SEC Form 4

FORM 4

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person[*] **Stratton Kenneth Blair** (Last)　　(First)　　(Middle) **C/O STEMCELLS, INC.** **7707 GATEWAY BLVD, STE 140** (Street) **NEWARK　　CA　　94560** (City)　　(State)　　(Zip)	2. Issuer Name **and** Ticker or Trading Symbol **STEMCELLS INC** [STEM] 3. Date of Earliest Transaction (Month/Day/Year) 05/15/2012 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) 　　Director　　　　　　10% Owner X　Officer (give title below)　　Other (specify below) 　　**General Counsel** 6. Individual or Joint/Group Filing (Check Applicable Line) X　Form filed by One Reporting Person 　　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	05/15/2012		F[(1)]		856	D	$0.85	156,673[(2)]	D	
Common Stock								6,086	I	By 401(k) Plan[(3)]

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	Title	Amount or Number of Shares				

Explanation of Responses:

1. 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.

2. Includes (1) 130,000 restricted stock units, with 32,500 of this vesting on each of January 27, 2013, January 27, 2014, January 27, 2015, and January 27, 2016; (2) 15,000 restricted stock units, with 5,000 vesting on each of June 1, 2012, June 1, 2013, and June 1, 2014 and (3) 2,333 restricted stock units vesting on May 15, 2013.

3. Includes shares held in 401(k) account in accordance with issuer's employer-match policies.

Remarks:

/s/ Ken Stratton　　　　　　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.