

LEVY RICARDO B  
Form 4  
September 29, 2008

**FORM 4**

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

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
LEVY RICARDO B

(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)  
09/26/2008

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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V                                                                          | Amount                                                                                                             | (D)                                                                  | Price                                                             |

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

**Persons who respond to the collection of  
information contained in this form are not  
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SEC 1474  
(9-02)

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

| 1. Title of<br>Derivative<br>Security | 2. Conversion<br>or Exercise | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any | 4. Transaction<br>Code | 5. Number of<br>Derivative<br>Securities | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|

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| (Instr. 3)                           | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8)   | Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) |        |     |                       |                    |                 |                                     |  |  |
|--------------------------------------|------------------------------------|------------------|--------------|------------------------------------------------------------------|--------|-----|-----------------------|--------------------|-----------------|-------------------------------------|--|--|
|                                      |                                    |                  | Code         | V                                                                | (A)    | (D) | Date Exercisable      | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of Shares |  |  |
| Stock<br>Option<br>(right to<br>buy) | \$ 1.08                            | 09/26/2008       | A <u>(1)</u> |                                                                  | 10,000 |     | 09/26/2009 <u>(1)</u> | 09/26/2018         | Common<br>Stock | 10,000<br><u>(1)</u>                |  |  |

## Reporting Owners

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

## Signatures

Ricardo B. Levy by Ken Stratton,  
Attorney-in-Fact

09/29/2008

\*\*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) Compensated non-employee directors receive an initial option for 20,000 shares of the Company's common stock on appointment to the Board of Directors as such, and an option for 10,000 shares on each anniversary of appointment, with a strike price equal to the closing price of the stock on such date (or the last preceding business day if such day is not a business day); initial options vest 1/3 on each of the first three anniversaries of appointment, and annual options vest on the first anniversary of each such option. Dr. Levy was appointed to the Board on September 26, 2001.

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.