

Stratton Kenneth Blair
 Form 4
 May 29, 2013

FORM 4

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

OMB APPROVAL

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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 *
 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)
 05/24/2013

4. If Amendment, Date 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | Code V | Amount | (A) or (D) | Price |
| Common Stock | 05/24/2013 | | | A | 280,000 | A | \$ 0 (1) |
| Common Stock | | | | | 11,542 | I | By 401(k) Plan (3) |

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) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Beneficially (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Stratton Kenneth Blair
C/O STEMCELLS, INC.
7707 GATEWAY BLVD, STE 140
NEWARK, CA 94560

General Counsel

Signatures

/s/ Ken Stratton 05/29/2013

 Date
**Signature of Reporting Person

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) Restricted stock units, with 1/4 vesting on May 24, 2014, 1/4 vesting on May 24, 2015, 1/4 vesting on May 24, 2016, and 1/4 vesting on May 24, 2017.
Includes (1) 280,000 restricted stock units, with 70,000 of this vesting on each of May 24, 2014, May 24, 2015, May 24, 2016, and May 24, 2017; (2) 97,500 restricted stock units, with 32,500 of this vesting on each of January 27, 2014, January 27, 2015, and January 27, 2016; and (3) 10,000 restricted stock units, with 5,000 vesting on each of June 1, 2013 and June 1, 2014.
- (3) Includes shares held in 401(k) account in accordance with issuer's employer-match policies.

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.