

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

| 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).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

|   |  |   |
|---|--|---|
| <b>1. Name and Address of Reporting Person*</b><br><u>VACZY CATHERINE M</u><br>_____<br>(Last) (First) (Middle)<br><u>C/O PHASE III MEDICAL, INC.</u><br><u>330 SOUTH SERVICE ROAD, SUITE 120</u><br>_____<br>(Street)<br><u>MELVILLE NY 11747</u><br>_____<br>(City) (State) (Zip) | <b>2. Issuer Name and Ticker or Trading Symbol</b><br><u>PHASE III MEDICAL INC/DE [ PHSM ]</u> | <b>5. Relationship of Reporting Person(s) to Issuer</b><br>(Check all applicable)<br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>Exec VP &amp; Gen Counsel</u> |
|   | <b>3. Date of Earliest Transaction (Month/Day/Year)</b><br><u>04/20/2005</u>                   |   |
| <b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>   |  |   |

**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 Indirect Beneficial Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|------------|--------|---|--|---|
|   |                                      |  | Code                           | V | Amount  | (A) or (D) | Price  |   |  |   |
| Common stock, \$0.001 par value per share | 04/20/2005                           |  | P                              |   | 1,666,666   | A          | \$0.06 | 1,666,666 <sup>(1)</sup>  | D  |   |

**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 Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |       |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|------------------------------|---|--|--|---|--|-------|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date              |   |  |  |   |  | Title |
| Option (right to buy)                      | (2)(3)   | 04/20/2005                           |  | P                              |   | \$200,000 <sup>(2)(3)</sup>  |     | 04/20/2005   | 07/18/2005                   | Common stock, par value \$0.001 per share   | (2)(3)                                     | (2)(3)   | \$200,000 <sup>(2)(3)</sup>                               | D  |       |
| Employee stock option (right to buy)       | \$0.1  | 04/20/2005                           |  | A                              |   | 150,000 <sup>(4)</sup>   |     | (4)  | 04/19/2015                   | Common stock, par value \$0.001 per share   | 150,000 <sup>(4)</sup>                     | (4)  | 150,000 <sup>(4)</sup>                                    | D  |       |
| Convertible promissory note                | (5)(6)   | 04/20/2005                           |  | P                              |   | \$100,000 <sup>(5)(6)</sup>  |     | 04/20/2005   | 04/20/2006 <sup>(5)(6)</sup> | Common stock, par value \$0.001 per share   | (5)(6)                                     | (5)(6)   | \$100,000 <sup>(5)(6)</sup>                               | D  |       |

**Explanation of Responses:**

- Does not include the Purchase Agreement Shares, the Option Shares or the Note Shares (as such terms are defined below).
- Pursuant to a stock purchase agreement (the "Purchase Agreement"), dated as of April 20, 2005, between Phase III Medical, Inc. (the "Company") and Catherine Vaczy, from April 20, 2005 through July 18, 2005, Ms. Vaczy has the right to purchase from the Company up to \$200,000 worth of shares (the "Purchase Agreement Shares") of common stock, par value \$0.001 per share, of the Company (the "Common Stock") at a per share price equal to 85% of the average closing price of one share of Common Stock on the National Association of Securities Dealers, Inc. Over-the-Counter Bulletin Board (the "Bulletin Board") (or other similar exchange or association on which the Common Stock is then listed or quoted) for the five (5) consecutive trading days immediately preceding the date of Ms. Vaczy's notice exercising such option; provided, however, that if the Common Stock is not then quoted on the Bulletin Board or otherwise listed or quoted on an exchange or association,
- the price shall be the fair market value of one share of Common Stock as of the date of issue as determined in good faith by the Board of Directors of the Company; and further provided, that in no event shall the price be less than \$0.06.
- This option shall vest and become exercisable as to 50,000 shares of Common Stock (collectively, the "Option Shares") on each of April 20, 2006, April 20, 2007 and April 20, 2008; provided, however, that if Ms. Vaczy's employment with the Company is terminated prior to the end of its term by the Company without "cause" or by Ms. Vaczy for "good reason" (as such terms are defined in a letter agreement, dated as of April 20, 2005, between the Company and Ms. Vaczy (the "Employment Agreement")), the option shall vest and become immediately exercisable in its entirety and remain exercisable in accordance with its terms.
- Pursuant to a convertible promissory note made as of April 20, 2005 by the Company in favor of Ms. Vaczy in the principal amount of \$100,000 (the "Note"), at any time up until July 19, 2005, Ms. Vaczy has the option to convert the principal amount, or any portion thereof, into that number of shares of Common Stock (the "Note Shares") equal to the quotient of the principal amount being converted divided by 85% of the average closing price of one share of Common Stock on the Bulletin Board (or other similar exchange or association on which the Common Stock is then listed or quoted) for the five (5) consecutive trading days immediately preceding the date of notice of such conversion; provided that in no event shall the price be less than \$0.06.
- If the Common Stock is not then quoted on the Bulletin Board or otherwise listed or quoted on an exchange or association, the price shall be the fair market value of one share of Common Stock as of the date of issue as determined in good faith by the Board of Directors of the Company. Following July 19, 2005, Ms. Vaczy shall be obligated, at any time prior to April 20, 2006, to convert the principal amount, or any remaining portion thereof, into shares of Common Stock on the same terms set forth in the Note unless Ms. Vaczy shall have provided to the Company a notice terminating Ms. Vaczy's employment with the Company pursuant to the Employment Agreement.

/s/ Catherine M. Vaczy

04/22/2005

\*\* Signature of Reporting Person

Date

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

\* 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).

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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