

CRAIG STEWART  
 Form 4  
 June 24, 2010

**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 \*  
**CRAIG STEWART**

(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)  
 06/01/2010

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)  
 SVP, Development & Operations

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	06/01/2010		A		200,000	A	\$ 0
Common Stock					293,333 <sup>(1)</sup>	D	
					8,047	I	By 401(k) Plan <sup>(2)</sup>

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

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 (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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Stock Option (right to purchase)	\$ 1.02	06/01/2010		A	100,000	06/01/2011 06/01/2020	Common Stock 100,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CRAIG STEWART C/O STEMCELLS, INC. 3155 PORTER DRIVE PALO ALTO, CA 94304			SVP, Development & Operations	

## Signatures

/s/ Ken Stratton,  
attorney-in-fact  
06/24/2010

\*\*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).  
Includes (1) 200,000 restricted stock units, with 50,000 vesting on each of June 1, 2011, June 1, 2012, June 1, 2013, and June 1, 2014, (1) and (2) 93,333 restricted stock units, with 23,333 vesting on each of September 15, 2010, September 15, 2011, September 15, 2012, and September 15, 2013.
- (2) Shares held in 401(k) account in accordance with issuer's employer-match policies.
- (3) Employee stock option; vests 1/4 on the first anniversary of the grant and 1/48 per month thereafter.

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.