

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

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

1. Name and Address of Reporting Person* <u>Aholt Robert Joseph JR</u>  (Last) (First) (Middle) 20128 CAVERN COURT  (Street) SAUGUS CA 91390  (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)  Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>Chief Operating Officer</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/01/2005</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, par value \$.001 per share	01/01/2005		A		477,679	A	\$0.56	477,679 <sup>(1)(2)(3)</sup>	D	
common stock, par value \$.001 per share								7,282,913 <sup>(4)</sup>	I	By Trust <sup>(4)</sup>

**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)
						Date Exercisable	Expiration Date					

**Explanation of Responses:**

- Phase III Medical, Inc. (the "Company") issued to Robert J. Aholt, Jr. 477,679 shares of common stock, par value \$.001 per share ("Common Stock"), of the Company pursuant to the terms of an employment agreement, dated September 13, 2004, between the Company and Mr. Aholt (as amended, modified or supplemented, the "Employment Agreement"). Pursuant to the Employment Agreement, in partial consideration for Mr. Aholt's services thereunder, on January 1, 2005 and on the first day of each calendar quarter thereafter during the term thereof, Mr. Aholt is entitled to such number of shares of Common Stock, with a "Dollar Value" of \$26,750.00, \$27,625.00 and \$28,887.50 during the first, second and third years of the term, respectively, and a "Per Share Price" equal to 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") for the five (5) consecutive trading days immediately preceding the date of grant of such share, or if the Common Stock is not then traded on the Bulletin Board, the fair market value as determined by the Board of Directors of the Company. The number of shares of Common Stock for each quarterly grant shall be equal to the quotient of the Dollar Value divided by the Per Share Price.. Pursuant to the Subscription Agreement (defined below), Mr. Aholt is also entitled to receive payment in full of a promissory note made by the Company in favor of Mr. Aholt on August 30, 2004 (the "Note"), in shares of Common Stock, at a per share conversion price equal to 85% of the average of the closing price of one share of Common Stock on the Bulletin Board for the five (5) days immediately preceding the maturity date of the Note, or, if the Common Stock is not then traded on the Bulletin Board, at 85% of fair market value as determined by the Board of Directors of the Company.
- The Note, which was made in the principal amount of \$100,000, bears interest at a rate of 20% per annum and matures on February 28, 2005.
- Aholt, Jr. Family Trust dated 2/17/97 (the "Trust") acquired 7,282,913 shares (the "Trust Shares") pursuant to the terms of a subscription agreement, dated September 13, 2004, between the Company and the Trust (as amended, modified or supplemented, the "Subscription Agreement"). The Trust Shares are owned directly by the Trust, holder of more than 10% of the shares of Common Stock, outstanding as of the date hereof, and indirectly by Mr. Aholt, as trustee of the Trust. Mr. Aholt is the chief operating officer of the Company and, by virtue of his position as trustee of the Trust, holder of more than 10% of the shares of Common Stock outstanding as of the date hereof.

/s/ Robert J. Aholt, Jr.                      02/02/2005

\*\* 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.

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.