

**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 |
| Estimated average burden hours per response: | 0.5       |

|  |  |  |
|--|--|--|
| 1. Name and Address of Reporting Person*<br><u>MILLENNIUM MANAGEMENT LLC</u><br><br>(Last) (First) (Middle)<br><u>666 FIFTH AVE</u><br><br>(Street)<br><u>NEW YORK NY 10103-0899</u><br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>STEMCELLS INC [ STEM ]</u> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director <input checked="" type="checkbox"/> 10% Owner<br><br>Officer (give title below) Other (specify below)                   |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>01/09/2004</u>        |  |
|  |  | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person |

**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, par value \$0.01 per share ("Common Stock") | 01/09/2004                           |  | S                              |   | 66,000  | D          | \$2.17 | 3,093,104   | I(1)(2)(3)(4)  | See(1)(2)(3)(4)                                       |
| Common Stock  | 01/09/2004                           |  | S                              |   | 44,000  | D          | \$2.2  | 3,049,104   | I(1)(2)(3)(4)  | See(1)(2)(3)(4)                                       |
| Common Stock  | 01/12/2004                           |  | S                              |   | 61,000  | D          | \$2.09 | 2,988,104   | I(1)(2)(3)(4)  | See(1)(2)(3)(4)                                       |
| Common Stock  | 01/13/2004                           |  | S                              |   | 31,000  | D          | \$2.08 | 2,957,104   | I(1)(2)(3)(4)  | See(1)(2)(3)(4)                                       |

**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) |
|--|--|--------------------------------------|--|--------------------------------|--|--|-----------------|---|--|--|---|--|
|  |  |                                      |  |                                |  | Date Exercisable   | Expiration Date |   |  |  |   |  |

1. Name and Address of Reporting Person\*  
MILLENNIUM MANAGEMENT LLC  
 (Last) (First) (Middle)  
666 FIFTH AVE  
 (Street)  
NEW YORK NY 10103-0899  
 (City) (State) (Zip)

1. Name and Address of Reporting Person\*  
MILLENNIUM HOLDING GROUP LP  
 (Last) (First) (Middle)  
666 FIFTH AVE  
 (Street)  
NEW YORK NY 10103-0899  
 (City) (State) (Zip)

1. Name and Address of Reporting Person\*  
RIVERVIEW GROUP LLC

|               |         |            |
|---------------|---------|------------|
| (Last)        | (First) | (Middle)   |
| 666 FIFTH AVE |         |            |
| <hr/>         |         |            |
| (Street)      |         |            |
| NEW YORK      | NY      | 10103-0899 |
| <hr/>         |         |            |
| (City)        | (State) | (Zip)      |

1. Name and Address of Reporting Person\*

[ENGLANDER ISRAEL A](#)

---

|                               |         |          |
|-------------------------------|---------|----------|
| (Last)                        | (First) | (Middle) |
| C/O MILLENNIUM MANAGEMENT LLC |         |          |
| <hr/>                         |         |          |
| (Street)                      |         |          |
| NEW YORK                      | NY      | 10103    |
| <hr/>                         |         |          |
| (City)                        | (State) | (Zip)    |

**Explanation of Responses:**

- This transaction was effected by The Riverview Group LLC, a Delaware limited liability company ("Riverview"), which as of the date hereof directly holds 2,957,104 shares of Common Stock of StemCells, Inc. (the "Company") and warrants exercisable into 1,322,716 shares of Common Stock of the Company. Riverview is a wholly owned subsidiary of Millennium Holding Group, L.P., a Delaware limited partnership ("Holding"). Millennium Management, LLC, a Delaware limited liability company ("Millennium Management"), is the general partner of Holding and consequently has voting control and investment discretion over securities owned by Holding and by Riverview.
- Israel A. Englander ("Mr. Englander") is the sole managing member of Millennium Management. As a result, Mr. Englander may be considered the beneficial owner of any shares deemed to be beneficially owned by Millennium Management.
- Each of Holding, Millennium Management and Mr. Englander disclaims any beneficial ownership of the shares owned by Riverview to the extent such beneficial ownership exceeds such person's pecuniary interest.
- Millennium Partners, L.P., a Cayman Islands limited partnership ("Partners"), is a limited partner of Holding. As a limited partner, Partners has no ability to control Holding. Therefore, as of the date of this filing, Partners may not be deemed a beneficial owner of the shares of the Company or a member of the above-listed group.

[MILLENNIUM  
MANAGEMENT, LLC, By: /s/  
Israel A. Englander, Managing  
Member](#) 01/13/2004

[THE RIVERVIEW GROUP  
LLC, By: /s/ Terry Feeney,  
Chief Operating Officer](#) 01/13/2004

[MILLENNIUM HOLDING  
GROUP L.P., By: Millennium  
Management, LLC, Gnl. Ptr.,  
By: /s/ Israel A. Englander,  
Managing Member](#) 01/13/2004

[ISRAEL A. ENGLANDER,  
By: /s/ Israel A. Englander](#) 01/13/2004

\*\* 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.**