

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <b>KOSHY GEORGE</b>  (Last) (First) (Middle) <b>C/O STEMCELLS, INC.</b> <b>7707 GATEWAY BLVD, STE 140</b>  (Street) <b>NEWARK CA 94560</b>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <b>STEMCELLS INC [ STEM ]</b>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director 10% Owner Officer (give title below) <b>X</b> Other (specify below) <b>chief accounting officer</b>
	3. Date of Earliest Transaction (Month/Day/Year) <b>05/15/2012</b>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/15/2012		F <sup>(1)</sup>		510	D	\$0.85	55,407 <sup>(2)</sup>	D	
Common Stock								10,151	I	By 401(k) Plan <sup>(3)</sup>

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

**Explanation of Responses:**

- This is recorded as a Code F disposition because the shares were used by the reporting person to pay a tax liability incurred by him from the delivery of shares incident to the vesting of restricted stock units.
- Includes (1) 40,000 restricted stock units, with 10,000 of this vesting on each of January 27, 2013, January 27, 2014, January 27, 2015, and January 27, 2016; (2) 7,500 restricted stock units, with 2,500 vesting on each of June 1, 2012, June 1, 2013 and June 1, 2014; and (3) 1,390 restricted stock units vesting on May 15, 2013.
- Shares held in 401(k) account, in accordance with issuer's employer-match policies.

**Remarks:**

/s/ Ken Stratton, attorney-in-fact      05/16/2012

\*\* Signature of Reporting Person      Date

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

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.