

STEMCELLS INC
Form 3/A
January 16, 2007

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

OMB APPROVAL

OMB Number: 3235-0104
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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	
Â OCONNELL DESMOND H JR			(Month/Day/Year)	STEMCELLS INC [STEM]	
(Last)	(First)	(Middle)		4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
3155 PORTER DRIVE				(Check all applicable)	01/10/2007
(Street)				<input checked="" type="checkbox"/> Director	6. Individual or Joint/Group Filing(Check Applicable Line)
PALO ALTO,Â CAÂ 94304				<input type="checkbox"/> 10% Owner	<input checked="" type="checkbox"/> Form filed by One Reporting Person
(City)	(State)	(Zip)		<input type="checkbox"/> Officer	<input type="checkbox"/> Form filed by More than One Reporting Person
				(give title below)	(specify below)

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	500	I	By Spouse ⁽¹⁾

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

SEC 1473 (7-02)

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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 Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Title			

	Expiration Date	Amount or Number of Shares	or Indirect (I) (Instr. 5)
Option to Purchase	01/09/2008 ⁽²⁾ 01/09/2017	Common Stock 20,000 \$ 3.43 ⁽²⁾	D Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
O'CONNELL DESMOND H JR 3155 PORTER DRIVE PALO ALTO, CA 94304	Â X	Â	Â	Â

Signatures

Desmond H. O'Connell, Jr. by Iris Brest,
Attorney-in-Fact 01/16/2007

**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) Reporting person disclaims beneficial ownership
Non-employee directors receive an option for 20,000 shares of the Company's common stock on appointment to the Board of Directors.
- (2) The option vests one third on each of the first three anniversaries of each such option, and has a strike price equal to the closing price of the stock on the date of appointment. Mr. O'Connell became a member of the Board on January 10, 2006; the closing price of the stock was \$3.44 on that date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure.
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