

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

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

1. Name and Address of Reporting Person* <u>ZUCKERMAN JOSEPH</u> (Last) (First) (Middle) <u>C/O NEOSTEM, INC.</u> <u>420 LEXINGTON AVENUE, SUITE 450</u> (Street) <u>NEW YORK NY 10170</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>PHASE III MEDICAL INC/DE [PHSM]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>08/30/2006</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

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, \$.001 par value	08/30/2006		C ⁽³⁾		284,090 ⁽⁵⁾	A	\$0.044	1,069,099 ⁽⁵⁾	D	
Common Stock, \$.001 par value	08/30/2006		J ⁽³⁾		56,818 ⁽⁵⁾	A	(3)	1,125,917 ⁽⁵⁾	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	Amount or Number of Shares				
9% Convertible Promissory Notes due 2006	\$0.06	08/30/2006		J ⁽¹⁾		208,333 ⁽⁵⁾		(2)	10/06/2006	Common Stock	208,333 ⁽⁵⁾	(1)	208,333 ⁽⁵⁾	D	
9% Convertible Promissory Notes due 2006	\$0.06 ⁽³⁾	08/30/2006		J ⁽³⁾		208,333 ⁽⁵⁾		(2)	10/06/2006	Common Stock	208,333 ⁽⁵⁾	(3)	208,333 ⁽⁵⁾	D	
9% Convertible Promissory Notes due 2006	\$0.044 ⁽³⁾	08/30/2006		J ⁽³⁾		284,090 ⁽⁵⁾		(2)	10/06/2006	Common Stock	284,090 ⁽⁵⁾	(3)	284,090 ⁽⁵⁾	D	
9% Convertible Promissory Notes due 2006	\$0.044	08/30/2006		C ⁽³⁾		284,090 ⁽⁵⁾		(2)	10/06/2006	Common Stock	284,090 ⁽⁵⁾	(3)	0 ⁽⁵⁾	D	
Warrants (right to buy)	\$0.08	08/30/2006		J ⁽³⁾		208,333 ⁽⁵⁾		(4)	08/30/2011	Common Stock	208,333 ⁽⁵⁾	(3)	208,333 ⁽⁵⁾	D	

Explanation of Responses:

- On August 30, 2006, Joseph Zuckerman entered into a letter agreement (the "Agreement") with Gilbert Raker, pursuant to which Dr. Zuckerman agreed to purchase a total of \$12,500 of principal amount of that certain Convertible Promissory Note (the "Note") made by NeoStem, Inc. (f/k/a/ Phase III Medical, Inc., the "Company") to Mr. Raker on January 6, 2006, in the total principal amount of \$25,000. The total consideration paid by Dr. Zuckerman to Mr. Raker pursuant to the Agreement was \$12,500.
- The convertible promissory note is convertible immediately.
- Pursuant to a special offer made by the Company to all holders of promissory notes issued by the Company in a private placement that took effect in December 2005 and January 2006 (in which Mr. Raker purchased the Note), Dr. Zuckerman executed an agreement with the Company on August 30, 2006, whereby Dr. Zuckerman agreed to convert the Note. As consideration for entering into such agreement, the Company agreed to: (i) reduce the conversion price of the convertible promissory note from \$0.06 per share to \$0.044 per share, (ii) issue 56,818 shares of the Company's common stock to Dr. Zuckerman and (iii) grant to Dr. Zuckerman a warrant to purchase 208,333 shares of common stock of the Company at an exercise price of \$0.08 per share.
- The warrant is exercisable immediately.
- Number does not reflect a one-for-ten reverse stock split that was effective August 31, 2006.

/s/ Mark Weinreb, Attorney-In-Fact 09/01/2006

** 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.

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 Number.