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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):

March 4, 2008

StemCells, Inc.

(Exact name of registrant as specified in its charter)

Delaware

000-19871

94-3078125

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

3155 Porter Drive, Palo Alto, California

94304

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

650.475.3100

Not Applicable

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:

- 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 8.01 Other Events.**

On March 4, 2008, the Company announced it is no longer pursuing a possible acquisition of Progenitor Cell Therapy, LLC ("PCT"). The Company had announced on December 3, 2007 that it was exploring such an acquisition and that PCT had agreed to a period of exclusivity to allow for due diligence and negotiations. However, the parties were unable to reach agreement on mutually acceptable terms and conditions, and have terminated discussions.

The full text of the press release is attached hereto as Exhibit 99.1.

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**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.

March 4, 2008

By: *Kenneth B. Stratton*

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*Name: Kenneth B. Stratton*  
*Title: General Counsel*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	3/04/08 press release re PCT

**STEMCELLS, INC. TERMINATES ITS DISCUSSIONS TO ACQUIRE  
PROGENITOR CELL THERAPY, LLC**

PALO ALTO, Calif., March 4, 2008 – StemCells, Inc. (NASDAQ: STEM) today announced it is no longer pursuing a possible acquisition of Progenitor Cell Therapy, LLC (“PCT”), a leading provider of cGMP-quality cell processing services headquartered in Hackensack, NJ. The Company had announced on December 3, 2007 that it was exploring such an acquisition and that PCT had agreed to a period of exclusivity to allow for due diligence and negotiations. However, the parties were unable to reach agreement on mutually acceptable terms and conditions, and have terminated discussions.

In consideration of the exclusivity period, StemCells agreed to make a secured loan of up to \$3.8 million to PCT, of which \$1.0 million was lent. This loan will be repaid and retired on its terms.

PCT will continue to provide various cell processing services to StemCells under an existing contract.

**About StemCells, Inc.**

StemCells, Inc. is a clinical-stage biotechnology company focused on the discovery, development and commercialization of cell-based therapeutics to treat diseases of the central nervous system and liver. The Company’s product development programs seek to repair or repopulate CNS and liver tissue that has been damaged or lost as a result of disease or injury. StemCells has pioneered the discovery and development of HuCNS-SC<sup>®</sup> cells, its highly purified, expandable population of human neural stem cells. StemCells has completed enrollment and dosing of a six patient Phase I clinical trial of its proprietary HuCNS-SC product candidate as a treatment for neuronal ceroid lipofuscinosis (NCL) and expects the trial to be completed in early 2009. NCL, which is often referred to as Batten disease, is a rare and fatal neurodegenerative disease that affects infants and young children. StemCells owns or has exclusive rights to more than 50 issued or allowed U.S. patents and more than 150 granted or allowed non-U.S. patents. Further information about the Company is available on its web site at: [www.stemcellsinc.com](http://www.stemcellsinc.com).

*Apart from statements of historical fact, the text of this press release constitutes forward-looking statements regarding, among other things, the loan made by StemCells to PCT. These 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. StemCells expects to be repaid by PCT out of its future cash flows and future equity or debt financings, none of which may be achieved, which could prevent repayment of the loan. The Company’s actual results may vary materially from those contemplated in such forward-looking statements due to risks and uncertainties to which StemCells is subject, including those described above and other factors that are described under the heading “Risk Factors” in Item 1A of Part II of the Company’s Quarterly Report on Form 10-Q.*

**Contact:**

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