

Stratton Kenneth Blair  
Form 3  
April 07, 2009

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Stratton Kenneth Blair		(Month/Day/Year)	STEMCELLS INC [STEM]	
(Last)	(First)	(Middle)	09/15/2008	
C/O STEMCELLS, INC., 3155 PORTER DRIVE		4. Relationship of Reporting Person(s) to Issuer		5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)		(Check all applicable)		
PALO ALTO, CA 94304		<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below)    (specify below) General Counsel		6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
(City)	(State)	(Zip)		

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	82,500 <sup>(1)</sup>	D	^
Common Stock	4,578	I	By 401(k) Plan <sup>(2)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**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 control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)
Employee Stock Option (right to buy)	Â (3)	02/28/2017	Common Stock	150,000	\$ 2.62	D Â

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Stratton Kenneth Blair C/O STEMCELLS, INC. 3155 PORTER DRIVE PALO ALTO, CA 94304	Â	Â	Â General Counsel	Â

## Signatures

/s/ Kenneth B. Stratton 04/07/2009

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(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) Restricted stock units, with 1/3 vesting on March 10, 2009, 1/3 vesting on March 10, 2010, and 1/3 vesting on March 10, 2011.
- (2) Shares held in 401(k) account, in accordance with issuer's employer-match policies.

The option vests over four years, with 1/4 of the shares vesting on the anniversary of the grant and the remainder vesting at 1/48 per month thereafter. Options to purchase 37,500 shares became exercisable on February 28, 2008, with an additional 3,125 shares becoming exercisable monthly thereafter for the remainder of the vesting period.

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.