

SCHWARTZ JOHN J  
 Form 4  
 April 06, 2009

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 SCHWARTZ JOHN J

(Last) (First) (Middle)

C/O STEMCELLS, INC., 3155  
 PORTER DRIVE

(Street)

PALO ALTO, CA 94304

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 STEMCELLS INC [STEM]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 04/02/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |                                   |
| Common Stock                    | 04/02/2009                           |  | M                              | 88,164 A \$ 0.25  | 88,164  | D  |                                   |
| Common Stock                    | 04/02/2009                           |  | S                              | 88,164 D \$ 1.6749  | 0   | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**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 Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------|---|-------------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date | Title   |                               |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 573   | <u>(1)</u>   | 11/02/2011      | Common Stock  | 573                           |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 2,701   | <u>(1)</u>   | 12/31/2011      | Common Stock  | 2,701                         |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 554   | <u>(1)</u>   | 02/12/2012      | Common Stock  | 554                           |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 628   | <u>(1)</u>   | 02/20/2012      | Common Stock  | 628                           |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 4,654   | <u>(1)</u>   | 03/31/2012      | Common Stock  | 4,654                         |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 852   | <u>(1)</u>   | 05/02/2012      | Common Stock  | 852                           |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 6,387   | <u>(1)</u>   | 06/28/2012      | Common Stock  | 6,387                         |
| Stock Option (right to buy)                | \$ 0.25  | 04/02/2009                           |  | M                              | 1,261   | <u>(1)</u>   | 07/18/2012      | Common Stock  | 1,261                         |
|  | \$ 0.25  | 04/02/2009                           |  | M                              | 2,459   | <u>(1)</u>   | 09/16/2012      |   | 2,459                         |

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|                             |         |            |   |        |            |            |              |              |  |
|-----------------------------|---------|------------|---|--------|------------|------------|--------------|--------------|--|
| Stock Option (right to buy) |         |            |   |        |            |            |              | Common Stock |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 17,500 | <u>(1)</u> | 09/30/2012 | Common Stock | 17,500       |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 1,429  | <u>(1)</u> | 10/24/2002 | Common Stock | 1,429        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 1,613  | <u>(1)</u> | 12/19/2012 | Common Stock | 1,613        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 10,417 | <u>(1)</u> | 12/31/2012 | Common Stock | 10,417       |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 1,667  | <u>(1)</u> | 01/14/2013 | Common Stock | 1,667        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 2,143  | <u>(1)</u> | 03/21/2013 | Common Stock | 2,143        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 12,500 | <u>(1)</u> | 03/31/2013 | Common Stock | 12,500       |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 7,624  | <u>(1)</u> | 06/30/2013 | Common Stock | 7,624        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 6,699  | <u>(1)</u> | 09/30/2003 | Common Stock | 6,699        |  |
| Stock Option (right to buy) | \$ 0.25 | 04/02/2009 | M | 6,503  | <u>(1)</u> | 12/31/2013 | Common Stock | 6,503        |  |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| SCHWARTZ JOHN J<br>C/O STEMCELLS, INC.<br>3155 PORTER DRIVE<br>PALO ALTO, CA 94304 | X             |           |         |       |

## Signatures

/s/ John J. Schwartz by Ken Stratton,  
Attorney-in-Fact

04/06/2009

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* 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).
- (1) Non-qualified option granted as compensation for service on the issuer's Board of Directors and for attendance at Board meetings. Non-employee directors have sometimes received compensation in the form of options to purchase shares of the issuer's common stock at below market prices (\$0.25 per share), in lieu of cash payments of \$4,500 quarterly (\$8,750 quarterly for service of the Chairman of the Board), \$1,500 per Board meeting attended in person or by videoconference and \$500 per meeting attended by telephone. The number of shares for each such option grant was calculated using the closing price of the issuer's common stock for the date of a Board meeting or, with respect to the quarterly retainer payments, the closing price for the last business day of the quarter, less the option price of \$0.25 per share. The options so issued were fully vested upon issuance.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.