

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to
Section 13 or 15(d) of

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): November 11, 2003

STEMCELLS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-19871
(Commission File Number)

94-3078125
(I.R.S. Employer
Identification Number)

3155 Porter Drive
Palo Alto, California 94304

(Address, of principal executive offices, including zip code)

(650) 475-3100

(Registrant's Telephone number including area code)

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Item 5. OTHER EVENTS

On November 11, 2003, StemCells, Inc. (the "Company") reported that Riverview Group, LLC ("Riverview") exercised its right to convert the remaining shares of the Company's 3% Convertible Preferred stock held by Riverview. Riverview will receive 1,010,833 shares of the Company's common stock upon conversion of these shares of the Company's 3% Convertible Preferred Stock, including shares of common stock issued with respect to accrued and unpaid dividends.

In addition, on November 11, 2003 the Company reported that Riverview exercised a warrant to purchase shares of the Company's common stock. This warrant entitles Riverview to purchase up to 1,898,000 shares of the Company's common stock on the terms set forth in the warrant at a price of \$1.50 per share. Riverview exercised the warrant with respect to 1,098,000 shares of common stock and the Company will receive an aggregate exercise price of \$1,647,000. The warrant will remain exercisable for 800,000 shares of the Company's common stock in accordance with the terms of the warrant.

A copy of the Company's press release announcing the transactions described above is attached as Exhibit 99.1 to this Report and is incorporated in this Report by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STEMCELLS, INC

By: /s/ Martin McGlynn

Martin McGlynn
President and Chief Executive Officer

Date: November 11, 2003

EXHIBIT INDEX

99.1 Press release issued by StemCells, Inc. on November 11, 2003.

[STEMCELLS, INC. LOGO]
StemCells, Inc. (Ticker: STEM, Exchange: NASDAQ)
News Release -- November 11, 2003

STEMCELLS, INC. ANNOUNCES CONVERSION OF CONVERTIBLE PREFERRED
STOCK AND RECEIPT OF \$1.6 MILLION FROM WARRANT EXERCISE

Palo Alto, California, November 11, 2003 - StemCells, Inc. (NASDAQ: STEM) today announced that The Riverview Group, LLC, has converted the \$2 million face value of 3% cumulative redeemable convertible preferred stock remaining from its \$5 million purchase in December 2001, at the original conversion price of \$2 per share. Riverview received 1,000,000 shares of StemCells, Inc.'s common stock plus 10,833 accumulated dividend shares in the redemption. Riverview also exercised part of the warrant received in connection with its purchase of 4,000,000 shares of the Company's common stock in May of this year, acquiring another 1,098,000 shares at \$1.50 per share. The proceeds to the Company from this warrant exercise totaled \$1,647,000. The warrant is exercisable for an additional 800,000 shares until April 8, 2005.

"I am very pleased that the preferred stock has now been converted in its entirety," said Martin McGlynn, President and CEO of StemCells. "This relieves the Company of the possibility that it might have been required to redeem the stock for cash which, of course, we prefer to spend in our effort to get a stem cell product into clinical trial." ABOUT STEMCELLS, INC.

StemCells, Inc is a biotechnology company focused on the discovery, development and commercialization of stem cell-based therapies to treat diseases of, or injury to, the nervous system, liver, and pancreas. The Company's stem cell programs seek to repair or repopulate neural or other tissue that has been damaged or lost as a result of disease or injury. Further information about the Company is available on its web site, at www.stemcellsincl.com.

Statements in this press release other than statements of historical facts constitute forward-looking statements regarding, among other things, the future business operations of StemCells, Inc. ("the Company"). The forward-looking statements speak only as of the date of this news release. StemCells does not undertake to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. Such statements reflect management's current views and are based on certain assumptions that may or may not ultimately prove valid. The Company's actual results may vary materially from those contemplated in the forward looking statements due to risks and uncertainties to which the Company is subject, including the risk that Company will not be successful in using the patented technologies to develop effective treatments for human diseases; uncertainties regarding the Company's ability to obtain the capital resources needed to conduct the research, preclinical development and clinical trials necessary for regulatory approvals; the fact that the Company's stem cell technology is at the pre-clinical state and has not yet led to the development of any

proposed product; the uncertainty whether results comparable to those in the company's preclinical work will be replicable in other animal models and be obtainable in humans; the uncertainty whether any products that may be generated in the future in the Company's stem cell programs will prove clinically effective and not cause tumors or other side effects; the uncertainty whether the Company will achieve revenues from product sales or become profitable; and others that are described in Exhibit 99 to the Company's Annual Report on Form 10-K entitled "Cautionary Factors Relevant to Forward Looking Statements."

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