preferred stock. Such securities may generally be issued without the approval or consent of our stockholders. The issuance of such securities may result in substantial dilution.

Risks Relating to Our Business

Our business is dependent on a single product candidate.