

KOSHY GEORGE  
Form 4  
June 24, 2010

**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 \*  
**KOSHY GEORGE**

(Last) (First) (Middle)  
**C/O STEMCELLS, INC., 3155  
PORTER DRIVE**  
  
(Street)

**PALO ALTO, CA 94304**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**STEMCELLS INC [STEM]**

3. Date of Earliest Transaction (Month/Day/Year)  
**06/01/2010**

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 accounting 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 Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D) Price  |   |  |                                   |
| Common Stock                    | 06/01/2010                           |  | A                              | 100,000 A \$ 0  | 184,200 <sup>(1)</sup>  | D  |                                   |
| Common Stock                    |                                      |  |                                |   | 33,749  | I  | By 401(k) Plan <sup>(2)</sup>     |

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

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------|---|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |
| Stock Option (right to purchase)           | \$ 1.02  | 06/01/2010                           |  | A                              | 25,000  | 06/01/2011   | 06/01/2020      | Common Stock  | 25,000                     |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |                          |
|---|---------------|-----------|---------|--------------------------|
|   | Director      | 10% Owner | Officer | Other                    |
| KOSHY GEORGE<br>C/O STEMCELLS, INC.<br>3155 PORTER DRIVE<br>PALO ALTO, CA 94304 |               |           |         | chief accounting officer |

## Signatures

/s/ Ken Stratton,  
attorney-in-fact

06/24/2010

\*\*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).

- Includes (1) 100,000 restricted stock units, with 25,000 vesting on each of June 1, 2011, June 1, 2012, June 1, 2013, and June 1, 2014; (2) (1) 41,700 restricted stock units, with 13,900 vesting on each of May 15, 2011, May 15, 2012 and May 15, 2013; and (3) 27,500 restricted stock units, vesting on March 10, 2011.
- (2) Shares held in 401(k) account in accordance with issuer's employer-match policies.
- (3) Employee stock option; vests 1/4 on the first anniversary of the grant and 1/48 per month thereafter.

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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