

**UNITED STATES
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 8, 2004**

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 (IRS Employer Identification No.)
3155 Porter Drive, Palo Alto, California (Address of principal executive offices)		94304 (Zip Code)

Registrant's telephone number, including area code: **(650) 475-3100**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

On November 8, 2004, StemCells, Inc. (the “Company”) issued a press release announcing the appointment of Judi R. Lum as Vice President, Finance and Chief Financial Officer, effective November 8, 2004. A copy of the press release is attached hereto as Exhibit 99.1.

Prior to joining the Company, Ms. Lum, age 44, served as a principal of E2 Consulting, where she advised startup companies and non-profit organizations on strategic, financial and operational issues and also provided interim CFO services since 1998. From 1996 until 1998, Ms. Lum was Vice President of Finance and Administration and Chief Financial Officer of Nektar Therapeutics (previously Inhale Therapeutic Systems). Ms. Lum served as Vice President of Finance and Administration and Chief Financial Officer of Soane Technologies from 1995 until 1996, as Director of Corporate Development of GenPharm International from 1993 until 1995, and as Director of Finance and Administration, Industrial Sector and Corporate Operations Consultant, Corporate Operations Review Group of Raychem Corporation from 1989 until 1993. Ms. Lum holds a B.A. degree from Stanford University in Economics and an M.B.A. from the Stanford Graduate School of Business.

Ms. Lum is a signatory to a letter agreement between Ms. Lum and the Company which outlines certain terms and conditions of Ms. Lum’s employment. The agreement provides for annual compensation of \$215,000 per year, which is subject to review at least annually by the Company’s compensation committee, beginning January, 2006. Ms. Lum is also eligible for an annual cash bonus under the Company’s bonus plan of up to twenty percent of her base salary. Ms. Lum will also receive a one-time sign-on bonus of \$10,000. The agreement also provides for the grant of options to purchase 425,000 shares of the Company’s common stock at the closing price of the stock on the Nasdaq SmallCap Market on the date on which Ms. Lum begins her employment. The options shall vest over 48 months, with one-quarter of the shares vesting on the first anniversary of the date on which Ms. Lum’s employment begins and the remaining shares vesting at the rate of 1/48th per month on the last day of each month during the ensuing 36 months. As a condition of her employment, Ms. Lum is required to sign the Company’s standard form of confidentiality and assignment agreement. Ms. Lum’s employment is “at will.”

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

Exhibit 99.1 Press release

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 8, 2004

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release



Company Contact
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Chief Executive Officer
(650) 475-3100

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For Immediate Release

STEMCELLS APPOINTS JUDI R. LUM CFO AND VP, FINANCE

PALO ALTO, Calif., (November 8, 2004) - StemCells, Inc. (NASDAQ: STEM) today announced the appointment of Judi R. Lum as Chief Financial Officer and Vice President, Finance, effective immediately. George Koshy, who previously handled the senior financial duties in an interim capacity, will continue as StemCells' Corporate Controller.

"We are extremely pleased to bring Judi on board to strengthen our management team at this significant juncture," said Martin McGlynn, President and Chief Executive Officer of StemCells. "With our recent financing in place and the filing of our first IND for Batten Disease targeted for early next year, Judi's financial and operational expertise and lifesciences background will serve to support the achievement of our corporate objectives."

Ms. Lum brings 20 years of finance experience to StemCells. She previously served as Chief Financial Officer of Inhale Therapeutic Systems (currently Nektar Therapeutics) where she was responsible for the accounting (including planning, tax, treasury and SEC reporting), human resources and IT functions. At Inhale she participated in raising \$75 million in public and private equity and established \$15 million in debt financing. Prior to Inhale she served as Chief Financial Officer at Soane Technologies, Director of Corporate Development at GenPharm International, Director of Finance at Raychem Corporation, and in finance and operations management capacities at Advanced Cardiovascular Systems. Ms. Lum received both her Bachelor's Degree in Economics and her Master's Degree in Business Administration from Stanford University.

About StemCells, Inc.

StemCells, Inc. is a development stage biotechnology company focused on the discovery, development and commercialization of stem cell-based therapies to treat diseases of 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. StemCells is the first company to directly identify and isolate human neural stem cells from normal brain tissue. These stem cells are expandable into cell banks for therapeutic use, which demonstrates the feasibility of using normal, non-genetically modified cells as cell-based therapies. StemCells is the only publicly traded company solely focused on stem cell research and development and has more than 40 U.S. and 100 non-U.S. patents, as well as 100 patent applications pending worldwide. Further information about the Company is available on its web site at: www.stemcellsinc.com.

Apart from statements of historical facts, the text of this press release constitutes 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 uncertainties regarding the Company's ability to obtain the capital resources needed to continue its current research and development operations and 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 stage and has not yet led to the development of any proposed product; the uncertainty whether the Company will be able to file an IND in the time it projects and whether the FDA will permit it to proceed to clinical testing; the uncertainty regarding the validity and enforceability of issued patents; 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; uncertainties regarding the Company's obligations in regard to its former encapsulated cell therapy facilities in Rhode Island; and other factors that are described in Exhibit 99 to the Company's Annual Report on Form 10-K titled "Cautionary Factors Relevant to Forward-Looking Statements."

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