

KOSHY GEORGE  
Form 4  
May 19, 2009

**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)  
05/15/2009

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)
Common Stock	05/15/2009		A	V Amount (D) Price 55,600 A \$ 0 (1)	125,600 (2)	D	
Common Stock					26,984 (3)	I	By 401(k) Plan

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

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(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 (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)
Stock Option (right to purchase)	\$ 1.75	05/15/2009		A	55,600	05/15/2010 <sup>(4)</sup> 05/15/2019	Common Stock 55,600

## Reporting Owners

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

## Signatures

/s/ Ken Stratton,  
attorney-in-fact  
Date: 05/19/2009

\*\*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) Restricted stock units, with 1/4 vesting on each of the four anniversaries following the grant.
- (2) Includes 55,000 restricted stock units, with 1/2 of these vesting on March 10, 2010, and 1/2 of these vesting on March 10, 2011.
- (3) Shares held in 401(k) account, in accordance with issuer's employer-match policies.
- (4) Employee Incentive 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.