

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G/A

INFORMATION STATEMENT PURSUANT TO RULES 13d-1 AND 13d-2  
UNDER THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 3)\*

CytoTherapeutics, Inc.

(NAME OF ISSUER)

Common Stock, \$.01 par value

(TITLE OF CLASS OF SECURITIES)

232923 10 2

(CUSIP NUMBER)

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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13G

CUSIP No. 232923 10 2

(1) NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO.  
OF ABOVE PERSON  
Ardsley Advisory Partners

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*

(a) [ ]  
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Connecticut

NUMBER OF (5) SOLE VOTING POWER  
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER  
OWNED BY 833,000

EACH (7) SOLE DISPOSITIVE POWER  
0

REPORTING

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PERSON WITH (8) SHARED DISPOSITIVE POWER  
833,000

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(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
833,000

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(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

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(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
5.4%

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(12) TYPE OF REPORTING PERSON \*\*  
IA

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\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 232923 10 2

(1) NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO.  
OF ABOVE PERSON  
Philip J. Hempleman

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*  
(a) [ ]  
(b) [x]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

NUMBER OF (5) SOLE VOTING POWER  
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER  
OWNED BY 833,000

EACH (7) SOLE DISPOSITIVE POWER  
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER  
833,000

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
833,000

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
5.4%

(12) TYPE OF REPORTING PERSON \*\*  
IN

\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

The Schedule 13G initially filed for the year ended December 31, 1993 of (i) Ardsley Advisory Partners and (ii) Philip J. Hempleman relating to the common stock, par value of \$.01 per share (the "Common Stock"), issued by CytoTherapeutics, Inc. (the "Company") is hereby amended by this Amendment No. 3 to the Schedule 13G as follows:

ITEM 4. OWNERSHIP.

Item 4 is hereby replaced in its entirety by the following:

(a) Amount beneficially owned:

833,000

(b) Percent of class:

5.4% (based on the 15,428,576 shares of Common Stock reported to be outstanding as of October 31, 1996, as reflected in the Company's quarterly report on Form 10-Q filed with the Securities and Exchange Commission by the Company for the quarter ended September 30, 1996.)

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote

-0-

(ii) shared power to vote or to direct the vote

833,000

(iii) sole power to dispose or to direct the disposition of

-0-

(iv) shared power to dispose or to direct the disposition of

833,000

By virtue of Mr. Hempleman's position as managing partner of Ardsley Advisory Partners, a Connecticut general partnership ("Ardsley"), Mr. Hempleman may be deemed to have the shared power to vote or direct the vote of, and the shared power to dispose or direct the disposition of, the 833,000 shares of Common Stock of the Company held by the discretionary accounts managed by Ardsley and Mr. Hempleman (including accounts of certain clients, including investment partnerships for which (i) Ardsley serves as the management company and (ii) a general partnership comprised of the partners that comprise Ardsley serves as general partner, the "Discretionary Accounts"), constituting 5.4% of the 15,428,576 shares of Common Stock outstanding as of October 31, 1996, as reflected in the quarterly report of the Company on Form 10-Q filed with the Securities and Exchange Commission by the Company for the quarter ended September 30, 1996, and, therefore, Mr. Hempleman may be deemed to be the beneficial owner of such Common Stock.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Item 6 is hereby replaced in its entirety by the following:

This Schedule 13G is filed by Ardsley, which is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as amended, with respect to the 833,000 shares of Common Stock held at December 31, 1996 by the Discretionary Accounts managed by Ardsley and Mr. Hempleman.

By reason of the provisions of Rule 13d-3 under the Act, Ardsley and Mr. Hempleman may each be deemed to own beneficially the shares of Common Stock owned by the Discretionary Accounts. Each client for whose account Ardsley had purchased Common Stock has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such Common Stock purchased for his account. No such client has any of the foregoing rights with respect to more than five percent of the class of securities identified in Item 2(d). There is no agreement or understanding among such persons to act together for the purpose of acquiring, holding, voting or disposing of any such securities.

To the knowledge of Ardsley, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, a number of such Common Stock which represents more than five percent of the number of outstanding shares of Common Stock.

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ITEM 10. CERTIFICATION. (if filing pursuant to Rule 13d-1(b))

By signing below Ardsley Advisory Partners and Philip J. Hempleman certify that, to the best of their knowledge and belief, the securities referred to above were acquired in the ordinary course of business, were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

SIGNATURE

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

February 6, 1997

/s/ PHILIP J. HEMPLEMAN  
Philip J. Hempleman, as  
Managing Partner of  
Ardsley Advisory Partners

/s/ PHILIP J. HEMPLEMAN  
Philip J. Hempleman